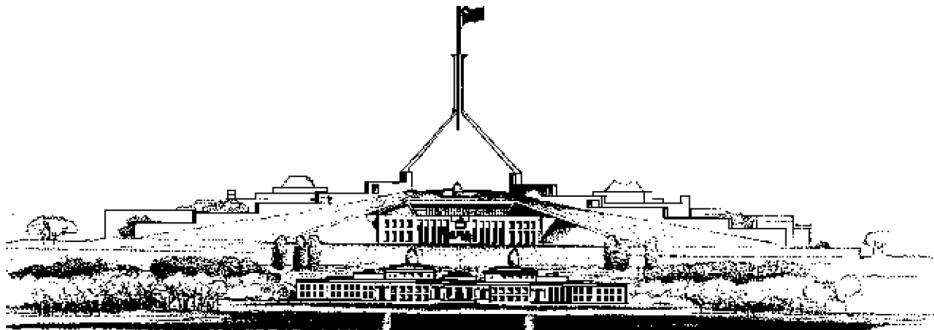




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



# House of Representatives

## Official Hansard

No. 33, 1954  
Wednesday, 18 August 1954

TWENTY-FIRST PARLIAMENT  
FIRST SESSION—FIRST PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

# PARLIAMENT OF THE COMMONWEALTH.

TWENTY-FIRST PARLIAMENT—FIRST SESSION : FIRST PERIOD.

## GOVERNOR-GENERAL.

His Excellency Field Marshal Sir William Joseph Slim, Knight Grand Cross of the Most Honorable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of St. Michael and St. George, Knight Grand Cross of the Royal Victorian Order, Knight Grand Cross of the Most Excellent Order of the British Empire, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, Knight of the Venerable Order of St. John of Jerusalem, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia, from the 8th May, 1953.

## FIFTH MENZIES GOVERNMENT.

(FROM THE 11TH MAY, 1951.)

Prime Minister	..	..	The Right Honorable Robert Gordon Menzies, C.H., Q.C.
Treasurer	..	..	The Right Honorable Sir Arthur William Fadden, K.C.M.G.
Vice-President of the Executive Council and Minister for Defence Production	..	..	The Right Honorable Sir Eric John Harrison, K.C.V.O.
Minister for Labour and National Service and Minister for Immigration	..	..	The Right Honorable Harold Edward Holt.
Minister for Commerce and Agriculture	..	..	The Right Honorable John McEwen.
Minister for External Affairs	..	..	The Right Honorable Richard Gardiner Casey, C.H., D.S.O., M.C.
( <sup>1</sup> )Minister for Defence	..	..	The Honorable Sir Philip Albert Martin McBride, K.C.M.G.
Minister for Health	..	..	The Right Honorable Sir Earle Christmas Grafton Page, G.C.M.G., C.H.
Minister for Trade and Customs	..	..	Senator the Honorable Neil O'Sullivan.
Minister for Shipping and Transport	..	..	Senator the Honorable George McLeay.
( <sup>2</sup> )Postmaster-General	..	..	The Honorable Hubert Lawrence Anthony.
( <sup>3</sup> )Minister for the Navy and Minister for the Army	..	..	The Honorable Josiah Francis.
Attorney-General	..	..	Senator the Honorable John Armstrong Spicer, Q.C.
Minister for National Development	..	..	Senator the Honorable William Henry Spooner, M.M.
Minister for Repatriation	..	..	Senator the Honorable Walter Jackson Cooper, M.B.E.
Minister for Supply	..	..	The Honorable Howard Beale, Q.C.
( <sup>3</sup> )Minister for the Interior and Minister for Works	..	..	The Honorable Wilfred Selwyn Kent Hughes, M.V.O., O.B.E., M.C., E.D.
( <sup>4</sup> )Minister for Air and Minister for Civil Aviation	..	..	The Honorable Athol Gordon Townley.
Minister for Territories	..	..	The Honorable Paul Meernaa Caedwalla Hasluck.
( <sup>4</sup> )( <sup>2</sup> )Minister for Social Services	..	..	The Honorable William McMahon.

(<sup>1</sup>) Designation altered on the 17th July, 1951.  
the 4th June, 1952.

(<sup>2</sup>) Appointed, 17th July, 1951.  
(<sup>4</sup>) Designations altered on the 4th August, 1954.

(<sup>3</sup>) Designation altered on

# THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

TWENTY-FIRST PARLIAMENT—FIRST SESSION : FIRST PERIOD.

*Speaker*—The Honorable Archie Galbraith Cameron.

*Chairman of Committees*—Charles Frederick Adermann.

*Temporary Chairmen of Committees*—Alan Charles Bird, George James Bowden, M.C., William Frederick Edmonds, Anthony Sylvester Luchetti, John McLeay, M.M., Thomas Frank Timson, M.B.E.

*Leader of the Opposition*—The Right Honorable Herbert Vere Evatt, Q.C., LL.D., D.Litt.

*Deputy Leader of the Opposition*—The Honorable Arthur Augustus Calwell.

*Leader of the Australian Country Party*—The Right Honorable Sir Arthur William Fadden, K.C.M.G.

*Deputy Leader of the Australian Country Party*—The Right Honorable John McEwen.

Adermann, Charles Frederick	..	..	..	..	Fisher (Q.)
Allan, Archibald Ian	..	..	..	..	Gwydir (N.S.W.)
Anderson, Gordon	..	..	..	..	Kingsford-Smith (N.S.W.)
Andrews, Thomas William	..	..	..	..	Darebin (V.)
Anthony, Hon. Hubert Lawrence	..	..	..	..	Richmond (N.S.W.)
Barnard, Lance Herbert	..	..	..	..	Bass (T.)
Bate, Henry Jefferson	..	..	..	..	Macarthur (N.S.W.)
Beale, Hon. Howard, Q.C.	..	..	..	..	Parramatta (N.S.W.)
Beazley, Kim Edward	..	..	..	..	Fromantle (W.A.)
Bird, Alan Charles	..	..	..	..	Batman (V.)
Bland, Francis Armand	..	..	..	..	Warringah (N.S.W.)
Bostock, William Dowling, C.B., D.S.O., O.B.E.	..	..	..	..	Indi (V.)
Bourke, William Moskill	..	..	..	..	Fawkner (V.)
Bowden, George James, M.C.	..	..	..	..	Gippsland (V.)
Brand, William Alfred	..	..	..	..	Wide Bay (Q.)
Brimblecombe, Wilfred John	..	..	..	..	Maranoa (Q.)
Brown, Geoffrey William, M.B.E.	..	..	..	..	McMillan (V.)
Bruce, Hon. Henry Adam	..	..	..	..	Leichhardt (Q.)
Bryson, William George	..	..	..	..	Wills (V.)
Burke, Thomas Patrick	..	..	..	..	Perth (W.A.)
Calwell, Hon. Arthur Augustus	..	..	..	..	Melbourne (V.)
Cameron, Hon. Archie Galbraith	..	..	..	..	Barker (S.A.)
Cameron, Clyde Robert	..	..	..	..	Hindmarsh (S.A.)
Cameron, Dr. Donald Alastair, O.B.E.	..	..	..	..	Oxley (Q.)
Casey, Rt. Hon. Richard Gardiner, C.H., D.S.O., M.C.	..	..	..	..	La Trobe (V.)
Chambers, Hon. Cyril	..	..	..	..	Adelaide (S.A.)
Clarey, Hon. Percy James	..	..	..	..	Bendigo (V.)
Clark, Joseph James	..	..	..	..	Darling (N.S.W.)
Costa, Dominio Eric	..	..	..	..	Banks (N.S.W.)
Coutts, Wilfred Charles	..	..	..	..	Griffith (Q.)
Cramer, John Oscar	..	..	..	..	Bennelong (N.S.W.)
Crean, Frank	..	..	..	..	Melbourne Ports (V.)
Cremean, John Lawrence	..	..	..	..	Hoddle (V.)
Curtin, Daniel James	..	..	..	..	Watson (N.S.W.)
Daly, Frederick Michael	..	..	..	..	Grayndler (N.S.W.)
Davidson, Charles William, O.B.E.	..	..	..	..	Dawson (Q.)
Davies, William	..	..	..	..	Cunningham (N.S.W.)
Davis, Francis John	..	..	..	..	Deakin (V.)
Dean, Roger Levinge	..	..	..	..	Robertson (N.S.W.)
Downer, Alexander Russell	..	..	..	..	Angas (S.A.)
Drakeford, Hon. Arthur Samuel	..	..	..	..	Maribyrnong (V.)
Drummond, Hon. David Henry	..	..	..	..	New England (N.S.W.)
Drury, Edward Nigel	..	..	..	..	Ryan (Q.)
Duthie, Gilbert William Arthur	..	..	..	..	Wilmot (T.)
Edmonds, William Frederick	..	..	..	..	Herbert (Q.)
Evatt, Rt. Hon. Herbert Vere, Q.C., LL.D., D.Litt.	..	..	..	..	Barton (N.S.W.)
Fadden, Rt. Hon. Sir Arthur William, K.C.M.G.	..	..	..	..	McPherson (Q.)
Failes, Laurence John	..	..	..	..	Lawson (N.S.W.)
Fairbairn, David Eric, D.F.C.	..	..	..	..	Farre (N.S.W.)
Fairhall, Allen	..	..	..	..	Paterson (N.S.W.)

## THE MEMBERS OF THE HOUSE OF REPRESENTATIVES—continued.

v

Falkinder, Charles William Jackson, D.S.O., D.F.C.	..	..	Franklin (T.)
Fitzgerald, Joseph Francis	..	..	Phillip (N.S.W.)
Francis, Hon. Josiah	..	..	Moreton (Q.)
Fraser, Allan Duncan	..	..	Eden-Monaro (N.S.W.)
Fraser, James Reay	..	..	(A.C.T.)
Freeth, Gordon	..	..	Forrest (W.A.)
Fuller, Arthur Neilberding	..	..	Hume (N.S.W.)
Galvin, Patrick	..	..	Kingston (S.A.)
Greenup, Arthur Edward	..	..	Dalley (N.S.W.)
Griffiths, Charles Edward	..	..	Shortland (N.S.W.)
Gullett, Henry Baynton Somer, M.C.	..	..	Henty (V.)
Hamilton, Leonard William	..	..	Canning (W.A.)
Harrison, Eli James	..	..	Blaxland (N.S.W.)
Harrison, Right Hon. Sir Eric John, K.C.V.O.	..	..	Wentworth (N.S.W.)
Hasluck, Hon. Paul Meernas Caedwalla	..	..	Curtin (W.A.)
Haworth, Hon. William Crawford	..	..	Isaacs (V.)
Haylen, Leslie Clement	..	..	Parkes (N.S.W.)
Holt, Right Hon. Harold Edward	..	..	Higgins (V.)
Howse, John Brooke	..	..	Calare (N.S.W.)
Hulme, Alan Shallcross	..	..	Petrie (Q.)
Jack, William Mathers	..	..	North Sydney (N.S.W.)
James, Rowland	..	..	Hunter, (N.S.W.)
Johnson, Hon. Herbert Victor	..	..	Kalgoorlie (W.A.)
Joshua, Robert M.C.	..	..	Ballaarat (V.)
Joske, Percy Ernest, Q.C.	..	..	Balaclava (V.)
Kent Hughes, Hon. Wilfred Selwyn, M.V.O., O.B.E., M.C., E.D.	..	..	Chisholm (V.)
Keon, Standish Michael	..	..	Yarra (V.)
Lawrence, William Robert	..	..	Wimmera (V.)
Lawson, Hon. George	..	..	Brisbane (Q.)
Lemmon, Hon. Nelson	..	..	St. George (N.S.W.)
Leslie, Hugh Alan	..	..	Moore (W.A.)
Lindsay, Robert William Ludovic	..	..	Flinders (V.)
Luchetti, Anthony Sylvester	..	..	Macquarie (N.S.W.)
Luck, Aubrey William George	..	..	Darwin (T.)
Lucock, Philip Ernest	..	..	Lyne (N.S.W.)
Mackinnon, Even Daniel	..	..	Corangamite (V.)
Makin, Hon. Norman John Oswald	..	..	Sturt (S.A.)
McBride, Hon. Sir Philip Albert Martin, K.C.M.G.	..	..	Wakefield (S.A.)
McColl, Malcolm Llewellyn	..	..	Bowman (Q.)
McEwen, Rt. Hon. John	..	..	Murray (V.)
McLeay, John, M.M.	..	..	Boothby (S.A.)
McLeod, Donald	..	..	Wannon (V.)
McMahon, Hon. William	..	..	Lowe (N.S.W.)
Menzies, Rt. Hon. Robert Gordon, C.H., Q.C.	..	..	Kooyong (V.)
Minogue, Daniel	..	..	West Sydney (N.S.W.)
Morgan, Charles Albert Aaron	..	..	Raid (N.S.W.)
Mullens, John Michael, C.B.E.	..	..	Cellibrand (V.)
Nelson, John Norman	..	..	(N.T.)
O'Connor, William Paul	..	..	Martin (N.S.W.)
Opperman, Hubert Ferdinand, O.B.E.	..	..	Corio (V.)
Osborne, Frederick Mears, D.S.C.	..	..	Evans (N.S.W.)
Page, Rt. Hon. Sir Earle Christmas Grafton, G.C.M.G., C.H.	..	..	Cowper (N.S.W.)
Pearce, Henry George	..	..	Capricornia (Q.)
Peters, Edward William	..	..	Burke (V.)
Pollard, Hon. Reginald Thomas	..	..	Lalor (V.)
Riordan, Hon. William James Frederick	..	..	Kennedy (Q.)
Roberton, Hugh Stevenson	..	..	Riverina (N.S.W.)
Russell, Edgar Hughes Deg	..	..	Grey (S.A.)
Sheehan, Thomas	..	..	Cook (N.S.W.)
Stewart, Francis Eugene	..	..	Lang (N.S.W.)
Swartz, Reginald William Colin, M.B.E., E.D.	..	..	Darling Downs (Q.)
Thompson, Albert Victor	..	..	Port Adelaide (S.A.)
Timson, Thomas Frank, M.B.E.	..	..	Higinbotham (V.)
Townley, Hon. Athol Gordon	..	..	Denison (T.)
Turnbull, Winton George	..	..	Mallee (V.)
Turner, Henry Basil	..	..	Bradfield (N.S.W.)
Ward, Hon. Edward John	..	..	East Sydney (N.S.W.)
Watkins, David Oliver	..	..	Newcastle (N.S.W.)
Webb, Charles Harry	..	..	Swan (W.A.)
Wentworth, William Charles	..	..	Mackellar (N.S.W.)
Wheeler, Roy Crawford	..	..	Mitchell (N.S.W.)
Whitlam, Edward Gough	..	..	Werriwa (N.S.W.)
Wight, Bruce McDonald	..	..	Lilley (Q.)

# THE COMMITTEES OF THE SESSION.

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## JOINT.

**FOREIGN AFFAIRS.**—Senator Gorton (Chairman), Senator Maher, Senator McCallum, Senator Wordsworth, Mr. Bostock, Mr. D. A. Cameron, Mr. Downer, Mr. Drummond, Mr. Osborne, Mr. Robertson, and Mr. Wentworth.

**HOUSE.**—The President (Chairman), Senator Amour, Senator Cooke, Senator Critchley, Senator George Rankin, Senator Wedgwood, Senator Wordsworth, Mr. Speaker, Mr. Andrews, Mr. Bryson, Mr. Edmonds, Mr. Failes, Mr. Gullett, and Mr. Hulme.

**LIBRARY.**—Mr. Speaker (Chairman), the President, Senator Arnold, Senator Cole, Senator Kendall, Senator McCallum, Senator Robertson, Senator Sheehan, Mr. Cremeann, Mr. Downer, Mr. Drummond, Mr. Duthie, Mr. O'Connor, and Mr. Wentworth.

**PARLIAMENTARY PROCEEDINGS BROADCASTING.**—Mr. Speaker (Chairman), the President, Senator Arnold, Senator Paltridge, Mr. Bate, Mr. Bryson, Mr. Davidson, Mr. Allan Fraser, and Mr. Gullett.

**PRINTING.**—Senator Benn, Senator Gorton, Senator Hannaford, Senator Sandford, Senator Scott, Senator Seward, Senator Toohey, Mr. Andrews, Mr. Cremeann, Mr. Drury, Mr. Freeth, Mr. E. James Harrison, Mr. Leslie, and Mr. Osborne.

**PUBLIC ACCOUNTS.**—Mr. Bland (Chairman), Senator Byrne, Senator Paltridge, Senator Seward, Mr. Anderson, Mr. Crean, Mr. Davis, Mr. Hulme, Mr. Leslie, and Mr. Thompson.

**PUBLIC WORKS.**—Mr. Cramer (Chairman), Senator Henty, Senator Maher, Senator O'Byrne, Mr. Bird, Mr. Bowden, Mr. Lawrence, Mr. O'Connor, and Mr. Watkins.

## HOUSE OF REPRESENTATIVES.

*Hansard*—**SELECT COMMITTEE.**—Mr. Speaker (Chairman), Mr. Bowden, Mr. Downer, Mr. Allan Fraser, Mr. J. R. Fraser, Mr. Freeth, Mr. Haylen, Mr. Luchetti, and Mr. Wentworth.

**PRIVILEGES.**—Mr. Clark, Mr. Joske, Mr. McLeay, Mr. Morgan, Mr. Sheehan, Mr. Swartz, and Mr. Turnbull.

**STANDING ORDERS.**—Mr. Speaker (Chairman), the Prime Minister, the Chairman of Committees the Leader of the House, the Deputy Leader of the Opposition, Mr. W. M. Bourke, Mr. Tom Burke Mr. Clark, Mr. Costa, Mr. Joske, and Sir Earle Page.

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## PARLIAMENTARY DEPARTMENTS.

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### SENATE.

*Clerk.*—J. E. Edwards.

*Clerk-Assistant.*—R. H. C. Loof.

*Second Clerk-Assistant.*—W. I. Emerton.

*Usher of the Black Rod.*—J. R. Odgers.

### HOUSE OF REPRESENTATIVES.

*Clerk.*—F. C. Green, M.C.

*Clerk-Assistant.*—A. A. Tregear.

*Second Clerk-Assistant.*—A. G. Turner.

*Third Clerk-Assistant.*—N. J. Parkes.

*Serjeant-at-Arms.*—J. A. Pettifer.

### PARLIAMENTARY REPORTING STAFF.

*Principal Parliamentary Reporter.*—W. J. M. Campbell.

*Second Reporter.*—L. D. O'Donnell.

*Third Reporter.*—W. E. Dale.

### LIBRARY.

*Librarian.*—H. L. White.

*Assistant Librarian.*—L. C. Key.

### JOINT HOUSE.

*Secretary.*—R. H. C. Loof.

# THE ACTS OF THE SESSION.

## (FIRST SESSION : FIRST PERIOD:)

AGED PERSONS HOMES ACT 1954 (ACT NO. 81 OF 1954)—

An Act to provide for Assistance by the Commonwealth towards the provision of Homes for Aged Persons.

APPROPRIATION ACT 1954-55 (ACT NO. 34 OF 1954)—

An Act to grant and apply additional sums out of the Consolidated Revenue Fund for the service of the year ending the thirtieth day of June, One thousand nine hundred and fifty-five, and to appropriate those sums.

APPROPRIATION (WORKS AND SERVICES) ACT 1954-55 (ACT NO. 35 OF 1954)—

An Act to grant and apply an additional sum out of the Consolidated Revenue Fund for the service of the year ending the thirtieth day of June, One thousand nine hundred and fifty-five, for the purposes of Additions, New Works and other Services involving Capital Expenditure and to appropriate that sum.

AUDIT ACT 1954 (ACT NO. 29 OF 1954)—

An Act to amend the *Audit Act* 1901-1953, and for other purposes.

AUSTRALIAN ANTARCTIC TERRITORY ACT 1954 (ACT NO. 42 OF 1954)—

An Act to provide for the Government of the Australian Antarctic Territory.

BANKRUPTCY ACT 1954 (ACT NO. 83 OF 1954)—

An Act to amend the *Bankruptcy Act* 1924-1950.

BROADCASTING ACT 1954 (ACT NO. 82 OF 1954)—

An Act to amend the *Broadcasting Act* 1942-1953.

COCOS (KEELING) ISLANDS (REQUEST AND CONSENT) ACT 1954 (ACT NO. 76 OF 1954)—

An Act to request, and consent to, the Enactment by the Parliament of the United Kingdom of an Act enabling the Queen to place the Cocos or Keeling Islands under the Authority of the Commonwealth.

COMMONWEALTH AID ROADS ACT 1954 (ACT NO. 57 OF 1954)—

An Act to grant and apply out of the Consolidated Revenue Fund sums for the purpose of Financial Assistance to the States to be applied in the Construction, Reconstruction, Maintenance and Repair of Roads and Works connected with Transport, and for other purposes.

COMMONWEALTH RAILWAYS ACT 1954 (ACT NO. 64 OF 1954)—

An Act to amend the *Commonwealth Railways Act* 1917-1950.

CUSTOMS ACT 1954 (ACT NO. 66 OF 1954)—

An Act to amend the *Customs Act* 1901-1953.

CUSTOMS TARIFF VALIDATION ACT 1954 (ACT NO. 72 OF 1954)—

An Act to provide for the Validation of Collections of Duties of Customs under Customs Tariff Proposals.

DISTILLATION ACT 1954 (ACT NO. 55 OF 1954)—

An Act to amend the *Distillation Act* 1901-1952.

EXCISE TARIFF VALIDATION ACT 1954 (ACT NO. 73 OF 1954)—

An Act to provide for the Validation of Collections of Duties of Excise under Excise Tariff Proposals.

FLAGS ACT 1954 (ACT NO. 58 OF 1954)—

An Act to amend the *Flags Act* 1953.

FLAX FIBRE BOUNTY ACT 1954 (ACT NO. 68 OF 1954)—

An Act to provide for the Payment of a Bounty on the Production of Flax Fibre.

GOLD-MINING INDUSTRY ASSISTANCE ACT 1954 (ACT NO. 79 OF 1954)—

An Act to provide for Assistance to the Gold-Mining Industry.

HIDE AND LEATHER INDUSTRIES ACT SUSPENSION ACT 1954 (ACT NO. 62 OF 1954)—

An Act to suspend the operation of certain provisions of the *Hide and Leather Industries Act* 1948-1953.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ACT 1954 (ACT NO. 44 OF 1954)—

An Act to impose upon Incomes a Tax by the name of Income Tax and Social Services Contribution.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ASSESSMENT ACT 1954 (ACT NO. 43 OF 1954)—

An Act to amend the *Income Tax and Social Services Contribution Assessment Act* 1936-1953.

LEIGH CREEK NORTH COALFIELD TO MARREE (CONVERSION TO STANDARD GAUGE) RAILWAY ACT 1954 (ACT NO. 74 OF 1954)—

An Act to provide for the conversion to Standard Gauge of the Railway from Leigh Creek North Coalfield to Marree in the State of South Australia, and for purposes connected therewith.

LOAN (HOUSING) ACT 1954 (ACT NO. 60 OF 1954)—

An Act to authorize the Raising of Moneys to be advanced to certain States for the purposes of Housing.

- LOAN (WAR SERVICE LAND SETTLEMENT) ACT 1954 (ACT NO. 61 OF 1954)—**  
An Act to approve the Borrowing of Moneys for a Defence Purpose, namely Financial Assistance to the States of South Australia, Western Australia and Tasmania in connexion with War Service Land Settlement, and to authorize the Expenditure of those Moneys.
- MEAT EXPORT CHARGE ACT 1954 (ACT NO. 33 OF 1954)—**  
An Act to amend the *Meat Export Charges Act* 1935, and for other purposes.
- NORTHERN TERRITORY (LESSEES' LOANS GUARANTEE) ACT 1954 (ACT NO. 59 OF 1954)—**  
An Act to facilitate the Borrowing of Money by the Holders of certain Crown Leases of Land in the Northern Territory of Australia.
- PAPUA AND NEW GUINEA ACT 1954 (ACT NO. 41 OF 1954)—**  
An Act to amend the *Papua and New Guinea Act* 1949–1950.
- PAY-ROLL TAX ASSESSMENT ACT 1954 (ACT NO. 37 OF 1954)—**  
An Act to amend the *Pay-roll Tax Assessment Act* 1941–1953.
- PUBLIC SERVICE ACT 1954 (ACT NO. 63 OF 1954)—**  
An Act to amend the *Public Service Act* 1922–1953.
- RAYON YARN BOUNTY ACT 1954 (ACT NO. 67 OF 1954)—**  
An Act to provide for the Payment of a Bounty on the Production of Continuous Filament Acetate Rayon Yarn.
- REPATRIATION ACT 1954 (ACT NO. 31 OF 1954)—**  
An Act to amend the *Repatriation Act* 1920–1953.
- RIVER MURRAY WATERS ACT 1954 (ACT NO. 80 OF 1954)—**  
An Act to ratify and approve an Agreement for the further variation of the Agreement entered into between the Prime Minister of the Commonwealth and the Premiers of the States of New South Wales, Victoria and South Australia, respecting the River Murray and Lake Victoria and other Waters, and for other purposes.
- ROYAL COMMISSION ON ESPIONAGE ACT 1954 (ACT NO. 28 OF 1954)—**  
An Act relating to the Royal Commission on Espionage.
- SALES TAX ACT (NO. 1) 1954 (ACT NO. 46 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 1)* 1930–1953.
- SALES TAX ACT (NO. 2) 1954 (ACT NO. 47 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 2)* 1930–1953.
- SALES TAX ACT (NO. 3) 1954 (ACT NO. 48 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 3)* 1930–1953.
- SALES TAX ACT (NO. 4) 1954 (ACT NO. 49 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 4)* 1930–1953.
- SALES TAX ACT (NO. 5) 1954 (ACT NO. 50 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 5)* 1930–1953.
- SALES TAX ACT (NO. 6) 1954 (ACT NO. 51 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 6)* 1930–1953.
- SALES TAX ACT (NO. 7) 1954 (ACT NO. 52 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 7)* 1930–1953.
- SALES TAX ACT (NO. 8) 1954 (ACT NO. 53 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 8)* 1930–1953.
- SALES TAX ACT (NO. 9) 1954 (ACT NO. 54 OF 1954)—**  
An Act to amend the *Sales Tax Act (No. 9)* 1930–1953.
- SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT 1954 (ACT NO. 45 OF 1954)—**  
An Act to amend the *Sales Tax (Exemptions and Classifications) Act* 1935–1953, and for other purposes.
- SEAMEN'S WAR PENSIONS AND ALLOWANCES ACT 1954 (ACT NO. 32 OF 1954)—**  
An Act to amend the *Seamen's War Pensions and Allowances Act* 1940–1953.
- SOCIAL SERVICES ACT 1954 (ACT NO. 30 OF 1954)—**  
An Act to amend the *Social Services Consolidation Act* 1947–1953.
- SOUTH-EAST ASIA COLLECTIVE DEFENCE TREATY ACT 1954 (ACT NO. 77 OF 1954)—**  
An Act to approve the ratification by Australia of the South-East Asia Collective Defence Treaty.
- STATES GRANTS ACT 1954 (ACT NO. 56 OF 1954)—**  
An Act to grant and apply out of the Consolidated Revenue Fund sums for the purpose of Financial Assistance to the States of South Australia, Western Australia and Tasmania.
- STATES GRANTS (SPECIAL FINANCIAL ASSISTANCE) ACT 1954 (ACT NO. 38 OF 1954)—**  
An Act to grant and apply out of the Consolidated Revenue Fund sums for the purpose of Financial Assistance to the States.
- STEVEDORING INDUSTRY ACT 1954 (ACT NO. 75 OF 1954)—**  
An Act to amend the *Stevedoring Industry Act* 1949, and to provide for an Inquiry into certain matters.

- SUGAR AGREEMENT ACT 1954 (ACT NO. 65 OF 1954)—  
An Act to approve an Agreement amending the *Sugar Agreement Act* 1951.
- SULPHURIC ACID BOUNTY ACT 1954 (ACT NO. 78 OF 1954)—  
An Act to provide for the Payment of a Bounty on the Production of Sulphuric Acid.
- WAR PENSIONS APPROPRIATION ACT (NO. 2) 1954 (ACT NO. 36 OF 1954)—  
An Act to grant and apply out of the Consolidated Revenue Fund a sum for War Pensions.
- WAR SERVICE HOMES ACT 1954 (ACT NO. 69 OF 1954)—  
An Act to amend the *War Service Homes Act* 1918–1951.
- WHEAT EXPORT CHARGE ACT 1954 (ACT NO. 71 OF 1954)—  
An Act to impose a Charge on Wheat and Wheat Products exported from the Commonwealth.
- WHEAT INDUSTRY STABILIZATION ACT 1954 (ACT NO. 70 OF 1954)—  
An Act relating to the Stabilization of the Wheat Industry.
- WINE GRAPES CHARGES ACT 1954 (ACT NO. 40 OF 1954)—  
An Act to amend the *Wine Grapes Charges Act* 1929–1941.
- WINE OVERSEAS MARKETING ACT 1954 (ACT NO. 39 OF 1954)—  
An Act to amend the *Wine Overseas Marketing Act* 1929–1953.

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BILLS OF THE SESSION.

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ACTS INTERPRETATION BILL 1954 [NO. 2]. Initiated in the House of Representatives. Second Reading.  
LANDS ACQUISITION BILL 1954. Initiated in the House of Representatives. Second Reading.

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# THE PARLIAMENT CONVENED.

TWENTY-FIRST PARLIAMENT—FIRST SESSION.

(*Gazette*, No. 45, 1954.)

The Parliament was convened by the following proclamation:—

## PROCLAMATION

Commonwealth of  
Australia to wit.

W. J. SLIM  
Governor-General.

By His Excellency the Governor-General  
in and over the Commonwealth of  
Australia.

WHEREAS by the Constitution of the Commonwealth of Australia it is amongst other things provided that the Governor-General may appoint such times for holding the Sessions of the Parliament as he thinks fit:

Now therefore I, Sir William Joseph Slim, the Governor-General aforesaid, in exercise of the power conferred by the said Constitution, do by this my Proclamation appoint Wednesday, the fourth day of August, one thousand nine hundred and fifty-four, as the day for the said Parliament to assemble and be holden for the despatch of divers urgent and important affairs: and all Senators and Members of the House of Representatives are hereby required to give their attendance accordingly in the building known as Parliament House, Canberra, at the hour of ten-thirty o'clock in the morning on the said fourth day of August, one thousand nine hundred and fifty-four.

Given under my Hand and the Great Seal of the Commonwealth of Australia this 26th day of July in the year of our Lord one thousand nine hundred and fifty-four and in the third year of Her Majesty's reign.  
(L.S.)

By His Excellency's Command,

ROBERT G. MENZIES  
Prime Minister.

GOD SAVE THE QUEEN!

## CONTENTS

**WEDNESDAY, 18 AUGUST 1954**

### **CHAMBER**

Question	CURRENCY.....	349
Question	BERRY FRUITS.....	349
Question	BROADCASTING.....	350
Question	AUSTRALIAN REPRESENTATION ABROAD .....	350
Question	SEX OFFENDERS .....	350
Question	COMMONWEALTH BANK .....	351
Question	DUTCH NEW GUINEA.....	351
Question	SECURITY .....	352
Question	INTERNATIONAL AFFAIRS .....	352
Question	ALUMINIUM.....	353
Question	POTATOES.....	353
Question	CIVIL AVIATION.....	354
Question	NORTHERN TERRITORY .....	355
Defence	.....	355
Question	MILLET.....	355
Question	COLOMBO PLAN .....	356
Question	BUDGET 1954-55 .....	356
Question	SUPERPHOSPHATE .....	356
Question	RADIO-ACTIVE ISOTOPES.....	356
Question	INDO-CHINA.....	357
Question	WATERFRONT EMPLOYMENT .....	357
Suspension Of Standingorders	.....	357
Committees Of Supply And Ways And Means	.....	357
Suspension Of Standing Orders		
Wine Overseas Marketing Bill1954 .....	358	
Wine Grapes Charges Bill 1954 .....	358	
Meat Export Charge Bill 1954 .....	358	
Northern Territory (Lessees&#39; Loans Guarantee) Bill 1954 .....	358	
Papua and New Guinea Bill 1954.....	358	
Wine Overseas Marketing Bill 1954		
Second Reading.....	358	
Wine Grapes Charges Bill 1954.....	358	
Meat Export Charges Bill 1954		
Second Reading.....	359	
Northern Territory {Lessees&#39; Loans Guarantee) Bill 1954		
Second Reading.....	361	
Papua And New Guinea . Bill 1954		
Second Reading.....	365	
Governor-general&#39;s Speech .....	367	
Question	ADDRESS-IN-REPLY .....	367

Budget 1954-55	
In Committee of Supply.....	384
Financial Policy.....	387
Expenditure Estimates., 1.954-55.....	388
Defence Services.....	388
War and Repatriation .....	388
National Welfare Fund .....	388
Capital Works and Services .....	389
Departmental.....	389
Territories.....	389
Immigration: .....	389
Bounties and Subsidies.....	390
International Development and Relief.....	390
Total Expenditure.....	390
Revenue Estimates. 1954-55 .....	390
Taxation Proposals.....	390
Income Tax and Social Services.....	390
Bates of Tax: Individuals .....	390
Gifts .....	391
Mining.....	391
Purchased Annuities.....	391
United Kingdom War Pensions.....	391
Sales Tax.....	391
Customs and Excise .....	392
Summary of Taxation Concessions .....	392
Depreciation.....	393
Budget Summary.....	395
Loan Finance.....	395
Conclusion .....	395
Notes Ox Revenue - And Expenditure 1953-54	
Revenue .....	396
Expenditure:.....	397
Statement No. 2.- Loan Transactions And Public Debt, 1953-54	
Governmental Borrowing Programme 1953-54 .....	397
Special Loan - June, 1954 .....	398
National Debt Sinking Fund.....	398
Public Debt.....	399
Item No. 3. - Payments to National Welfare Fund.....	403
Financial Assistance for Universities. - The States Grants (Universities) Act 1953 .....	410
Statement No. 5.- National Welfare Fund Estimates 1954-55	
Receipts.....	412
Expenditure.....	412
Budget Papers	
Budget. Papers. 1954-55 .....	417
National Income and Expenditure Paper 1953-54 .....	417
Sales- Tax (Exemptions And Classifications) Bill 1954	
Second Reading.....	417
Sales Tax Bills .....	420
Tariff Proposals 1954	
In Committee of Ways and Means:.....	420
Tariff Board	
Formaldehyde ; .....	425
Question	
GOVERNOR-GENERAL'S SPEECH.....	425
Adjournment	
Wool - Aircraft Production - Services Training Centre, Mildura.....	433
Paper	
Public Service Act - Appointment - Department of Health - E.R. Manson .....	438
<b>QUESTIONS IN WRITING</b>	
Answers To Questions	
Australian Prisoners of War .....	438

amendment to be made to the law so as to make the counterfeiting of gold coinage a punishable offence?

Sir ARTHUR FADDEN.—This matter is at present the subject of inquiry by officers of the Treasury and the Attorney-General's Department. As soon as a report is received from the Attorney-General's Department, it will be considered by the Government, which realizes that the counterfeiting of gold coins is a most important matter that affects not only Australia but also other members of the British Commonwealth of Nations.

#### BERRY FRUITS.

Mr. DUTHIE.—I remind the Minister for Commerce and Agriculture that a representative meeting of berry fruit interests and members of Parliament was held at Hobart on the 28th June last in order to prepare a case in favour of the granting of assistance to the berry fruit industry in Tasmania, which is threatened with extinction. Can the right honorable gentleman tell me whether any progress is being made in response to representations that have been made to him for the revival and stabilization of the industry, as well as for the discovery of new markets for berry fruits at economic prices? The farmers want to know what plans to make for the future.

Mr. McEWEN.—Many representations have been made to the Government on behalf of the berry fruits industry. In fact, I can recall offhand three deputations of Government supporters from both Houses that have been introduced to me. The Government some time ago gave consideration to specific proposals that were made to it that, having regard to the problems of certain berry growers, a subsidy should be paid to them. The Government does not consider that problems of this kind can be solved merely by the payment of a subsidy to those who are in need. Therefore, a close study was made of the possibility of devising a commercial solution of the general problem. As a result of the activities of the Government's trade commissioner service, an interested party was discovered in

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Wednesday, 18 August, 1954.

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Mr. SPEAKER (Hon. Archie Cameron) took the chair at 2.30 p.m., and read prayers.

#### CURRENCY.

Mr. DEAN.—The question that I address to the Treasurer arises from the judgment recently given in a case in Melbourne, in which a person was acquitted of a charge of having counterfeited coins because, in his defence, he said that the counterfeit coins would be used in the manufacture of jewellery. Is it possible for the Government to protect the genuine sovereign by causing an

London and persuaded to come to Australia. Last year he bought the whole of the black currant crop. This has opened a completely new vista for the industry. The policy that I have mentioned must continue to apply to the growers of other berries in respect of which a commercial solution has not yet been discovered. However, the person to whom I have referred will shortly visit Australia again, I understand, and I am confident that, as a result of the activities of the trade commissioner service, there will be an opportunity for the expansion of our black currant industry at least.

#### BROADCASTING.

Mr. TURNER.—I wish to make a personal explanation. I draw attention to a misleading report of a question that I asked in this House yesterday, which appears in the Sydney *Daily Telegraph* to-day. I shall read first the question that I asked the Postmaster-General yesterday. It was as follows:—

Is it practicable, without interfering with the democratic privilege of the Australian people to hear the proceedings of the Parliament broadcast without the distortion and selective suppression that vitiates other media of public information, to transfer the whole or part of the Parliamentary broadcasts over New South Wales radio stations either to a third channel, if this is technically practicable, or to a station or stations other than station 2BL, many of whose listeners, I understand, prefer culture to controversy?

A leading article in this morning's *Daily Telegraph*, under the heading "Too gassy!", in which parliamentary broadcasts were attacked, contains the following paragraph:—

Parliamentary broadcasts originally were an interesting experiment: but it was an experiment that failed. As Mr. Turner (Lib., N.S.W.) said yesterday the people prefer culture to controversy.

I do not need to add anything to my question to show that the leading article in the *Daily Telegraph* is completely misleading. I went out of my way to indicate that, as far as I was concerned, parliamentary proceedings should be broadcast, but I pointed out that this should be done through a third channel, or a station or stations other than 2BL. There could be no better example of the very thing of which I complained, that is, selective suppression that vitiates

other media of public information—in this instance, the press—than the paragraph of the leading article in this morning's *Daily Telegraph* which I have read to the House.

#### AUSTRALIAN REPRESENTATION ABROAD.

Mr. WATKINS.—I preface a question to the Minister for External Affairs by reminding him that the Department of External Affairs acquired from the Indian Government a perpetual lease of approximately twelve acres of land in the diplomatic area in New Delhi, India, for the erection of offices and residences for the Australian High Commissioner and his staff. A premium of £5,000 was paid for the lease. Will the Minister inform me of the progress that has been made in the erection of the buildings, the present position in this matter, and the expenditure to date?

Mr. CASEY.—Speaking from memory, houses for three of the staff of the Australian High Commissioner in India have been substantially completed. A fourth house is in course of construction. I do not think that a residence and offices for the High Commissioner have yet been begun. I shall ascertain the amount of expenditure to date, and advise the honorable member of particulars of it as soon as possible.

#### SEX OFFENDERS.

Mr. DRUMMOND.—I direct a question to the Minister for Health. Reports have appeared in our newspapers from time to time of the activities of sexual perverts, and the custom of treating them as ordinary offenders and then letting them loose on the community. I refer particularly to attacks by perverts on young children. Will the Minister inform the House whether any consideration has been given either by himself or the Department of Health, to the institution of a concerted attempt to remove this blot upon our social system and our record as a civilized nation, so that these offenders may be treated as mentally diseased persons, not as persons who should be dealt with under the penal code.

Sir EARLE PAGE.—The honorable member should know quite well that, except in relation to the Australian Capital Territory and the Northern Territory, the matter that he has raised is within the control of the State governments and I understand that considerable attention has been given to this problem in the States, but without a proper solution of it having been found.

#### COMMONWEALTH BANK.

Mr. COSTA.—I ask the Treasurer whether it is true that many clients of the Commonwealth Bank are transferring their business accounts to private banks because the Commonwealth Bank is refusing to give loan and overdraft accommodation for legitimate business dealings. Is it also true that people who seek from the Commonwealth Bank financial aid for home building are turned away, and advised to apply to private banks for it whilst, conversely, the Commonwealth Bank is prepared to lend the same people money for the purchase of Holden motor cars? If these are facts, will the Treasurer instruct the management of the Commonwealth Bank to cease this unwise practice, and see that the people's bank performs the proper function for which it was founded by the Fisher Labour Government?

Sir ARTHUR FADDEN.—I should be surprised if the circumstances stated by the honorable gentleman are based on fact. However, I shall inquire into the matter and let him know the position.

#### DUTCH NEW GUINEA.

Dr. DONALD CAMERON.—Will the Minister for External Affairs comment on the request made by the Government of Indonesia that the problem of the sovereignty of West New Guinea be discussed by the General Assembly of the United Nations? Is he of the opinion that a satisfactory solution of the problem can be found in that way? Does he consider that the extensive economic and administrative difficulties with which the Government of Indonesia is already confronted will permit that government to exercise over West New Guinea a sovereignty that will be conducive to political stability in that area, or indeed, to

the best interests of the native inhabitants of it? Does the Minister agree that, whilst Australia desires to have the most friendly relations with Indonesia, we are bound, in the interests of our own security to be concerned about the sovereignty of that area?

Mr. CASEY.—The Australian Government's attitude towards Dutch New Guinea has been frequently the subject of precise and distinct expression by me, on behalf of the Government, the last occasion, I think, being in a chapter of a book which I wrote and published only a few months ago, which dealt with, I believe, every point of view on this matter, I hope, in a fair way. On many occasions previous to that one, I had stated, on behalf of the Government, Australia's view of the matter. I said on these occasions that it was the clear and distinct view of the Australian Government that sovereignty in Dutch New Guinea resides in the Government of the Netherlands. In saying so, I expressed, and still express the firm opinion of the Government and the opinion of the whole of the Australian people, as frequently reflected in the press when this matter becomes a live issue. I fail to see that any good purpose could be served by this matter being taken to the United Nations, and I think I forecast the attitude of the Government by saying that we shall resist the matter being included in the agenda for the forthcoming meeting of the General Assembly. However, it may be beyond Australia's power to prevent it from being discussed at the United Nations. If and when it is discussed we shall again, with force but, I hope, without heat, express our view of it. Dutch New Guinea is of very great strategic importance to Australia. We believe that the legal facts of the case, going right back to the sittings of the round table conference a number of years ago, are that the Dutch made their position completely clear and that Dutch New Guinea was excluded from what was then the Netherlands East Indies, in connexion with the transfer of the sovereignty of those islands from the Dutch to the Indonesians. However, I do not wish to canvass, in answer to a question, or even attempt to canvass, everything that could be said about this issue. I think one could say, without any disrespect to the

Indonesian Government, that the interests of the native population would be very much better served under Dutch administration than under Indonesian administration. I hasten to add that I express that opinion without intending disrespect to the Indonesian Government. I base it on the existence of the great series of problems with which the Indonesian Government is faced throughout its territory.

Mr. HAYLEN.—I direct to the Prime Minister a question on Dutch New Guinea that is supplementary to the question addressed to the Minister for External Affairs. Will the Prime Minister make a bold statement of Australia's policy in relation to Dutch New Guinea, pointing out that the Australian people have no interest in non-existent problems of self-determination, colonialism and ethnology? The Minister for External Affairs, in answer to the earlier question, said that the matter will not be referred to the United Nations. In view of that answer, I ask whether the Government has considered purchasing Dutch New Guinea in the manner in which the United States of America negotiated what is known as the Louisiana purchase, and the acquisition of Alaska and Florida, payment to the Dutch to be made in goods and services for the rehabilitation of the East Indies?

Mr. MENZIES.—I appreciate and welcome the Opposition's new-found solicitude for the position of the Dutch. The honorable member's question is supplementary to one addressed to the Minister for External Affairs, who repeatedly has stated the Australian Government's attitude in unequivocal terms. The Cabinet entirely subscribes to the statement my right honorable colleague has made.

### SECURITY.

Mr. WARD.—I desire to ask the Prime Minister whether, since the establishment of the Commonwealth Security Service, it has been the practice for both the Prime Minister and the Leader of the Opposition to be kept fully and promptly informed of any important developments affecting national security? If so, has the practice been invariably followed? If there have been any departures from

it will the Prime Minister state whether they were made by his direction, approval, or knowledge?

Mr. MENZIES.—I have not failed to observe that a royal commission has been invited to consider some matters of this kind. I propose to adopt the practice of not discussing on the floor of this House matters which are the concern of that royal commission. I hope that the House will agree with that view because if I have to depart from it I shall not be the one to be sorry.

Mr. CLYDE CAMERON.—Can the Prime Minister say whether it is a fact that the telephone conversations of reputable citizens of this country are still being tapped by officers of the Commonwealth security service? If that is so, will the right honorable gentleman take steps to limit this totalitarian practice to persons whom a Supreme Court judge is satisfied may be engaged in espionage activities?

Mr. MENZIES.—I do not know—

Mr. CURTIN.—What does the right honorable gentleman know?

Mr. MENZIES.—If I said everything I knew, the honorable member for Watson would not be here. In answer to the question, I offer the observation that counter espionage is not a simple matter and is not one to be discussed in public while espionage goes on in private. I shall be no party to its public discussion.

### INTERNATIONAL AFFAIRS.

Mr. BOSTOCK.—Will the Minister for External Affairs state the generally accepted meaning of the word "containment" as used by the United States authorities in relation to their policy towards the Soviet Union?

Mr. CASEY.—I think that the term, "policy of containment", arose six or seven years ago in the United States of America. I believe it to mean that the United States of America would seek to resist any further incursions by international communism into the territories of the democracies. I believe it reflects a policy of "thus far and no farther". I do not want to be led into an attempt to interpret the foreign policy of any other country, but I think that one can say

that the policy of "containment" occupied the minds and influenced the thinking of the Truman Administration in the United States. I should not be surprised if it also influenced the thinking of the United States present administration.

#### ALUMINIUM.

**Mr. NELSON.**—I should like to preface a question to the Minister for Supply by reading from paragraphs 40 and 42 of the annual report of the Australian Aluminium Production Committee in connexion with bauxite supplies, which reads as follows:—

On the scale of production of aluminium at present contemplated, the discovery of Marchinbar Island is sufficient to maintain the industry for 150 years and allow a substantial margin for expansion.

Marchinbar is off the coast of the Northern Territory. The report continues—

As the development of the proved bauxite deposits in the Northern Territory cannot be undertaken for some considerable time, the Commission has continued with its plan to commence operations at Bell Bay with imported bauxite of the highest grade that can be obtained economically, and of a type the characteristics of which under operating conditions are well known to its technical consultants.

I ask the Minister why this development is not proceeding. In view of the delay in the construction of the plant at Bell Bay, Tasmania, Northern Territory bauxite could be made available for treatment by the time the plant commenced operations.

**Mr. BEALE.**—The plant at Bell Bay is expected to be ready for aluminium production early next year.

**Mr. CURTIN.**—The Minister said that last year.

**Mr. BEALE.**—That is quite right. And, indeed, it already would have gone into production but for the difficulties of the Tasmanian Government in supplying the requisite electrical power. With regard to the remainder of the honorable member's question, I point out that a survey of the Marchinbar area was not conducted purely for the purpose of discovering bauxite reserves for the Bell Bay plant. That, no doubt, was in the minds of the commission when it decided to undertake the survey, but also in its

mind was the fact that if it could be proved that there was a large reserve of high-grade bauxite in Australian territory, that would be of great strategic importance, not merely for the Bell Bay plant, but also for the Australian economy generally. Moreover, it might well attract financial and other interests to Australia, who would like to see other aluminium production elsewhere in Australia or its territories. All that I can say is that, already, we have a substantial reserve of imported bauxite in Australia for the purpose of beginning production at Bell Bay, and we propose to use that up before we take up the question whether we will use Australian bauxite.

#### POTATOES.

**Mr. DAVIDSON.**—My question is directed to the Minister for Commerce and Agriculture. I understand that at a recent meeting of the Australian Agricultural Council, problems associated with the marketing of potatoes in Australia were discussed, and it was decided that a further meeting of representatives of all the States who were interested would be held in order to reach some finality about the matter. Was Queensland whose potato-growers are vitally interested in this matter included in the second meeting, and what was the result of the meeting?

**Mr. McEWEN.**—Recently the potato exporting States of Victoria and Tasmania have really been in trouble about the reduction of value of their potatoes. In recent previous years it has been a matter of the importing States being in trouble. As an outcome of this situation a discussion was arranged at the last meeting of the Australian Agricultural Council, held about four weeks ago, and a conclusion was reached that the States which regarded themselves as being concerned should hold a meeting under the convention of the Victorian Minister for Agriculture, Mr. Stonerham. I agreed, on behalf of the Commonwealth, to make available an officer who had had experience of the complex problems of potato marketing during the war years. That meeting, at which Victoria, New South Wales and Tasmania were represented, took place in Melbourne last Monday, and certain recommendations

were made. The Commonwealth officer gave advice when it was sought from him. The Queensland Government, or its officers, were not represented at the meeting. That Government certainly would have had every opportunity had its Minister, who attended the previous Australian Agricultural Council meeting, exhibited a desire to be represented at the Melbourne meeting. I cannot explain exactly why it was so except that Queensland is not a major customer or a major marketing State, although it has a potato problem.

#### CIVIL AVIATION.

**Mr. BRUCE.**—Will the Minister for Civil Aviation investigate the charge made by Australian National Airways Proprietary Limited of a shilling a loaf on bread sent from Cooktown to Coen? Will he also investigate the company's charge of £1 a cwt. for carrying food supplies to assist the development of the north, from Cairns to northern towns? Further, will he make a complete investigation into freight rates charged by Australian National Airways Proprietary Limited for carrying goods between Cairns and Thursday Island and to towns between those two points?

**Mr. TOWNLEY.**—I shall be pleased to look into the matters to which the honorable member has referred. I point out, however, that we fix the ceiling freight rates and it is a matter for the airline operators to decide how far under the ceiling their charges will be. They make their own arrangements. I shall be pleased to let the honorable member have the rates on specific items if he asks for them.

*Later:*

**Mr. RIORDAN.**—I desire to ask the Minister for Civil Aviation a question that is supplementary to a question asked by the honorable member for Leichhardt. I preface my question by pointing out that I have received a number of telegrams of protest against the drastic action of Australian National Airways Proprietary Limited in substantially increasing the air freight on newspapers carried from Brisbane to centres

in northern and western Queensland. In consequence, there has been a substantial increase of the price of newspapers to residents in those districts. Will the Minister have the matter investigated with a view to a restoration of the freight charges to their former level as the new impost is another penalty on the long-suffering public of northern and western Queensland and amounts to exploitation.

**Mr. TOWNLEY.**—The suggestion that Australian National Airways Proprietary Limited is responsible for the increased charges is wrong and the honorable member's statement, therefore, gives a false impression. Both the airlines concerned impose the same scale of charges. My department has had access to the books of both companies, and it is satisfied that the rise of 5 per cent. was justified. Newspapers are regarded as freight, and they are transported by air at the same freight rates as those that are charged for other cargo. The department is satisfied that the charges are just and equitable and both companies are in agreement upon them.

**Mr. WENTWORTH.**—Does the Minister for Air and Minister for Civil Aviation agree that the helicopter has now established itself as a practicable instrument for certain purposes, in both peace and war? Has the honorable gentleman had an opportunity of perusing a recent statement by the British Minister for War in relation to the increasing reliance by the British defence forces upon this form of aviation? Does the Minister agree that in Australia helicopters should be considered for two special uses—for defence against submarines operating off the coast, and in prospecting for uranium? Is it a fact that very few helicopters are available in Australia at present, and that for some technical reason the few available machines are usually grounded? If that is so, will the Minister consider the whole matter and, if necessary, confer upon it with his colleagues, the Minister for the Navy and Minister for the Army, and the Minister for Supply, and ascertain whether Australian policy should be re-orientated with a view to increasing the use of helicopters for the purposes that I have mentioned?

Mr. TOWNLEY.—The honorable member's questions have covered a tremendous amount of ground. The helicopter, as I think every one will agree, has an enormous potential, but at present the machine is still in the experimental stage. Australia has had a small number of helicopters for service evaluation, and experience of them has not been happy. Their use in searching for mineral deposits, as the honorable member has suggested, would probably be a matter for the State governments, except in relation to Commonwealth territories. We must appreciate the many limitations of the helicopter. It is a short-range machine, which cannot be flown in cloud. In bad weather it becomes very hazardous and consequently almost useless. The helicopter is very costly and its maintenance expense is almost prohibitive. In spite of these shortcomings, there is much merit in the suggestions that may be inferred from the honorable member's questions, and I shall be pleased to discuss the matter in detail with technical officers of the Department of Air and the Department of Civil Aviation.

#### NORTHERN TERRITORY.

Mr. FAIRBAIRN.—Can the Minister for Territories inform the House of the position that will exist under the new ordinances in the Northern Territory when a person who was granted a 99 years' lease as a resident owner, desires to sell his lease? Will companies be permitted to purchase such leases? If not, will this not destroy the value of the asset and deter banks from advancing loans to such lessees?

Mr. HASLUCK.—The condition contained in the Crown Lands Ordinance in respect of pastoral homestead leases is that they can be transferred only to an approved person. More favorable conditions are given to the resident owner than to the non-resident owner, and to retain those conditions it is necessary that the terms on which they are granted should be continued. The point which the honorable member for Farrer obviously has in mind concerns the situation which might arise if a person who held a pastoral homestead lease were to die or retire from the lease for a less drastic cause and if the value of his estate were

affected by the fact that it could be transferred only to an approved person. That problem is engaging the attention of our advisers at the present time. We wish to make sure that the ordinance will have the effect which it is intended to have, which is to give more favorable conditions to the resident owner and that in doing so it will not in any way penalize him or reduce the value of his security in comparison with the value of the security which a company would have.

#### DEFENCE.

Mr. MAKIN.—Has the attention of the Minister for Defence been drawn to a statement made by the president of the Chamber of Manufactures, Mr. Vine, in the course of which, when referring to certain industries—

Mr. SPEAKER.—Order! The honorable gentleman should not use the name of a person when asking a question. That has become out of order since he was previously a member of the House.

Mr. MAKIN.—I wish to know whether there is any truth in the statement of the president of the Chamber of Manufactures that our defence industries are in a condition that is frightening and may not be able to meet the requirements of the country in the event of another war. Has the Minister a reassuring statement to make to the House and the country generally on this matter?

Sir PHILIP McBRIDE.—I did not see the statement referred to by the honorable member, but I am positive that any suggestion that the condition of our industries is bad can be disproved by the facts. I state as one example the iron and steel industries which, after all, are the basis of our defence activities. It is necessary only to look at the recent balance sheets of organizations which produce iron and steel for proof that such a statement as that to which the honorable member has referred is not correct.

#### MILLET.

Mr. FAIRHALL.—Is the Minister for Health aware that, although approximately half of the last New South Wales crop of broom millet remains unsold, it has been reported that broom millet of European origin is being imported? Does the Minister know of the danger of

importing the European corn-borer, and can he say whether these millet imports are being adequately checked against the introduction of this borer?

Sir EARLE PAGE.—There is a complete embargo against the use of millet that has corn-borer in it. I take it that the Minister for Commerce and Agriculture is attending to the matter and is ensuring that no such millet is brought in.

#### COLOMBO PLAN.

Mr. DOWNER.—Can the Minister for External Affairs give the House any information in relation to the work of the Australian surgical demonstration team that was sent to Malaya several months ago under the Colombo plan? Does the Minister think that this kind of aid can be extended to other countries in South-East Asia?

Mr. CASEY.—Mr. B. K. Rank, a distinguished plastic facial surgeon, of Melbourne, was kind enough to accede to my request, a few months ago, that he should go to Singapore and Malaya to perform a series of demonstration operations mostly on young people whose faces had been wholly or partially destroyed by some of the dreadful diseases that exist in that part of the world. The visit arose from the fact that a young Malayan boy had been sent, as the result of a public subscription, to Australia to have his face restored. The operation was very successful, and it had a wonderful effect on the local population in Malaya. It was following a large number of requests for the performance of similar operations that I asked Mr. Rank to go to Malaya. He was given his expenses for the journey, but otherwise he received no remuneration. He took, as an assistant, a young surgeon from the Royal Melbourne Hospital. Mr. Rank held approximately 75 consultations and performed on selected patients nearly 40 demonstration operations, at which a number of local surgeons were present to study the technique. The visit was an outstanding success. I have received fervent letters of thanks from Mr. Malcolm Macdonald, General Templer and eminent medical people in that country. I hope that we shall be able to extend further similar help to Malaya and perhaps other Colombo plan countries.

#### BUDGET 1954-55.

Mr. KEON.—In view of the fact that on former occasions complete and accurate details of budget provisions have been published in evening newspapers several hours before the information has been released to the Parliament, will the Treasurer assure the House that every precaution is being taken to protect the secrecy of the budget that will be presented to-night? If a remarkably accurate forecast is made by the press on this occasion, will the Treasurer take steps to investigate the leakage?

Sir ARTHUR FADDEN.—The budget is kept a very close secret. That secret will be revealed to-night.

#### SUPERPHOSPHATE.

Mr. FAILES.—Is the Minister for Commerce and Agriculture aware that orders that have been placed for superphosphate on a cash with order basis over the past three months have been returned because, as the distributors have explained, it is impossible to fulfil those orders until next year?

Mr. McEWEN.—My understanding of the situation is that that position obtains only in New South Wales. I believe that in all the other States there are adequate supplies of superphosphate to meet the demand. In New South Wales there has been such a large increase of the demand for superphosphate, which doubtless is due to the prosperity of the primary producers as a result of the policy the Government has pursued, that, although the quantity manufactured has more than doubled, the demand still exceeds the supply. The Government is doing everything that is possible to assist the companies that are trying to improve their production facilities, and will continue to do so. We are very glad to see the measure of demand that exists.

#### RADIO-ACTIVE ISOTOPES.

Mr. SWARTZ.—As a new instrument has been designed for using gamma rays emitted from isotopes for the purpose of taking pictures on X-ray film of castings and other industrial materials, will the Minister for Air and Minister for Civil Aviation inform the House

whether the use of such instruments has been considered by the departments under his administration for the inspection of aircraft frames and other materials used in aircraft? If those instruments have been used in Australia, have the results obtained proved satisfactory? If the instruments have not been used, will the Minister consider a full investigation of this new development?

**Mr. TOWNLEY.**—I know that work has been done with radio-active isotopes as the honorable member has indicated, but the problem is a fairly technical one. I believe that the isotopes that are now available are more useful in connexion with the construction of aircraft than in the routine inspections for airworthiness and similar tests. In addition, most aircraft are constructed either of aluminium or magnesium alloys, and the conventional X-ray or gamma ray has been found to be more suitable for tests of those metals than the new radio-active isotopes. The use of isotopes is principally confined to iron and steel and similar metals. Aircraft are complex structures and cannot be pulled to pieces and put together again. Radio-active isotopes cannot be used in a practical way for the examination of the riveting and welding of an aircraft. Australian airlines have a record for freedom from accidents that is the envy of every other country, and the indications are that our standards of inspection are very high. Those standards are not fixed by the companies who fly the aircraft but by the Department of Civil Aviation and the maintenance routines and schedules are very strict. The aeronautical research laboratories are doing some work on the radio-active isotope theory. I shall make inquiries about this work and furnish any further information that is available to the honorable member.

#### INDO-CHINA.

**Mr. GREENUP.**—Has the Minister for External Affairs anything to add to the statement he made in reply to a question asked by me recently with regard to the need for immediate and urgent assistance to anti-Communist refugees in Indo-China? If nothing has been done in this matter, will the Government treat it as urgent?

**Mr. CASEY.**—Yes, the matter is definitely in hand.

**Mr. HAYLEN.**—It ought to be. The people concerned are starving.

**Mr. CASEY.**—The Government acted some days ago in respect of this matter. I have no statement of a definitive nature to make on it at the moment, but I shall make such a statement at an early date. I assure the honorable member that the Government had not been idle on the subject even before he asked his question.

#### WATERFRONT EMPLOYMENT.

**Mr. OSBORNE.**—Is the Minister acting for the Minister for Labour and National Service aware of the circumstances in which the representative of the Australian Stevedoring Industry Board at Port Kembla recently resigned his office? Has the Minister received complaints from other employees of the board that this man was treated so unfairly that he was forced to resign? Will the Minister have the matter investigated in order to ascertain whether those complaints are justified?

**Sir PHILIP McBRIDE.**—At the moment, I have no information about the subject that the honorable member has raised, but I shall have an investigation made and convey to him any facts in which I believe he would be interested.

#### SUSPENSION OF STANDING ORDERS.

**Motion (by Sir ERIC HARRISON).** agreed to—

That so much of the Standing Orders be suspended as would prevent the taking of all necessary steps for the introduction of the budget and resolutions and bills consequent thereon, and motions for the first and second readings of such bills.

#### COMMITTEES OF SUPPLY AND WAYS AND MEANS.

**Motions (by Sir ERIC HARRISON).** agreed to—

That the House will, at a later hour this day, resolve itself into a committee to consider the Supply to be granted to Her Majesty.

That the House will, at a later hour this day, resolve itself into a committee to consider the Ways and Means for raising the Supply to be granted to Her Majesty.

## SUSPENSION OF STANDING ORDERS.

**Motion** (by Sir ERIC HARRISON) by leave—agreed to—

That so much of the Standing Orders be suspended as would prevent the consideration in the Committee of Ways and Means of resolutions relating to Wine Grapes Charges and a Meat Export Charge, and the introduction and motions for the first and second readings of the following bills:—

Wine Overseas Marketing Bill 1954.

Wine Grapes Charges Bill 1954.

Meat Export Charge Bill 1954.

Northern Territory (Lessees' Loans Guarantee) Bill 1954.

Papua and New Guinea Bill 1954.

## WINE OVERSEAS MARKETING BILL 1954.

**Motion** (by Mr. McEWEN) agreed to—That leave be given to bring in a bill for an act to amend the Wine Overseas Marketing Act 1929-1953.

Bill presented, and read a first time.

### SECOND READING.

**Mr. McEWEN** (Murray—Minister for Commerce and Agriculture) [3.19].—I move—

That the bill be now read a second time.

This bill seeks to authorize the Australian Wine Board to expend part of its funds on the advertising of wine and brandy in Australia. The board is the statutory authority set up under the Wine Overseas Marketing Act 1929-1953 to supervise and regulate the export, and the sale and distribution after export, of Australian wine. It derives its funds from the industry itself by means of a levy paid by wineries and distilleries on grapes delivered to them for use in producing wine, brandy and distillation spirit. The levy is collected by the Department of Commerce and Agriculture under the provisions of the Wine Grapes Charges Act and is paid to the board for administrative expenditure, research and overseas publicity. The board, with the support of the Federal Viticultural Council, has now sought amending legislation to increase the maximum rates of levy to be collected under the Wine Grapes Charges Act. With such additional funds the board

would be in a position to carry out intensive marketing publicity in Australia and overseas. However, it is first necessary to amend the Wine Overseas Marketing Act to place beyond doubt the constitutional power of the board to conduct publicity activities within Australia.

There is no doubt that a properly co-ordinated publicity drive in Australia and overseas would help the wine industry. Sales in Australia have contracted in recent years and efforts to expand the overseas trade have been severely handicapped by the high United Kingdom tariff on wine, and by other factors. At the same time, production has been steadily increasing. Stocks of Australian wines held here and in the United Kingdom have reached a very high level and it is clear that a heavy vintage next year could create a very real storage problem. Prices of wine grapes fell sharply in the last two seasons, and this led to requests for Australian Government intervention and assistance. The industry believes that expansion of sales can be achieved by a national publicity campaign to supplement brand advertising by individual winemakers. The amendment of the act proposed in this bill will authorize the board to use moneys collected under the Wine Grapes Charges Act for publicity purposes within Australia. I commend the bill to honorable members.

Debate (on motion by Mr. POLLARD) adjourned.

## WINE GRAPES CHARGES BILL 1954.

*In Committee of Ways and Means:*

**Motion** (by Mr. McEWEN) agreed to—That in lieu of the maximum rate imposed by the Wine Grapes Charges Act 1929-1941, the maximum rate of charge be—

(a) in respect of fresh grapes, Ten shillings per ton; and

(b) in respect of dried grapes, One pound ten shillings per ton.

Resolution reported and adopted.

*Ordered.*

That Mr. McEwen and Mr. Hasluck do prepare and bring in a bill to carry out the foregoing resolution.

Bill presented by Mr. McEwen, and read a first time.

SECOND READING.

**Mr. McEWEN** (Murray—Minister for Commerce and Agriculture) [3.24].—I move—

That the bill be now read a second time.  
The purpose of this bill is to amend the Wine Grapes Charges Act 1929-1941 to authorize an increase in the maximum rates of levy that may be collected on grapes delivered to wineries and distilleries. The Wine Grapes Charges Act now provides for the collection from wine-makers and distillers of levies up to a maximum of 5s. a ton in respect of fresh grapes and 15s. a ton in respect of dried grapes. The actual rates, within those maximum levels, are prescribed by regulation. The present prescribed rates are 4s. and 12s. a ton respectively. The funds derived from those levies are used by the Australian Wine Board for administrative expenditure, overseas advertising and research. This bill seeks to raise the existing maximum rates from 5s. to 10s. a ton in respect of fresh grapes, and from 15s. to 30s. a ton in respect of dried grapes.

The proposal has been advanced by the Australian Wine Board with the strong support of the Federal Viticultural Council, which is the federal voluntary organization of Australian wine-makers and distillers. Stocks are accumulating, and if the production of Australian wine and brandy is to continue at the level of the quantities produced in recent years, active sales promotion and publicity campaigns to be promoted by the Australian Wine Board, and involving increased expenditure, will be necessary in Australia and overseas. The maximum rates of levy prescribed in the act at the present time were fixed as far back as 1929, and increases are now necessary to enable sufficient funds to be collected for the purposes of the board. The Wine Grapes Charges Act is complementary in its operation to the Wine Overseas Marketing Act. I commend the bill to honorable members.

Debate (on motion by Mr. POLLARD) adjourned.

MEAT EXPORT CHARGES BILL  
1954.

*In Committee of Ways and Means:*

Motion (by Mr. McEWEN) agreed to—

1. That, in lieu of the charges at the rates provided by the Meat Export Charges Act 1935, a charge be imposed at a rate or rates in accordance with this resolution, but otherwise in accordance with that Act.

2. That, subject to the next succeeding paragraph, the rate of the charge be one-tenth of a penny for each pound of meat exported.

3. That regulations under the Meat Export Charges Act 1935, as amended by the Act passed to give effect to this resolution, may, after report to the Minister by the Australian Meat Board constituted under the Meat Export Control Act 1935-1953—

(a) prescribe the rate of the charge; or  
(b) prescribe different rates of the charge  
for different classes of meat,

but so that no rate specified in the regulations shall exceed the rate specified in the last preceding paragraph.

Resolution reported and adopted.

*Ordered—*

That Mr. McEwen and Mr. Hasluck do prepare and bring in a bill to carry out the foregoing resolution.

Bill presented by Mr. McEWEN, and read a first time.

SECOND READING.

**Mr. McEWEN** (Murray—Minister for Commerce and Agriculture) [3.28].—I move—

That the bill be now read a second time.

The bill is for the purpose of amending the rate of levy chargeable on meat exported from Australia in pursuance of the provisions of the Meat Export Charges Act 1935. Until May, 1947, export levies were collected under the authority of that act, paid into Consolidated Revenue, appropriated out of revenue and paid to the Australian Meat Board. The board financed its activities from the funds so obtained. The Australian Meat Board was reconstituted in 1946, when it was given added powers to act as a buyer and seller of meat on behalf of the Commonwealth for the purpose of carrying out the Commonwealth's obligations under the bulk meat contracts with the United Kingdom Government. Then the government of the day decided that it would be more appropriate for the board to finance its activities by withholding from its suppliers a small percentage of the United

Kingdom contract price, instead of imposing a charge on exports. As a result of this decision, the operation of the Meat Export Charges Act was suspended in May, 1947, by a general exemption order made under section 4 of the principal act.

Honorable members are aware that bulk trading in meat between Australia and the British Ministry of Food under the Government-to-Government contract will cease completely on the 30th September, 1954, following the decision of the British Government to decontrol the meat trade in the United Kingdom. As a result, the Australian Meat Board will be no longer in a position to finance its operations from trading activities. After reviewing the situation, the board has recommended unanimously that the levy under the Meat Export Charges Act be reimposed and that the maximum rate of levy be increased. The board has stated that the maximum rates of charge prescribed by the 1935 act would be much too low to finance the operating costs of the board under present conditions. As the act now stands, the maximum charge permitted on beef, for example, which is the most important meat export commodity, is only  $\frac{1}{2}$ d. a quarter, or about 1/80d. per lb. The new maximum rate recommended by the board for all meat exported is one-tenth of one penny per lb. The board has estimated that the maximum rates of charge existing at present, if applied for a full year, would give a revenue of about £22,000 on an export of about 208,000 tons. In 1952-53, the board spent approximately that amount on contributions to special projects, including trade exhibitions, carcass competitions and extension services.

The cessation of bulk trading will decrease the administrative activities of the board and, consequently, its actual administrative expenses. However, the return to private trading and the cessation of rationing and distribution controls in the United Kingdom have placed emphasis on the need to publicize meat, particularly Australian meat, in our overseas markets, and on the importance of such publicity. This work will be a major responsibility of the board, which is giving active consideration to the matter.

*Mr. McEwen.*

At the present time, the board has reserve funds in the Meat Industry Advancement Trust Account. This account comprises moneys made available to the board by the Commonwealth from profits made by the Commonwealth Meat Controller during the war years. The transfer of these moneys to the board was conditional on their being reserved for research work and similar projects. Originally, the trust account was in credit to the extent of about £500,000, but already the board has used a substantial part of this sum to purchase properties in Queensland for use by the Commonwealth Scientific and Industrial Research Organization and the Queensland Department of Agriculture for research work. It has committed itself also to a grant of £50,000 to the Faculty of Veterinary Science of the University of Sydney. There are also reserve funds in the board's general accounts amounting to approximately £500,000. These funds were built up mostly from profits made by the board on stocks in store at the end of a contract year which were subsequently sold to the Ministry of Food at increased contract prices in the following contract year. The other source of the reserves held in the board's general accounts was the profit made in trading with North America in 1951-52 and 1952-53. The reasons why the board entered this field of trading were fully explained at the time.

The board paid the Australian meatworks a fair price for the meat, including appropriate allowances for treatment, wrapping and other special services. In 1951-52, the board made a profit of about £66,000 from this trade. However, in the following year the market situation deteriorated, and losses of about £35,000 were incurred, thus leaving a net profit of about £31,000 from two years' trading. Since 1952-53 this trade has reverted to normal business channels.

It is emphasized that these funds are producers' funds to be held for their benefit. The Australian Meat Board is strongly of the opinion that they should not be used to finance current administrative expenses while the industry is enjoying buoyant conditions. Within the maximum fixed by the act, the actual

export charge may be varied for the different classes of meat and will be a rate or rates prescribed by regulation on the receipt of a recommendation from the board, which will have regard to the circumstances of the industry at the time. It is expected that a recommendation from the board will be received in time for the regulation prescribing the new rates of charge to become operative from approximately the 1st October, 1954. I commend the bill to honorable members.

Debate (on motion by Mr. POLLARD) adjourned.

### NORTHERN TERRITORY (LESSEES' LOANS GUARANTEE) BILL 1954.

Motion (by Mr. HASLUCK) agreed to—

That leave be given to bring in a bill for an act to facilitate the borrowing of money by the holders of certain Crown leases of land in the Northern Territory of Australia.

Bill presented, and read a first time.

#### SECOND READING.

Mr. HASLUCK (Curtin—Minister for Territories) [3.38].—I move—

That the bill be now read a second time.

The purpose of this bill is to make it easier for the resident pastoralist in the Northern Territory to obtain credit for the development of his property. The bill marks another stage in the actions which the Government has been taking both to build up the pastoral industry in the Northern Territory and to bring about the desirable social effect of ensuring that the development of the resources of the Territory is accompanied by an increase in the number of permanent residents establishing their homes and their families in the Territory.

One of the earliest steps which the Government took in that direction was to amend the land tenure system in the Northern Territory so as to give a more favorable tenure to the resident owner. We are hoping that, as a result of the passage of the Crown Lands Ordinance of the Northern Territory, pastoralists will convert their leaseholds to the form of perpetual leasehold known as the pastoral homestead lease. We are also hoping that, as more land becomes available for application in the Northern Territory, we may be able to attract to the Territory

young, energetic and practical people who will make the Territory their home. In order to promote that objective, we not only have to make the land available but we also should try to see that those who obtain the pastoral homestead leaseholds will have the capital resources necessary to develop them.

A cattle station in the Northern Territory requires a large capital expenditure spread over a number of years in order to bring it into a full state of economic development. There may be differences of opinion as to the amount of capitalization which it is economic for a pastoral property to bear, and the figure varies considerably from property to property according to such factors as the type of country, access to markets, the type of cattle which can be turned off, and the price likely to be received. As a broad indication to the House of the sort of expenditure that is involved, I may mention that some cattle stations of moderate size in the Northern Territory carry a capital expenditure, spread over a number of years, up to £120,000. Expenditure is required on the provision of waters at a cost of possibly £4,000 each, some miles of fencing at a cost up to £400 a mile, homestead, staff quarters and other station buildings at a bare minimum cost of £15,000, and the building of yards and dips, quite apart from expenditure on the herd.

Broadly speaking, there is not a great number of young settlers who have that kind of capital at their disposal. In many cases their assets are their knowledge, their physical stamina and their pioneering spirit, plus enough capital to acquire a herd of a few thousand head and to give them their first dwelling. If they go on to new land, the Government provides the first two waters for them so that they can move their cattle on to the run straight away. Most of those who go on to properties, either new or developed, find themselves limited in the early developmental period by the need for more capital. To some extent they can obtain finance through the existing institutions, but their leaseholds are seldom accepted as security for an amount sufficient, in the early stages of development, to make progress possible and, if they give a lien over their stock, the terms

are seldom sufficient to do more than meet their running expenses as an offset to their anticipated sales in each year.

In any land development, while the need for capital is clear, it is also necessary to watch carefully against two unintended results that could impair the final good result. One is the possibility of over-capitalization, or the spending of more on the land than the prospective returns from the land would justify. It is necessary to ensure that expenditure on a property will give an economic return. The other is the possibility that, if credit is too easily obtainable, there will be an inflation of land values, which will also tend, over the years, to impede the economic use of the land. Thus, the administrative problem before the Government is to make credit available for the development of leaseholds, and, at the same time, to see that the availability of credit is closely related to all other factors. After careful consideration, the Government also decided that the existing financial institutions should be used, that it was neither necessary nor desirable to establish any new governmental instrumentality to achieve its purpose or to serve the needs of the prospective beneficiaries under the scheme in the Northern Territory. The bill, therefore, proposes to add to the credit facilities available to settlers of the Northern Territory by providing a guarantee to the banks for advances additional to those which banks might be expected to make in the ordinary course of business and in the absence of a guarantee from the Commonwealth Treasury. In the definitions clause of the bill it is made clear that all banks doing this class of business can assist in the scheme. The upper limit of advances will be the value of leases plus permanent improvements, or a total of £30,000, whichever is the lesser. In effect, this means that a lease-holder will be able to obtain credit up to 100 per cent. of the value of his security, exclusive of his herd, subject to the provision that his total advance, at any time, shall not exceed £30,000. In the absence of a guarantee, the banks customarily grant credit only up to about 60 per cent. of the value of the security.

The best way for me to illustrate to the House how the scheme will operate is to

*Mr. Hasluck.*

take three examples from successive stages in the development of leaseholds. If a lease were in a relatively early stage of development, and the land and permanent improvements were valued at £20,000, a bank might be expected, in the normal course of business, to advance £12,000. The Treasury will guarantee a further advance of £8,000, making available to the lease-holder a total credit of £20,000. If the lease had been developed to a stage where the land plus permanent improvements were valued at £30,000, the bank might be expected to advance £18,000. The Treasury will guarantee a further advance of £12,000, making a total credit of £30,000 available to the lease-holder for developmental purposes. If the lease had reached a stage of development where the land plus permanent improvements were valued at £60,000, a bank might, in the normal course of business, be expected to advance, without guarantee, up to £36,000, if its officers were convinced that the property warranted such further expenditure. From these examples honorable members will see that the aim of the bill is that the Treasury shall back settlers until they can stand on their own financial feet and that the normal methods of obtaining credit will then be followed.

The bill provides that guaranteed advances may be made for the purpose of effecting permanent improvements to land the subject of leases, or partly for that purpose and partly for the purpose of discharging prior encumbrances in order to enable new first mortgages to be given as security. In other words, the bill will help a lease-holder so to improve his position as to be able to obtain credit in the normal way. It should induce a considerable increase of the amount of credit available in the Northern Territory. The increase will be probably far greater than the amount actually guaranteed by the Commonwealth. The granting of advances to pastoralists for purposes mentioned in the bill should become more attractive to the banks than in the past. Therefore, the measure should stimulate their interest in the development of the Northern Territory.

and reduce the conservatism that they have previously evinced in the making of advances to settlers. It is confidently expected that the bill will be instrumental in bringing about a considerable improvement of the standard of pastoral properties. By this measure the Government is demonstrating its confidence in the future of the Northern Territory. It is hoped that this will stimulate the interest of business institutions in that development. The Government has had no direct experience of this kind of assistance to settlers in the Northern Territory, and consequently we shall watch very closely the application of the provisions of the bill. If necessary, in future, other steps will be taken to help to ensure that the measures are adequate to achieve the result desired. The scheme can be adjusted to meet new needs or new opportunities. At the same time it must be watched closely. Although we want to encourage development, we do not want to reach that stage of careless expenditure and financial light-heartedness as a prelude to financial misery which characterized some of the earlier scheme of assisted settlement in Australia.

The conditions that I have mentioned in relation to pastoral homestead leases will apply, also, to agricultural leases in the Northern Territory. The limits to agriculture in the Territory are determined not only by the fact that most of the land is in a low rainfall area, but also that, in the areas of relatively higher rainfall, normally regarded as most suitable for agriculture, there is every year a rainless period of seven or eight months. Only a few rivers in the Northern Territory carry enough water to enable the establishment of irrigation schemes, within the conventional meaning of the term. In view of this seasonal situation, our problem is to find the crops that can be raised profitably in the Northern Territory. During the last three years much new work—totally new, as far as the Territory is concerned—has been carried out under the direction of the Administrator, Mr. Wise, in experimenting with various crops under field conditions. For a number of years, also, the Administration and the Commonwealth Scientific and Industrial Research Organization have co-operated in various

experiments and trials at the Katherine experiment farm. More recently, we have begun investigations into water supplies, the best way of using the available water, and the problem of water control in the higher rainfall areas near Darwin. Those studies are continuing. With the help of the Commonwealth Scientific and Industrial Research Organization, extensive soil surveys have been carried out. Most of the soils with possible agricultural value have been already mapped, with a good deal of exactness. In addition, a few pioneer settlers have embarked on the production of food-stuffs for local consumption and, to a limited extent, bananas and peanuts for export.

The credit facilities provided by the bill will be available not only to the existing farmers in the Northern Territory, but also to persons who, as a result of the experimental work that is being carried out by the Government, may be encouraged to enter the agricultural industry in the Territory.

In passing, although it is not related to this bill, I might point out that, for some time, a scheme of advances to primary producers—mostly small men growing fresh foodstuffs in the vicinity of Darwin—has been administered locally by a primary producers' board. Hitherto, the limit of advances by the board has been £600 to each settler. The Government has decided to raise that limit to £3,000. The purpose of the scheme administered by the board is mainly to assist small producers to obtain implements and equipment. That scheme is quite different from the scheme envisaged in the bill and was created to serve a different purpose.

In order that the proposals in this bill may be seen in relation to the background it might interest the House if I were to indicate, broadly the present scope of the pastoral and agricultural industries in the Northern Territory. They are far more extensive than is generally recognized by persons living in the southern States. Cattle are produced on 407 pastoral leases having a total area of 215,355 square miles. Not acres, mind you, but square miles. At first scrutiny, approximately 318 of those leases would appear to be held in a way that might

qualify them for conversion to pastoral homestead leases with perpetual tenure; and about 89 held by companies would qualify for conversion to leases with a 50-year tenure. Definite improvement conditions will be written into all new leases granted under the Crown Land Ordinances. It is expected that some lease-holders may surrender areas on which they expect that they will be unable to maintain the required level of improvements. As an example of the way the policy will be applied in the Northern Territory, I refer honorable members to the statement that I made in the House on the 7th April, when I pointed out that Vestey's, in negotiating new leases under the new ordinances, had surrendered 8,493 square miles of leasehold, and 5,351 square miles held under grazing licence and had accepted improvement conditions on their remaining leases in the form of firm obligations with specific requirements that they make an expenditure of £250,000 during the next five years.

On all the Territory holdings there is a cattle population of a little over 1,000,000 head and an average annual turn-off of 115,000 head, some going straight to the meatworks and some going as stores, mainly to Queensland. The estimated annual value is about £2,720,000. In spite of a most severe and widespread drought in 1951-52 and some rather indifferent seasons since in some parts of the Territory, the cattle industry is progressing. The approximate turn-off over the past seven years has totalled 800,000 head and the annual turn-off has varied between 146,000 in a good year and 81,000 in a bad, the turn-off necessarily fluctuating according to seasonal conditions. It is estimated that in the past four years there has been a private investment in improvements on cattle stations in the Northern Territory of more than £1,000,000—a heartening sign of the confidence of cattlemen in the future of the country they occupy.

The Government's own officers estimate that the potential for development of the industry is an increase of about 50 per cent. in the carrying capacity of land already occupied and a doubling of the annual turn-off. We believe that that

improvement can take place without any revolutionary change in the traditional methods of raising cattle in the Territory. If, by one means or another, through the aid of science, completely different methods were to be developed in the Northern Territory, the change may be even greater.

The present state of agriculture is that production of food-stuffs, such as vegetables and eggs, is undertaken on a small scale, for local consumption, and, as I have said, some fruit and peanut production is undertaken for export to southern Australian markets. The potential development that is in sight is large-scale rice-growing, a considerable expansion of peanut cultivation and establishment of tobacco-growing. These look like being our main export possibilities. It also includes the establishment of mixed farming for the sake of local food supply and as an adjunct to stock raising. However, continued experimentation is necessary to demonstrate with reasonable certainty farm systems which can be applied to the land with reasonable prospects of providing a satisfactory living for the farmers.

In conclusion, I stress that the only way in which any of our visions of progress in the north can be realized—and I think most honorable members have a vision of progress there—is through the efforts of individual settlers. The end of government policy, as exemplified by this bill and by other measures, is to help the individual Australian in the Northern Territory to do his job for the nation in the Northern Territory. That is the purpose of the attempts we have made and will continue to make to improve the basic services of education, health and communications and to add to the amenities of life, so that people can live at a proper standard in the Territory. That is also the purpose of the various investigations and experiments we are carrying out into the ways in which people can earn a living in the Territory. That is the purpose of our revision of the land laws. It is the purpose behind the increased provision we have made to assist various industries, for example, by the veterinary services, the stock routes and roads which are being provided for

the pastoral industry. It is the purpose behind our attempts to encourage a new idea of the standard of living in the tropics, as exemplified by the housing and community services constructed by Territory Enterprises at Batchelor. It is to the purpose of a relatively small measure such as the present bill. Some people believe that settlers who go to live in the Northern Territory ought to live in humpies. Those days are past. The nation has to accept the idea that the people in the Northern Territory are to live in good homes at a standard of living comparable with the best standards enjoyed by people anywhere in Australia. We hope that this bill will make it more easily possible for the residents of the Territory to develop the land that they can obtain, and make their contribution to the progress of the Territory. We believe that the Northern Territory, like any other part of Australia, will grow by the efforts of its people. The role of government, in the liberal view, is to help the people to get on with the job. I trust that this bill will serve that purpose in the pastoral and agricultural industries in the Northern Territory and, in that faith, commend it to the House.

Debate (on motion by Mr. NELSON) adjourned.

#### PAPUA AND NEW GUINEA . BILL 1954.

Motion (by Mr. HASLUCK) agreed to—

That leave be given to bring in a bill for an act to amend the Papua and New Guinea Act 1949-1950.

Bill presented, and read a first time.

#### SECOND READING.

Mr. HASLUCK (Curtin—Minister for Territories) [4.2].—I move—

That the bill be now read a second time.

Under this bill it is proposed to make several small amendments to the Papua and New Guinea Act, which was passed by this Parliament in 1949 to provide for the administration of the Territory of Papua and the Territory of New Guinea in an administrative union. Only two of the amendments involve decisions on any matter of substance. It is proposed to amend section 73 of the principal act in

order to make it clear that the prerogative of mercy is exercised by the Governor-General. Section 73, as it stands, confers on the Administrator of the Territory power to grant to any offender convicted by a court exercising criminal jurisdiction in the Territory, a pardon, either free or conditional, or a remission or commutation of sentence, or a respite for such period as he thinks fit, of the execution of sentence. The Government considers, and I am sure the House will agree, that it is inappropriate for an official to be required to exercise such powers in regard to a sentence of death. A sentence of death is clearly in a wholly different category from a sentence of imprisonment and, whereas we see no objection to the Administrator, who is a government official, continuing to have the authority to remit or commute sentences that involve lesser penalties, we do not think the prerogative of mercy should be exercised except at the very highest levels of government. Some time ago an instruction to that effect was given to the Administrator by the Government and this bill, giving effect to administrative practice over the past three years, will exclude death sentences from the section dealing with the Administrator's powers and will insert a new sub-section as follows:—

The Governor-General may, by warrant under his hand, grant to an offender sentenced to death by a court exercising criminal jurisdiction in the Territory a pardon, either free or conditional, or a remission or commutation of sentence, or a respite for such period as he thinks fit, of the execution of sentence.

If any death sentence is passed in Papua and New Guinea the procedure will be to refer it to Canberra where the Governor-General acting in Executive Council will decide whether or not it is to be carried out. I may mention in passing that this proposed amendment does not arise out of, or have any direct relation to, any recent events in the Territory. The decision was made early last year and, in fact, the present bill has been in draft form for many months. It will, of course, be applicable to any death sentences recently passed in the Territory, but the idea of presenting this bill to the House did not arise out of any recent incident in the Territory.

Mr. DUTHIE.—Was it touched up afterwards?

Mr. HASLUCK.—No. No change has been made. The bill reads as it was drafted twelve months ago.

The other substantial decision to which effect is given in this bill, is to change the title of Chief Judge of the Supreme Court of the Territory to Chief Justice. This is in keeping with the usage in the supreme courts of the States of Australia. The change in title is accompanied by a provision to appoint the present Chief Judge, Mr. Justice Phillips, as Chief Justice with continuity of office.

As it was necessary to introduce an amending bill to make the changes mentioned above, advantage was taken of the opportunity to make other minor changes the need for which had become apparent in the working of the principal act. All references to native village councils in the principal act will be replaced by the words "native local government councils", because, in practice, the majority of councils established have not been set up in relation to individual villages but have been formed to represent several groups of villages. No change will be made in respect of the nature and functions of these councils.

An amendment is proposed to clause 10 to enable an official member of the Legislative Council to resign his seat. Previously if an official member wished to resign for any reason whatsoever there was no legal provision by which he could do so. The resignation will not, however, become effective unless and until accepted by the Governor-General, by whom the appointment of official members is made and subject to whose pleasure such appointments are held. A further amendment will also make it clear that resignation by a non-official member becomes effective when it is received by the Administrator. These proposed amendments are similar to amendments made during 1953 to the Northern Territory (Administration) Act.

Section 52 of the Papua and New Guinea Act requires that certain ordinances of the Legislative Council for Papua and New Guinea shall be reserved for the Governor-General's pleasure, but the Governor-General has power only to

assent or withhold assent to the ordinance in its entirety. Instances have occurred where it would have been of advantage for the Governor-General to be able to withhold assent to part, only, of an ordinance. In the absence of such power, it has been necessary for assent to the whole of an ordinance to be withheld when part only of it was not acceptable. Clause 11 of the bill proposes an amendment which will enable the Governor-General to assent either to the whole or part of an ordinance reserved for his pleasure. The new section departs from the existing section by providing that the Governor-General's declaration as to assent or otherwise, and not the *Gazette* notification, must take place within one year and also that, if the Governor-General's assent is not to be given, he shall expressly declare that he withdraws assent. The first departure is intended to avoid the difficulties that could arise as to publication within twelve months if assent were not given until near the end of the expiration of that period. The second departure is to enable the Governor-General to declare forthwith that he withdraws assent to an Ordinance and thus avoid the uncertainty as to his intention that would otherwise exist until the period of one year has elapsed.

Consequent on the inauguration of the Legislative Council for Papua and New Guinea it was clear that that part of the principal act relating to the interim legislative powers of the Governor-General was unnecessary. It is now possible to repeal the whole of the division of the act relating to the interim legislative powers of the Governor-General. As laws are now made by the Legislative Council, the need for these provisions no longer exists. Appropriate provision is contained in the bill to ensure the continuance in force of all ordinances made by the Governor-General during such interim period which still remain in force, as well as to provide enabling power for the Legislative Council to amend or repeal such ordinances as the necessity may arise from time to time. I repeat that only two decisions on matters of substance are involved in this bill. The other amendments may properly be described as tidying-up

amendments, designed to make the present act clearer and more easily workable.

Debate (on motion by Mr. CHAMBERS) adjourned.

## GOVERNOR-GENERAL'S SPEECH.

### ADDRESS-IN-REPLY.

Debate resumed from 10th August, (*vide page 122*), on motion by Mr. LINDSAY—

That the following Address-in-Reply to the Speech of His Excellency the Governor-General be agreed to:—

#### MAY IT PLEASE YOUR EXCELLENCY:

We, the House of Representatives of the Parliament of the Commonwealth of Australia, in Parliament assembled, desire to express our loyalty to our Most Gracious Sovereign, and to thank Your Excellency for the Speech which you have been pleased to address to Parliament.

**Mr. CURTIN** (Watson) [4.12].—When this debate was adjourned I was pressing the Government to pay some attention to the very controversial subject of margins for skill. The trade union movement has made up its mind that what was tolerable during the immediate post-war period is no longer tolerable. The long-suffering tradesmen are becoming uneasy at the procrastination of the gentlemen of the Commonwealth Arbitration Court. If the Government does not take action quickly in relation to margins for skill, very grave industrial unrest will occur and the blame will be laid at the door of this incompetent Government. The Prime Minister (Mr. Menzies) has indicated that the Government will undertake large defence expenditure. This expenditure will require much technical equipment and we shall need more technicians to operate that equipment. Where does the Prime Minister think that he will get the technicians to do essential work in connexion with the defence programme? The Government has negated all claims for simple justice by skilled workers. It has killed the incentive that the average lad needs to induce him to embark on a career as a skilled tradesman. The Government should give deep consideration to this subject when it is considering its defence programme. We must not forget the position in which we were left when war broke out in 1939. All sorts of committees had to be set up in

order to find men with varying degrees of skill to carry on the work that was necessary at that time. Recently, the secretary of the Brisbane branch of the Boilermakers Union made the following statement in court:—

Two hundred boilermakers are needed in Queensland . . . We have had appeals from the Railways Department and private industry to recruit staff for them. In one instance alone, a private employer in Brisbane could place more than 100 boilermakers. One of the prime factors in the shortage was lack of inducement for lads to enter the trade as apprentices.

The shortage had caused a considerable amount of overtime work and to protect the health of members, the society had limited overtime to twelve hours a week.

That assertion was replied to by the secretary of the Queensland Employers' Federation, a Mr. P. Self. This bright boy said—

There is no truth in the suggestion that boilermakers were scarce because of a lack of inducement to youths to enter the trade . . .

He added—

In dealings with unions our experience has been that youths and men will avoid a trade where union leaders regularly call stoppages and strikes.

Such a statement shows that this gentleman is unfit to hold the position that he occupies. Apprentices are not allowed to strike, and unions place severe restrictions on apprentices in that regard. Mr. Self continued—

Instead, they prefer continuity of work in a trade which is not upset by union leaders.

All trade unions have leaders, and the people who employ Mr. Self to give his opinions in regard to incentives should seriously consider removing him from his position because his statements are very provocative indeed. The Minister for Labour and National Service (Mr. Holt), in a speech that he delivered on the 29th June about margins for skill, said that the Government would support claims for higher margins for really skilled men, as long as they were not submerged in a general claim for higher margins for all workers. Of course, he was just creating a smoke-screen in order to set up some sort of caste system among skilled workers. If the Minister had taken sufficient trouble to analyse the quality of the skills possessed by many workers, he would not have made a statement such as that. For

example, no one can doubt that a rigger is a highly skilled man. A man needs to have fifteen or twenty years' experience before he can become a fully qualified rigger. The shearer has to use his knowledge and skill as well as have excellent physical development. The timber-getter, besides being a skilled man, has to take great risks in his occupation. The builder's labourer is a most essential member of the community. The brickmaker, the ironworker, the wharflabourer and the tilemaker are all skilled workmen, and yet the Minister for Labour and National Service apparently does not recognize their skill. I suggest that statements such as that made by the Minister merely provoke our trade unions into action. Margins for skill have not increased since 1945, and skilled workmen are now determined to be heard. If the Justices of the Commonwealth Court of Conciliation and Arbitration, and the Government, will not listen to them, they will take some action which will not be to the advantage of this Government or the community in general.

**Mr. TURNBULL.**—What action?

**Mr. CURTIN.**—Let us be realistic about it. They will threaten to strike and withhold their labour, just as primary producers among the members of the Australian Country party withhold their products from the markets. The Australian Country party has claimed that the farmer is justified in withholding his produce when he pleases, and therefore it must admit that highly skilled workmen are justified in withholding their labour in certain circumstances. Such men, especially those in defence production industries, should be looked after by this Government, which should intervene before the court when they make applications for increased margins for skill. Shipwrights, engineers, boilermakers and moulderers are not going to be trifled with any longer. They intend to ensure that they shall get a just reward for their skill. Indeed, the Australian Council of Trades Unions has now decided upon a certain policy which has been endorsed by the Federal Conference of the Australian Labour party. I am speaking on behalf of the Australian Council of Trades Unions when I claim that this very important matter cannot be trifled with any longer. If the Government thinks that

it can continue to so trifle with skilled men, it is completely wrong. At present an industrial pattern is beginning to take shape which is similar to the pattern that was woven before the 1917 upheaval.

**Mr. SPEAKER.**—Order! The honorable member's time has expired.

**Mr. DAVIDSON** (Dawson) [4.22].—I was more than amused a few moments ago to hear the honorable member for Watson (Mr. Curtin) say that primary producers in the Australian Country party had, from time to time, threatened to withhold their produce from the market. That statement should not be given any serious attention at all, and I can say from long experience, as an active primary producer and as a member of primary producers' organizations, that the statement is quite incorrect. Primary producers are the greatest wealth producers in this country, because of the sale of their products overseas, and they have too great a sense of responsibility for the well-being of the Australian people even to consider withholding their produce. It is unfortunate that the bodies represented by the honorable member for Watson do not have a similar sense of responsibility.

His Excellency, in the Speech that he delivered at the opening of this Parliament, made two important references to the intention of the Government with regard to national development. First, he said—

My Government will closely examine the extent to which additional transport links, including rail links, are desirable for the development of beef production in north Queensland and the Northern Territory.

Secondly, he said—

In the Territories of the Commonwealth, on the foundations laid in the past three years, further progress may be confidently expected both in the advancement of the welfare of the people and in the development of resources.

In Papua and New Guinea the rate of investigation and classification of land and water resources and agricultural output will be increased. Expanded services will improve the health, education and social status of the natives.

I welcome these two statements of Government policy with regard to national development, and I propose to comment on both of them. The first statement applies to the development of the northern

portion of Australia, which includes the north-west of Western Australia, the northern part of the Northern Territory and the North-western and northern parts of Queensland. That great area of land, which stretches across the north of our continent, is very sparsely settled and sadly in need of development. For many years most people have realized that it should be developed, but there has been a lack of positive action in that direction. The result is that that great area is still crying aloud for a concerted plan of development by both State and Federal governments. The nation can no longer afford to pay only lip service to the cause of development nor can it rely on spasmodic investigations by committees. We must move rapidly towards the practical development of that area.

It is generally known, I think, that the main source of wealth and, therefore, the most important factor in the development of this area, is the meat industry. It is true that mineral discoveries in recent years indicate that there is a certain future for the northern parts of Australia in mineral production, and it is also true, as the Minister for Territories (Mr. Hasluck) stated a few moments ago, that the area may be suitable for small farms. In the main, however, we must apply ourselves to the production of beef. Although such production has been carried on for many years, the ceiling rate of production was reached, under prevailing conditions, some time ago. We must try to ascertain the reasons for the existence of that ceiling. Immediately we undertake such an investigation, I suggest that the most cogent reason will be found to lie in the inadequate transport facilities. His Excellency the Governor-General, in the Speech which he made in this House recently, stated that the Government had committed itself closely to examine the extent to which additional transport links, including rail links, were necessary in this area. To my way of thinking, that was a very important aspect of the Speech. Of course, there are other factors involved in the failure to expand the beef industry in recent years, but it seems to me that those factors are largely associated with agricultural and pastoral practice. It would be idle

for us to provide, say, better watering facilities and better management, with a view to increasing beef production, unless we also improved transport facilities, because the provision of the other facilities to which I have referred would merely serve to accentuate the inadequacy of the transport system.

Under present conditions, cattlemen are forced to walk their cattle for hundreds of miles before they arrive at the rail head. Such journeys are generally through inhospitable and badly-watered country, with the result that the graziers are not able to dispose of their stock until they are at least four years' old. Young cattle cannot stand up to the strenuous journeys which are necessary. For that reason, graziers are compelled to keep their stock far beyond the time when they would produce young, good quality beef. In addition, even when the stock arrive at the railhead, they still have to face long jolting journeys over rough railway systems. The result of all this is that second quality beef is being produced from that area.

The markets available to our beef industry have an important bearing on the points I wish to make. There is, of course, our home market. One frequently hears criticism by housewives and others that, despite the fact that Australia claims to be one of the major beef-producing countries of the world, the beef they purchase in the butchers' shops is often of very poor quality. Then, we have the market provided for us under the recently arranged contract with Great Britain. If we are to retain that market we must produce beef of the highest quality. The British people made it very plain recently that they require good quality meat and will no longer be satisfied, as they were in the past, with the second-grade beef which we produced because we killed cattle which were too old and which had been subjected to rigorous conditions while being brought to market.

The plan to develop our northern areas must concern itself not only with the provision of extra transport facilities, but also with means to enable the meat industry to turn out the highest quality beef that is possible. All the remedies that have been suggested for the present difficulties rely on the provision of more

railways. During the last year or so, the proposals most generally considered have included the extension of one of the Queensland railway lines into the west, from Dajarra to a point on the Barkly Tableland. The phrase "the Dajarra railway" has come into common use, particularly in Queensland. Another proposal is that the railway line should be extended from Darwin, through Central Australia, to link up with Alice Springs. I am not satisfied that either of those two proposed rail links, or any other rail link, would be the best method of developing our northern areas, but if we are to pin our faith to railway lines, it is necessary for us to consider what the provision of an adequate service for the whole area would involve. I submit that this Government must concern itself not only with a portion of the total area, such as the Barkly Tableland, but with the whole of the northern portion of the Commonwealth. If that area is to be provided with adequate rail links, railway lines must be provided from the back country to the northern parts, Derby, Wyndham and Darwin, and from the Barkly Tableland to the Queensland rail termini. Further, the Queensland termini must be connected to the Channel country and north-western New South Wales. Only by means of such a rail system could we deal adequately with the present situation.

Now we must consider the cost of such an undertaking in relation to the benefits that it would provide. The cost would be enormous, and it would take many years to complete the work. It has been estimated that the cost of extending the line from Dajarra to Newcastle Waters would be at least £20,000,000. That is the most conservative estimate I have seen. Some estimates are as high as £40,000,000. Since the cost of only a small extension would be so great, it can be appreciated that the cost of the network which I consider essential would be hundreds of millions of pounds. I concede that the provision of such railways would improve conditions and enable graziers to shift their store cattle from drought areas. The railways would enable cattle to be brought down to the Channel country, possibly even to the coastal areas of Queensland,

for fattening, and weaners and young stock could be moved, which is not possible at the present time. But the provision of those railways would not result in the production of good quality young beef. The graziers still would be obliged to place the stock on rail and to subject them to rough railway travel for a week or more. There would still be an enormous loss from bruising. That loss is estimated to amount to more than £1,000,000 per annum in Queensland alone. There would still be the loss of weight, the value of which in Queensland also is estimated to be more than £1,000,000 per annum. In my opinion, the expenditure of a large amount of money for the provision of railways would not overcome the difficulties, and we would not attain the final objective of good quality young beef.

In recent years, the movement of beef by air transport has been developed. Although that system has not yet proved to be completely successful, it is worthy of trial by the Government. For some years a small company, assisted by government subsidy, has been transporting beef by air from Glenroy to Wyndham on the north-western coast of Western Australia. The operations of that company have proved that a large-scale introduction of this method of transport throughout Australia would be accompanied by an element of success. Many people have denounced the scheme. Such a scheme, to be successful, must be conducted in association with relatively small inland abattoirs each of which would serve an area within a radius of 50 miles. It would be necessary for those abattoirs to be serviced by freighter aircraft which would take the chilled beef direct to the railhead or seaport. The grazier, after walking his cattle for only 50 miles, could bring them in as prime quality two-year-olds without any loss of weight. The scheme has also demonstrated that the grazier need not keep a large herd of scrubbers on his property because he cannot afford to move them. In other words, the grazier is enabled to double his carrying capacity.

The airlift scheme has proved that it is worthy of wider experimentation by the Government. I hope that His Excellency's statement means that further con-

sideration will be given to the problem and that the Government will test the scheme, not by seeking a report, but by experimentation, with the result that within a short space of time it will be able to ascertain whether it is worthwhile saying to the industry, "We are prepared to subsidize air beef by so much per lb. and leave it to private enterprise to supply the abattoirs and the freighter aircraft with which to inaugurate the scheme". If the scheme proved to be successful, within a period of five years we would see a marked difference in the development of the northern areas of Australia. If the Government were to apply itself only to an extension of the railway line beyond Dajarra, the line would not be completed within at least five years.

I refer now to a somewhat similar problem in the Territory of Papua and New Guinea. I call it a somewhat similar problem because it is associated with the development of that Territory, but of course it differs in certain respects from the one to which I have just referred. Papua is an Australian possession, but the Territory of New Guinea is held by Australia under a trusteeship. There are difficult problems associated with the civilizing of the natives, and we have to be guided, not only by our own humanitarian principles, but also by certain general principles which are laid down in the United Nations Charter under which we hold the trusteeship. We must ensure that we lift the natives from a somewhat primitive state to a state in which they are capable of governing themselves. We must also ensure that their inalienable rights to the land on which they live are preserved. Those are tasks of great magnitude, and tasks in relation to which a great deal of experience, tolerance and determination must be exercised if they are to be performed satisfactorily. Associated with that problem is the problem of the economic development of the Territory of Papua and New Guinea. Australia is tackling the problem, but it is important that we should proceed more rapidly than we have been proceeding because of the importance of the Territory to Australia, not only from the economic point of view, but also from the defence point of view.

The majority of people realize that a rapid development of Papua and New Guinea is vital to Australia. The problem of the economic development of Papua and New Guinea is one that calls for the bringing into production of vast areas that are virgin jungle country. Any one who has been there knows that a lot of the country is what is commonly described as tiger country and that it cannot be developed easily. Although it cannot be developed easily, it is country that would handsomely repay the expenditure of capital and effort. The extensive use of machinery is necessary for its rapid development. I do not know whether the Minister for Territories (Mr. Hasluck) agrees with me, but I believe that there is not available in Papua or New Guinea a pool of cheap native labour upon which we can draw in order to service the projects upon which we wish to embark.

Mr. HASLUCK.—That is quite correct.

Mr. DAVIDSON.—Therefore, any plan under which the Government seeks to develop the Territory, or under which it seeks to assist private enterprise, depends, not only upon the acquisition of the land from the natives on just and proper terms, but also upon the expenditure of a large amount of capital for the provision of mechanical equipment. The Government could play an important part by providing capital on suitable terms. There is also a need for large-scale experimentation. The Department of Commerce and Agriculture has made a valuable contribution in the solving of agricultural problems, in the provision of better varieties of rubber trees, in the development of cocoa production and the production of other agricultural items such as kenaf fibre. That assistance requires the expenditure of money. For that reason, I was pleased to hear the reference by His Excellency to the fact that the rate of investigation and classification of land and water resources would be increased. I sincerely hope that the Government realizes that the fulfilment of the undertaking will require the expenditure of more money. Increased expenditure on an expansion of the work at present being undertaken by the Papua and New Guinea Administration and the Australian Government not only will

accelerate development of the Territory, but also will return good dividends to Australia. The flow of exports from any area, particularly from a new country such as the Territory of Papua and New Guinea, is a reliable indication of the manner in which development is proceeding. The latest reports available reveal that exports from Papua in 1948-49 amounted to £934,112. In 1952-53, Panuan exports totalled £2,322,905. In four years the value of exports from this Territory increased by £1,388,793. This is an indication of the rate at which the Territory is developing. In the same period exports from New Guinea increased from £4,234,978 to £8,491,396.

MR. SPEAKER.—Order! The honorable member's time has expired.

MR. JOSHUA (Ballarat) [4.47].—The remarks of the honorable member for Dawson (Mr. Davidson) were of great interest to the House, because they followed practical lines. Thoughts expressed in this manner are encouraging to the entire community. I am sure that the honorable member will agree that if Australia is to receive the full benefit of such developments as the transport of prime beef by air, we must make certain organizational changes, and it is to that aspect of our affairs that I wish to address myself. When I was elected to this House in 1951, the Australian Commonwealth was celebrating its jubilee after 50 years of federation, and it was not necessary for any one then to say that the old idea of Empire had gone, and that Australia was well established as an independent nation. The entire country resounded with speeches expressing those sentiments. Since 1951 our national objectives have become obscure. Australia has faltered in its progress towards its goal, which should have been stated in the strongest possible terms in the Governor-General's Speech. The omission to do that caused me much disappointment. Australia's economic and military independence must be sought with the utmost vigour, but the Government seems to have neglected the need for vigorous action. Certainly, economic and military independence are being sought, but not with vigour. I do not want any one to think that my reference to military independence is intended to

convey that in my view Australia can be so well armed and powerful that it can defeat any adversary. That is not so. I mean that Australia must become completely independent of other countries for its supplies in the event of its having to take part in any conflict. I believe that we can enjoy the full benefits of our natural resources, and of much of the progress of which the honorable member for Dawson spoke, by looking more to our economic independence than to basing our economy on overseas markets.

MR. HAMILTON.—What does the honorable member mean by that remark?

MR. JOSHUA.—The honorable member will understand as I proceed. The Governor-General's Speech stated Australia's goal in loose, vague and easy-going terms. In fact, one cannot learn from it what our goal is. The Governor-General said, at page 1 of the printed copy of the Speech—

My advisers regard their responsibilities during the life of this Parliament to be the strengthening of Australia's security, the maintenance of a healthy economy, the development of our national resources, and the social welfare of the Australian people.

That sounds pleasant, but it might be said about any new nation. There is nothing new in that part of the Governor-General's Speech. The Governor-General said also, at page 2 of the printed copy of his Speech—

My Government is undertaking a re-organization of the defence programme to achieve the maximum security—

He does not say "independent security"— that the country can provide for a long period, having regard to the needs not only of defence but also of economic stability, a steady development of population and resources, and high levels of production and employment.

That sort of thing lulled some honorable members off to sleep. I noticed, while the Governor-General was delivering his Speech, that, in spite of his efforts to make it sound interesting, a number of honorable members nodded their heads and went to sleep. Their slumber seemed to become even more deep when, at page 3 of the printed copy of the Speech, the Governor-General observed—

It is a fundamental part of the policy of my Government that the development of Australia should proceed at the highest practicable rate. This requires an adequate supply of

dabour and materials; sound policies for encouraging private investment and an inflow of capital; . . .

These declarations sound encouraging, but they really mean little. A clear and definite statement of Australia's goal as a nation and of measures to achieve and maintain economic and military independence is clearly necessary, and should have been given on this occasion. One might have taken a little comfort had the Speech promised action to achieve Australia's national goal. The Government will be judged in the future on its present actions, but the Governor-General's Speech contained no promise of action. All that is proposed is merely the sidestepping of the Government's responsibilities, as the Governor-General clearly revealed, when he said at page 4 of the printed copy of his Speech—

The manufacturing industries of Australia, it is hoped, will continue their development, so vital to the national strength. My Government will continue to accord adequate protection to efficient and economic Australian industries. In doing so, it will rely for advice on the Tariff Board.

The Speech, of course, is made on the advice of the Prime Minister. I do not throw stones at the Tariff Board, which, to the best of its ability, has done valuable work for Australian industries. However, at present the board is clearly floundering and wondering what its objectives really are, because the Government has failed to give to it a clear statement of the goal at which it should aim. The Government has no ideas of its own, but will look for advice to the Tariff Board, a subsidiary body that is dependent on the Government for its instructions. The board, at page 8 of its report for the year ended on the 30th June, 1953, reported, under the heading *The Board's Policy*—

The Board does not subscribe to the view . . . that the Tariff barrier should be the first line of defence against overseas competition. The adjustments necessary to strengthen our internal economy automatically strengthen defences against aggressive imports, and these adjustments can be made at present without recourse to heroic measures. A relatively small reduction in all the elements in the prices of commodities is all that is needed to reverse current tendencies and to create a stable basis for further effort.

That is a lamentable statement. It is completely unrealistic to say that a small adjustment of the prices of Australian

commodities and a small improvement in business efficiency is all that is necessary to enable Australian industries to compete with those of other countries. Big improvements in efficiency and a considerable measure of protection are necessary. The Tariff Board's report referred also to the need for increased managerial efficiency, greater efficiency on the part of the workers, the avoidance of lost time, and the like. The highest possible efficiency should be encouraged at all times, and no special comment on this aspect of the economy should be necessary. Management should at all times strive for the highest possible efficiency, just as the workers should always make their best efforts and bear their responsibilities in mind, as they usually do. The points emphasized by the Tariff Board are trivial and by no means constitute a solution of the difficulties that confront Australia at present. The Government showed that it was relying upon the advice of the Tariff Board by putting into the Governor-General's Speech a paraphrase of the board's words. His Excellency stated—

My Government regards it as essential, however, to the healthy and permanent development of manufacturing industries in Australia that there should be a continuing drive by all concerned to increase efficiency and production and reduce costs. All the techniques of modern management need to be brought to bear on the problem; concurrently the trade unions must realize that higher standards of living will be achieved through greater productivity, which will come from greater teamwork between employers and employees.

The word productivity is the real key to the situation. The Government is lacking in ideas and its acceptance of the ideas that are put forward by the Tariff Board as a basis for the organization of Australia is lamentable indeed. We have to consider productivity because another tribunal, a great judicial tribunal, has pointed to the need for closer examination of the productivity of Australia. If the Government proposes to make use of various judicial bodies and boards that are appointed by it, it should set out clearly the functions of those instrumentalities, and arrange matters, so far as it is able, to ensure that they are not faced with great difficulties. The Tariff Board, which has been increased in size, is now preparing to make a tariff recommendation which

will affect practically every industry in Australia, and in order to ensure its successful implementation a high rate of protection will have to be afforded. I believe that the Tariff Board is faced with a difficult situation. It is wondering about its objectives and where its functions will end.

The Tariff Board is only one of a number of boards and tribunals of which the Government makes use and behind which it hides at times. The Commonwealth Court of Conciliation and Arbitration is an organization behind which the Government is particularly fond of hiding. The court fixes the wages of the workers in the community. The absence of any wage policy from the Governor-General's Speech is even more lamentable than the Government's failure to set out the goal of Australia in precise and strong terms. The court has made very far-reaching decisions. A highly important judgment was issued by it in 1953. In my opinion, that judgment definitely threw into the court of this Parliament the responsibility for deciding what the Australian wages future will be. At the same time, the Arbitration Court rejected any responsibility for the results. In its reasons for the judgment it made in 1953, the court set out precisely its functions, and it showed in definite terms that the Government would be responsible in future for happenings resulting from its actions or lack of actions. At page 29 of the judgment the court stated—

It is not the function of the Court to aim at such social and economic changes as may seem to be desirable to the members of the tribunal. The functions of the Court must be exercised in the social and economic setting of the time at which it makes its decision. It must settle industrial disputes upon terms which seem to it to be just, having regard to conditions which exist at the time of its decision. A just decision is not made if the Court refuses action which is shown to be proper in the hope or expectation that some other authority will move; on the other hand, the Court will not make an award which will become just only if another authority moves to correct the injustice. To the best of its ability, the Court should . . . view the whole picture of the national economy as presented for its consideration.

That statement throws into the court of this Parliament the responsibility for ensuring that matters are arranged so that the court's decision will afford justice

to the whole community. It throws on to the shoulders of the Government responsibility to make such arrangements before the court reaches its decision. The court made another very important decision. It abolished the whole idea that wages in Australia in future would be decided on the needs of the people. It stated most emphatically that in future the productivity of Australia would be the basis upon which wages would be decided. The court was very precise in its terms. It said, virtually, that after consideration of some matters, wages would be decided, in the main, by assessing the productivity of Australia in Australian pounds. The court would take the figures for the whole of Australian consumption and value it in Australian pounds. It would then consider all Australian exports and value them in Australian pounds. The two added together would be divided roughly by the population and some idea of the productivity of the nation would thus be gained. When other matters are taken into consideration, that was one of the most important declarations ever made by the court. Its decision and its declaration of future procedure showed clearly that the Government had great responsibilities.

The Government's lack of a policy on wages may cause great hardship to the people despite a marked increase in their efforts which should be suitably rewarded. Agricultural exports are the main substance of our overseas trade. Very little of our secondary industry manufactures are exported. Our agricultural exports are declining. Markets are disappearing. Wheat is our second largest export, but the future of the wheat market is most uncertain, and the Governor-General stated in his Speech that sales of wheat had been very slow. The butter market overseas is deteriorating and that applies also to cheese. The sugar market does not give us any great hope and the price that is paid for our sugar overseas is very much lower than the Australian price. A similar position applies in relation to dried fruits and wines. The prices for many of our products that are sold overseas are falling. If our production increases, we must expect the markets to decline still further.

What effect will that situation have upon the Australian wage level in view of

the fact that it will be assessed in the manner that the Commonwealth Court of Conciliation and Arbitration has indicated? It is clear that Australian consumption will be easily ascertained. If that were all that had to be considered, our volume of production could be easily ascertained, but it is not so. The productivity of the nation will be the value of Australian consumption plus the price received for the goods that are exported overseas. While wheat and dairy farmers and, indeed, all primary producers are working their fingers to the bone and Australian workers are actively producing goods, prices may be so low that the combined yield will show a decline in productivity. As a result the court will reduce wages. There is no indication of a wage policy in the Governor-General's Speech. The Government has no wage policy. If there is a further serious decline in overseas markets, which is a strong possibility, the result will be a reduction of wages. That would not be so bad if such a reduction were accompanied by increased ability on the part of the workers to buy the results of their labours, but that will not be so, because we shall find that the goods produced by Australians will not be available to them at the reduced prices at which they will be offered overseas. According to the degree of protection that is given to secondary industry, they will be obliged to pay high prices, not only for manufactured articles, but also for bread, which is directly affected by the long-term wheat industry stabilization plan, butter, sugar, and many other primary products. The average Australian's wages will be reduced, but he will be obliged to pay increased taxes and, therefore, will not derive any benefit from his increased productivity.

This position is fraught with grave consequences. The absence of a statement of the Government's policy in respect of it was a grave omission from the Governor-General's Speech. That Speech should have been more dynamic. It should have contained some forceful indication that the Government has at its hand, and intends to use, means to put these matters right. For instance, the Speech should have mentioned the Government's power to alter the exchange rate if circumstances

arose to warrant such action. The present exchange rate has been fixed since 1931; that is over twenty years ago, and nearly every one appears to think that it will always remain so fixed whilst many see no reason why it should be altered. However, if our overseas markets should deteriorate, the Government, by altering the exchange rate, could ensure that justice shall be done to the Australian people and that they shall receive some benefit from their increased productivity. Every one is prepared to increase his or her productivity in secondary and primary industries. Let us not be content to work for something that we shall never really attain; rather let us work for something from which we shall gain real benefit. If our overseas markets deteriorated, an alteration of the exchange rate would be of enormous advantage to Australia. First, it would relieve the pressure that is now being exerted upon the Tariff Board for higher levels of protection. This could be done by effecting appropriate economic adjustments, and, I suggest, such an adjustment could be made by altering the exchange rate.

Mr. MCLEOD.—Up or down?

Mr. JOSHUA.—By further depreciating the Australian £1 in relation to sterling and dollars. The Australian £1 must be depreciated further if we are to safeguard ourselves against the ravages that any deterioration of our overseas markets must cause. The honorable member for Warringah (Mr. Bland) is shaking his head. No doubt he is thinking solely of existing circumstances. I suggest that within a brief period he may be nodding his head very emphatically in agreement with that statement. We recall the advantages that accrued to Australia when the Australian £1 was drastically depreciated in 1931. That action resulted in the disposal of large surpluses of our primary products and, at the same time, discouraged imports. Import restrictions that have been operative for some time and will, I believe, be continued for a further considerable period, could be dispensed with if the Government had recourse to other means of economic adjustment.

Mr. DOWNER.—By how much does the honorable member suggest that the Australian £1 should be further depreciated?

**Mr. JOSHUA.**—Under the terms of our arrangement with the International Bank for Reconstruction and Development we would be permitted to depreciate it by another 10 per cent., that is £2 10s. per centum; but I think that that amount would be insufficient. We should depreciate our currency if signs appear that our overseas markets are deteriorating. We should implement a programme designed to offset any serious dislocation of Australian industry. The banking system offers adequate facilities for buying forward. Such action would not increase the prices of Australian manufactured goods. Those prices have been increased artificially as a result of high tariff protection. At the same time, Australians would be able to buy butter, bread and other necessities of life, at the prices that prevail for such products at present. Further depreciation of the Australian £1 would afford greater protection to our secondary industries and, in due course, with careful planning, provide relief to our primary producers. Above all, such action would stabilize Australian wage levels. It would be of great benefit to the people as a whole. Finally, it would enable us to attain our great goal by making us less dependent upon imported products and more dependent upon our own manufactures.

**MR. SPEAKER.**—Order! The honorable member's time has expired.

**Mr. GULLETT (Henty) [5.10].**—I congratulate the honorable member for Ballarat (Mr. Joshua) upon the moderation of his speech, which was in marked contrast to the usual tone of speeches made by honorable members opposite. Whilst I agree with many of the things that he said, I do not agree with his suggestion that we should further depreciate the Australian £1, or that such action would not have evil effects upon our economy. The very instant we took such a step, it would result in further inflation in this country. It is all very well to talk about being able to sell more of our products abroad. But what would such action enable us to buy? What would be its effect upon the cost of Australian manufactures? How much more would our industries be obliged to pay for plant and raw materials which they must import? Not one section of secondary

industry would favour such a step. After all, we are getting to a stage at which we are able to consume in Australia a very great proportion of our own manufactured goods, such as processed food-stuffs, including tinned meat and fruit, in the manufacture of which there is an increasingly large labour content. If the prices of such commodities should increase further, what hope should we have of selling them on overseas markets at competitive prices? The kind of argument that the honorable member has advanced in this instance is quite thoughtless.

The Governor-General's Speech afforded great satisfaction to supporters of the Government. However, I agree with the honorable member for Ballarat that it was not an inspiring document. It lacked, as he said, a statement of certain national objectives. Nevertheless, the Speech detailed certain solid achievements in this country during the post-war years. For example, it was delivered at a time of unparalleled national prosperity. There has not previously been a time when the average Australian was so well off as he is to-day. It is all very well to speak about wages being pegged, and inflation, and to say that sections of the community are hard done by; but, judging the Governor-General's Speech by any material yardstick, the fact remains that to-day more Australians own motor cars, refrigerators and other things that were once regarded as luxuries but are now considered to be necessities. That fact gives an accurate picture of conditions in this country to-day. There is work for all who want to work, and it is available at extraordinarily remunerative wages. Speaking of wages, I agree that a revaluation of margins for skill is overdue. In that respect, this Government must take some responsibility. However, it is also true that honorable members opposite, likewise, are responsible in great measure for the fact that such action has not yet been taken. After all, honorable members opposite claim to represent the trade unions, and those organizations really control national policy in relation to labour and its rewards. Honorable members opposite are the voice of labour. They sat on the treasury bench for eight years, but they preferred to introduce a 40-hour week instead of increasing

margins for skill. They are the people who propound Labour policy in this country, but only in the last year or perhaps less, have the unions come out in favour of increased margins for skill. Until then, the accent was consistently on raising the remuneration of the lowest wage-earner. I do not necessarily quarrel with that. I do not agree with it, but I do not criticize them for having taken that attitude. But it is of no use for them to try to convince us now that for years they have been eating their hearts out and battling for increased margins for skilled workers. On the contrary, a little research will reveal dozens of statements opposing any increased reward for skilled work. I do not wish to pursue this argument indefinitely. I merely utter this word of warning: It is of no use to regard every worker in the community as a skilled worker.

**Mr. CURTIN.**—Why not?

**Mr. GULLETT.**—Because he is not skilled. Many trades which already receive a considerable loading for skill are skilled only to a slight degree. By that I mean that honorable members of this chamber could learn them in a few months, and I do not believe that that represents a very high degree of skill. I, like the honorable member for Wills (Mr. Bryson), have many industrial concerns in my electorate, and I daresay I know as much about them as he knows about the undertakings in his constituency. Probably I see mine more often than he sees his. I have found that, in most factories, both the management and the employees agree that the most skilled workers are under-paid to-day. They receive anything up to £5 above the basic wage. In few instances is the margin greater than that, as honorable members opposite are well aware. Take, for example, the toolmaker. He is a highly skilled man who is required to serve a full apprenticeship and also to expend considerable sums of money on tools, books and other requirements. A skilled toolmaker in this country should be rewarded as he is in the United Kingdom and the United States of America. In those countries he gets a margin which brings his remuneration up to that of the well salaried man.

**Mr. CURTIN.**—How much does he get?

**Mr. GULLETT.**—The honorable member will appreciate that it is not easy to pluck a figure out of the air in dollars that will mean anything much; but the toolmaker in the United States of America certainly gets up to three or four times the basic wage.

**Mr. CURTIN.**—In this country his margin over the basic wage is £2 10s. a week.

**Mr. GULLETT.**—That is not correct in relation to the award about which the honorable member is supposed to know something. If the honorable member will look at that award he will find out that he is wrong. I agree with the honorable member in principle that the present margin is insufficient; but it is of no use to use the skilled worker such as the toolmaker or the shearer as a peg by which to pull up the wages of everybody else. If the honorable member really feels so deeply for the riveters, boilermakers and others in whom he is interested, by all means let him champion their cause, but they will not be helped if they are to be forced to carry unskilled persons with them in their claims for increased margins. A margin means a difference, and a claim for an increased margin does not mean a claim for a general increase of wage levels. That is my warning on this subject. If the claim for increased margins for skilled workers is to be used to attempt to increase the whole scale of wages generally, regardless of skill, the whole object will be defeated, and the skilled worker will not benefit. With that sole proviso, I am prepared to go just as far as any honorable member opposite, and so is everybody else on this side of the chamber, because we all realize that as our economy becomes more complex, we become more dependent upon the skilled worker. I say without fear of contradiction that if it were not for skilled workers we should not be sitting here to-day.

**Mr. CURTIN.**—No, the skilled workers would be sitting here.

**Mr. GULLETT.**—It would be a change to have some skilled workers. We are sick of your type.

I propose to speak now of some things that were in the Governor-General's Speech itself, and then of some opinions

which His Excellency has expressed—as it is desirable he should—on other public occasions. The whole Speech was based, of course, on the belief of the Prime Minister (Mr. Menzies) and his advisers, which they have made clear in this House, that the danger to this country is increasing and is now very great, and that, therefore, we must all be prepared to make sacrifices in the interests of a greater security effort. To my way of thinking, a greater defence effort does not mean only the pouring of money into armed forces. It means also a greater effort to establish our home security. His Excellency said that there would be an all-round increase of our defence effort and, in particular, that there would be a greatly increased effort in respect of the Air Force and the Navy. We may take it, I think, without reading anything into the Speech which was not there, that the Army is to be somewhat played down, while the other services are to be advanced. No doubt that decision was taken on expert advice, and it ill-becomes people who cannot possibly know much about the subject as the advisers of the Prime Minister know, to question that advice. Of course, any advice which stresses the need for increased technical services rather than the training of men for war would be welcomed by any government because we are faced with a very acute man-power shortage. Therefore, I believe that the Government is more ready to accept that advice than advice to the contrary. Insofar as one has been able to gather Labour's defence policy from speeches of honorable members opposite in this debate, it appears that they are not in favour of training large numbers of men. Without seeking to refute the views of the experts, I merely wish to utter a word of warning. Campaigns and wars in which we have been involved since the end of World War II, have not shown that a greater accent is needed on the support weapons of the Air Force and the Navy. On the contrary, we were unable to force a decision in Korea because our purely military strength was not overwhelming compared with that of the North Koreans. It was not weakness in the air, because we had overwhelming superiority in that department. It was not weakness on the seas, because there was no comparison

between the strength of our naval forces and that of the enemy. Exactly the same course of events may be observed in Indo-China. The defeat of the French was due to lack of sufficient highly trained and skilled troops, and to insufficient modern armaments. The French had overwhelming superiority in the other departments.

I am bound to say, too, that any proposal for a slackening of our armed effort will find no favour with me, because I believe that the national service training scheme is of great benefit to this country. One does not need to be a 4 ft. 2 in. jack-booted Prussian to hold these views, and all honorable members have probably had similar experiences of these matters. Many young men went into national service training camps without a very clear idea of their duty to the country. Some, perhaps, came from towns, and had little contact with country boys, and vice versa. Others were born with silver spoons in their mouths, and had no contact with boys who sold newspapers on street corners, and so on. The difference in the young men drawn from various classes, after three months' national service training, is marvellous. This is a real asset to Australia. The young men leave the camps, after they have performed a service for their country, and they feel that they have a greater stake in it. I introduce this matter only to illustrate the point that the national service training scheme, quite apart from the purely military virtues that it possesses of maintaining our army at maximum strength, has the great virtue also of instilling the spirit of citizenship.

Since the Parliament re-assembled, many honorable members on both sides of the chamber have made statements on passive defence. I do not know whether defence is possible against the atomic bomb, but this I do know, that London, Coventry, Berlin and other cities which were heavily bombed in World War II, stood up to the ordeal because of the inherent discipline of their people. That discipline was born as the result of military service, or association with military service, or a kindred organization. I cannot emphasize too strongly my belief in the extent to which our national character is developed by sacrifices made

by individuals in one or other of the forces, and not necessarily the armed forces; but, unfortunately, in these times, the armed forces constitute almost the only outlet of activity of that kind in which our young people may serve. I shall not proceed with a discussion of those matters.

The Governor-General has referred from time to time quite publicly to our military effort, and not precisely in the same terms as those used in his Speech to the Parliament on the 4th August, last. I noticed, on one occasion, that His Excellency said that, so far, we had been just playing with the national service scheme. I think he used that phrase. Whatever our personal opinions may be on this matter, it must be borne in mind that we have in Sir William Slim a Governor-General who was one of the first captains of his age. On military matters, he is as good an adviser as any government in the world may hope to get at the present time. We are indeed fortunate to have him—

**Mr. CLYDE CAMERON.**—I rise to order. I think that you, Mr. Speaker, have ruled in the past that an honorable member may not praise or condemn the Queen's representative. I agree with everything that the honorable member for Henty has said about His Excellency the Governor-General but I point out that if license is given honorable members to praise His Excellency, it may also be given to them to blame him. Therefore, the introduction of His Excellency's name into the debate is a dangerous practice.

**Mr. SPEAKER.**—Order! The Standing Orders provide that the name of the Governor-General shall not be introduced into a debate.

**Mr. GULLETT.**—I am sorry, Mr. Speaker. I shall make no further reference to that matter. I thought that the manner of my reference to His Excellency would excuse the lapse.

The Prime Minister has spoken of the gravity of the international situation and of the necessity for an increased defence effort. Where is that increased effort to come from? What is the defence effort based on now? As we all know, the defence of this country consists, in a sense, of two parts. We have the hard core of

permanent sailors, soldiers and airmen, without whom, in peace or war, no organization of effort is possible. In addition, we have seen, since the advent of this Government, the establishment in Australia of three permanent battalions and at least part of an up-to-date armoured regiment. Those are great assets, and they provide the hard core around which everything, in a sense, must be built. But alongside them we have the voluntary forces which are known as the Citizen Military Forces. The members of those forces take charge of the national service trainees after three months' basic training.

I do not believe that this country is capable of supporting a large permanent army, and even if it were, I do not consider that we could enlist a large permanent army. Our army advisers tell us to-day that the number of our permanent troops, so far from increasing, is constantly on the decline. The answer to that problem is deep-seated. We may be described as a martial people, but we are not in any sense a military people. Australians do not like service in the armed forces merely for the sake of being in them. If there is a war, a camp or a trip of some kind, Australians will be in it, but they have no desire, in the main, to serve in the forces in peace-time. Therefore, I consider that it is futile to speak of the establishment of a large permanent armed force, however attractive the idea may be.

There is no more comfortable theory than that the defence of the country can be left to a permanent force of 20,000, 30,000 or even 50,000 men, and the rest of us citizens have no responsibilities other than to pay our taxes. Such a theory will not work in these times unless we are prepared to conscript our citizens for service in the permanent army. I do not think that any one will advocate such a course. The only way, then, in which we can rapidly increase our effective effort is through the voluntary system, that is to say, the Citizen Military Forces. In that department, a great deal can be done. From time to time honorable members on this side of the House have risen in their places and recommended to the Government the

adoption of certain steps in relation to the Citizen Military Forces. I firmly believe that if the claim that much more must be done to increase our defence effort is sincere, it is time that notice was taken of some of the matters that have been raised.

At the moment, the voluntary forces are dependent almost entirely on a relatively small number of men, most of whom served in the last war. I say most of them served in the last war, because some young men, who have graduated from the national service training scheme, are becoming available. They are the ones on whom our hopes for the future must be built. The burden now falls on the officers and non-commissioned officers, and it is a great burden. I am sure that the House and the country have not a proper conception of the great sacrifices made by those men, and the splendid work performed by them in a voluntary capacity. For their services, they should be suitably rewarded. Their militia pay, as I have said repeatedly in the past, should not be subject to tax. One of these men may be in receipt of a wage or salary of £15 or £20 a week. He may receive, for his part-time army service, £50 or £70 per annum. The additional money places him in a higher income bracket, and when he pays tax, he is not much better off than he would have been if he had not received payment for his services in the forces. It must also be remembered that such a service involves a man in certain expenditure on uniforms, fares, clothing and the like. There is always a credit and debit side, particularly for officers and non-commissioned officers, and many of these men are badly off as the result of the service that they render to the country. If anything can be done to assist this group of men, it should be done. It is not good enough to say that consideration will be given to the matter, that we shall look into it thoroughly or that we shall submit it to the Treasury. The time has come for action.

In the main, the British defence scheme has been built on much the same basis as ours, but whereas we have lost almost all of our volunteers since the introduction of compulsory training, the British have retained theirs. The reason is that they

have put so much more into their scheme that we have put into ours. They give their young men extra facilities and privileges. I hope we shall do the same.

**Mr. BIRD** (Batman) [5.36].—The Speech of the Governor-General, in the main, is an insipid document, containing a collection of vague platitudes and generalities. It is remarkable, not so much for its contents as for its omissions. I propose to deal with a few of the statements in it. Among other things, His Excellency said—

My Government will continue, with other nations, its practical contribution to the welfare of the South and South-East Asian area through the Colombo Plan. Such measures of help encourage sympathetic understanding and goodwill.

I am a great supporter of the Colombo plan because I believe that if it achieves what its sponsors intended it will have a far-reaching effect on our relations with Asian countries. The Colombo plan was born early in 1950, because conditions in Asia demanded a new approach to the problems there. The majority of the 600,000,000 people in South-East Asia were undernourished, their housing facilities were notoriously inadequate, illiteracy was the lot of 80 per cent. of them, and their expectation of life was less than 30 years. Therefore, the countries of the British Commonwealth in the area got together and decided that they ought to make an endeavour to raise the standards of living of those people, not only as a humanitarian action, but also, I suggest seriously, as a means to counter the spread of communism there. It can be said safely that, at any rate theoretically, the plan is a co-operative enterprise by which the more highly developed countries of the area will help the less developed countries by giving them financial aid and technical assistance. If one accepts the statements in the Speech of the Governor-General, it seems that the Australian Government is satisfied with the progress of the plan. But I am by no means satisfied with it. There are a number of aspects that give no cause for complacency or self-satisfaction.

I base my opinion on the second annual report of the Consultative Committee of the Colombo plan, issued in New Delhi in October of last year. Any one who

reads the report at length, as I have done, will find that it gives scant satisfaction to ardent supporters of the plan. The contents of the report lead one to believe that the Colombo plan, which came in with a bang, will go out with a whimper. Three and a half years have elapsed since the foreign ministers of the countries responsible for the plan inaugurated what I thought would be a new era of international relations, an era that could well alter the destiny of mankind. The ministers met in an atmosphere of apparent urgency and the scheme was initiated and put under way quickly. Since then, the Consultative Committee has met in London, Colombo, Karachi and New Delhi. I understand it will meet in Ottawa in October of this year. When the Australian representative goes to Ottawa, I hope he will not be imbued with the smug satisfaction with which apparently the Government was imbued when it prepared the Governor-General's Speech. The second annual report of the committee contains a number of disquieting statements about the progress of the plan. It reveals that the difficulties faced by many countries have become formidable. In view of the nature of the report, we have no cause to be jubilant about the progress achieved so far. The report states—

The Colombo Plan programmes are reaching a crucial stage. The countries of the area have shown their determination to carry them through, and the decline in export earnings, while it has added greatly to the difficulty of the task has made it more than ever necessary to press ahead with the developmental programmes . . . The present flow of external financial aid must be continued and, if possible, increased. The difficulties are indeed formidable.

I am concerned about the reaction that difficulties and failures will have on the minds of the people of Asia, whose friendship we are trying to win through the operation of the plan. Dealing with the national incomes of the less developed countries of the area, the report states—

The fall in export earnings led to a fall in national incomes. This caused rather widespread economic distress and the contrast with the previous high expectations produced a general feeling of frustration and bewilderment.

To me, those are ominous words. It appears that the sponsors of the plan are

preparing the ground for an announcement that we have failed to carry out the original concept. In 1950, it was envisaged that assistance would be given to the less developed countries of South and South-East Asia in the fields of agriculture, power and communications. We were told that more land would be placed under cultivation and irrigation, more food would be produced and power generating capacity would be increased. The sponsors of the plan realized, as they stated in the preamble to it, that because the population of the area was increasing at the rate of 8,000,000 a year, the programme envisaged would do little more than maintain existing standards of living, which were lamentably low. The report of the Consultative Committee reveals that, although development has proceeded on those lines, it has not reached anywhere near the stage contemplated when the plan was formulated. According to the report, statistics show that, although there has been some development in certain fields, development generally has not reached the stage it should have reached after three years of activity. I say incidentally that the Government has given the Parliament but little opportunity to discuss the plan. Is there any significance in the improvements that have been made? What are the prospects for the immediate future? Are the living standards of the Asian peoples being raised enough to compensate for increases of population? If not, the plan is not doing what was originally intended. The report makes no attempt to answer those questions. In the main, the committee has been content to give an account of material achievements. But the report barely touches the vital questions whether those achievements have contributed significantly to an increase of living standards or have made further progress possible.

In order to assess the real progress that has been achieved and the prospects for the future, it is appropriate to examine the salient features of the plan. We were told that, in order to provide for economic growth and the maintenance of present standards of living in a rapidly increasing population, it would be necessary to increase output, and that, in order to increase output, it would be necessary to

increase investment. But the nations of Asia, because of their poverty-stricken state, were unable to attract capital from overseas until productivity had been increased. In other words, their economy needed to be primed to enable them to increase production and then attract capital from other countries. The aid contributed under the Colombo plan was intended to act as a detonator to set this process in train. Unfortunately, the purpose of the plan has not been achieved because productivity has not been increased to any appreciable degree. There has been very little investment of foreign capital in Asia since the plan came into operation, and it seems to me that, unless the contributing countries are prepared to increase the scale of their financial aid, the scheme will die on its feet.

Australia, which has acknowledged its obligation to assist in the development of these backward countries, has more reason to fear the failure of the scheme than has any other contributing nation. Our future is irrevocably linked with our relationships with Asian countries, and the collapse of the Colombo plan would re-act much more unfavorably upon us than upon any other country. We must in all circumstances try to prevent the disillusionment of the peoples of Asia as a result of the failure of the plan. The prosperity of Asia is of the utmost importance to us. It is obvious to me that the volume of aid provided under the scheme has been altogether inadequate. We are spending money hand over fist in other directions, and we should divert some of that expenditure to the more valuable investment that is represented by our contributions to the Colombo plan. The promotion of goodwill in Asia promotes our own security. If the plan is to achieve a significant success, it must produce quick and lasting results. Therefore, the representatives of the Government who attend the meeting at Ottawa in October should take the first opportunity to bring to the notice of the consultative committee the obvious flaws that have developed already in the structure of the plan. These faults, though they were not readily discernible in the initial stages of the scheme, have assumed immense proportions and now threaten to destroy the efficacy of the whole project.

*Mr. Bird.*

Immigration was also mentioned in the Governor-General's Speech. The Government has announced that it is content to continue with its present immigration policy. Most honorable members will agree, I am sure, that the Department of Immigration has done good work, but the effectiveness of its programme will be endangered if it cannot organize a smoother assimilation of immigrants than is possible under the present system. Much closer working arrangements between the Commonwealth and the States must be evolved because, up to the present, there has been constant irritation between State and Commonwealth departments in relation to various aspects of immigration. In my opinion, immigration involves much more than the procurement of immigrants in other countries, their transport to Australia, and their accommodation for limited periods in hostels. The arrival of large numbers of new citizens requires a rapid extension of social amenities and essential services. We need more schools, hospitals, houses, water, electricity, transport and other public services. The obligation of supplying those services falls at present on State governments. This division of responsibility is one of the major weaknesses of the immigration scheme. Undeniably, the major defect of the plan is the lack of effective co-operation between the Commonwealth, which organizes the inflow of immigrants, and the States, which provide the services needed by the increased population. There appears to be a total lack of appreciation by this Government of the financial strain that this obligation places upon the States. They must have substantial additional financial aid if immigrants are to be assimilated satisfactorily. In the early stages of the immigration programme, the process of assimilation was given far less attention than was that of recruiting immigrants overseas. The prime impulse of both the former Government and this Government was to bring as many immigrants as possible to Australia and make light of the difficulties that would arise from the rapid population increase.

The State governments are eager to establish new arrivals satisfactorily, but they are emphatic that their task cannot be carried out successfully unless this

Government acknowledges their need for increased financial aid. They have been called upon to shoulder great responsibilities, and these, unfortunately, have assumed formidable proportions. I am sorry to say that this Government has adopted an airy attitude towards the States. It seems to imagine that they will be able to muddle through and solve their problems without help. Its optimism is ill-founded. They cannot be expected to continue to assume such great liabilities unless provision is made for adequate financial compensation. I know that the Minister for Immigration (Mr. Holt) met State Ministers at a conference on immigration early this year. However, the discussion at that conference produced a lot of airy platitudes without giving rise to any practical decisions. It is not enough for the Commonwealth merely to provide hostel accommodation and find opportunities for the employment of new Australians. Its responsibility goes much further than that. The plain truth is that the prolonged influx of immigrants has vastly increased the demand for public services, the cost of providing which should be reckoned as a part of the cost of a successful immigration scheme. Until the Government acknowledges and accepts its responsibilities in this direction, our immigration programme will not be completely successful.

For reasons of national security, it is essential for Australia to treble its population within a reasonable space of time. But, in order to achieve our purpose, we must adjust the machinery of immigration to enable it to cope with the situation. That machinery can easily break down if the Government fails to realize that its obligations do not cease as soon as immigrants land on Australian soil. In fact, at that stage, the Commonwealth's responsibility is not even one-quarter discharged. Unfortunately, the Government has adopted the attitude that its worries end when the immigrants arrive and that the task of arranging for their assimilation should fall upon the States. However, the State governments, because of their limited financial resources are unable to do the job adequately.

I come now to a consideration of the process of naturalization. It is only natural for immigrants to this country to look forward to attaining the status of Australian citizenship, and the Government should exert every influence to encourage them to apply for naturalization as soon as they become eligible to do so. On the 11th August, I asked the Minister who is acting for the Minister for Immigration (Mr. Beale) whether the naturalization figures in relation to non-British immigrants indicated a reluctance by those people to become Australian citizens. From the Minister's reply, it was evident that tens of thousands of immigrants entitled to seek the privilege of Australian nationality have not done so. That is a deplorable state of affairs, with which, according to the Minister, the Government is not satisfied. I consider that we do not fulfil the purpose of bringing people to this country until they are naturalized. This matter demands urgent consideration.

Why are not applications for naturalization being received from immigrants in greater numbers? We should consider whether the requirements of the law in relation to naturalization are too stringent. Is too high a fee charged? Does the nature of the naturalization ceremony act as a deterrent? In recent years major changes have been made in order to enhance the dignity of the naturalization ceremony and remove unnecessary deterrents to naturalization. To-day, although the naturalization ceremony is brighter and more dignified than the former procedure, the result has not been all that could be desired. I hoped that the decision of the Minister for Immigration (Mr. Holt) some time ago to hold future naturalization ceremonies at town halls, in a congenial atmosphere, would encourage large numbers of eligible immigrants to apply for naturalization. Unfortunately, that has not resulted. According to the Minister's reply to my question, only 1,100 applications were received from non-British immigrants for naturalization in the first six months of this year. There were 1,770 applications last month. Those figures are relatively small, compared with the tens of

thousands of immigrants who are entitled to seek the status of Australian citizenship. A fee of £5 is charged for naturalization papers. I consider that this deters many immigrants from seeking naturalization. No fee was charged for 30 years after federation. There are two points of view about the matter. Some people contend that it is well worth £5 to an immigrant to become an Australian citizen. Others believe that there can be no correlation of citizenship to money. An immigrant should not be debarred from naturalization only because he is unable to pay this fee.

Immigrants who intend to apply for naturalization are required to advertise that fact in two newspapers circulating in the districts in which they live. The object of this legal requirement is to afford to persons who consider the advertiser should not be naturalized, an opportunity to lodge an objection with the Department of Immigration. However, during the last 36 years fewer than half a dozen such protests have been made to the department. Therefore it is obvious that this requirement serves no worthwhile purpose. I point out that, frequently, such an advertisement in a newspaper results in the singling out of an alien when he is about to become an Australian citizen. The advertisement pinpoints the fact that he has not already been naturalized. An intending applicant for naturalization is required to notify the department of his intention four years before lodging an application. Why is such lengthy notice required? Our procedure is very complex. In conclusion, I point out that it is the bounden duty of the Government to use every endeavour to encourage non-British immigrants to become naturalized. The naturalization procedure should be simplified to obviate unnecessary expense to immigrants.

Debate (on motion by Mr. DEAN) adjourned.

*Sitting suspended from 6 to 8 p.m.*

#### THE PARLIAMENT.

Mr. SPEAKER.—It has been reported to me that there is somebody in the gallery with a camera. I wish it to be clearly understood that the taking of

*Mr. Bird.*

photographs in this chamber to-night has been prohibited, and that if anybody takes a photograph he can be dealt with.

#### ESTIMATES 1954-55.

Messages from the Governor-General reported transmitting Estimates of Revenue and Expenditure and Estimates of Expenditure for Additions, New Works and Other Services involving Capital Expenditure for the year ending the 30th June, 1955, and recommending appropriations accordingly.

Ordered to be printed, and referred to the Committee of Supply forthwith.

#### BUDGET 1954-55.

*In Committee of Supply:*

Sir ARTHUR FADDEN (McPherson—Treasurer) [8.2].—I desire to place before the House to-night estimates of revenue and expenditure for the financial year 1954-55 and to explain the financial proposals which accompany these estimates. I desire also to speak briefly on the broad considerations of national policy which have guided the Government in framing its budget for this year.

#### THE STATE OF THE ECONOMY.

During the financial year just closed we had in Australia stability of general economic conditions, combined in remarkable degree with real and substantial material progress. On the one hand, retail and wholesale prices were generally steady throughout the year, and so too were wage rates and the other main elements which determine costs. On the other hand, civilian employment increased by no less than 90,000 persons. National income rose by 5 per cent. and, since the price level did not rise, this was a real gain in terms of goods and services. Total wages and salaries paid increased by nearly 7 per cent. Total farm income, it is true, fell by 8 per cent.; but this was a fall from a relatively high level of income in the previous year. There was a rise of nearly 6 per cent. in business and professional income. Personal consumption expenditure was 10 per cent. greater than in 1952-53.

Over a wide range of industries levels of production ran high. Output of iron and steel, coal, copper, and zinc

approached or passed previous record figures and the same is true of many building materials. There was a notable increase in the manufacture of such diverse articles as domestic refrigerators, rayon fabrics, hosiery and motor bodies. Generation of electricity rose above its previous highest point.

The volume of retail trade increased considerably and that increase was shared by most branches of business. In particular, sales of motor cars and household appliances showed an almost spectacular growth. Although there was a large increase in supplies, obtained from both local production and imports, there does not seem to have been any excessive building-up of stocks.

The value of imports for the year was £682,000,000. That was £171,000,000 greater than the value of imports in the previous year. Exports for 1953-54 amounted to £816,000,000 and although this was £30,000,000 less than exports in 1952-53 it was still a relatively high figure. It has in fact been exceeded in only two other years.

During 1953-54 the Government made further relaxations of import controls and imports are now running at a comparatively high level. Until the wool-selling season opens it will not be possible to gauge with any confidence what export prospects for the year are likely to be. It is reasonable to expect some net capital inflow during the year but it is not possible at this stage to estimate the importance of this factor.

At the peak of the last export season our international reserves reached £620,000,000. After that there was a moderate decline and at 30th June last the reserves stood at £571,000,000, which represented a net addition of £10,000,000 during the year.

Altogether 1953-54 was a period of stable, genuine and widely-spread prosperity. Perhaps never before in our history have we had a year to equal it.

As we turn to prospects for the coming year it is natural to ask whether we cannot do as well again, whether we cannot again enjoy balanced and stable economic conditions and yet make at least as great an advance in national development.

Cannot these two great objectives of policy again be combined?

Conditions necessarily differ from year to year; and last year conditions happened to be, on the whole, favorable to us. Despite the decline in the United States, it remained a fairly prosperous year for the world at large and our overseas trading position continued relatively strong. Internally, we had largely recovered from the setback of 1952-53 even before the year began, and although there was then a small amount of unemployment and some idle plant, those resources were soon absorbed into production and the whole economy ran along smoothly at or very near full employment.

I venture to say that the key to our success in 1953-54 lies in just that fact. We were able to bring all our physical resources into employment and yet, for the greater part of the year at any rate, we did not over-strain them. Whilst industrial activity grew and a good rate of development was maintained there was, for the most part, enough labour and materials and enough power and other facilities to meet requirements. That is the chief lesson of 1953-54. It is indeed the chief lesson of the whole post-war period. If we keep a balance between available resources and the demand for those resources we will generally have not only stability of prices and costs but rising output, improving efficiency and sound progress in development. Allow demand for resources to outrun supply and we will almost certainly have dislocation, waste and a cutting-back of real output and the rate of development. We had a grim experience of those things in the period up to 1952 and I should not need to recall them here.

We should not need to be taught that lesson again, learnt as it was in years of disruption and futility; and, as things are, it is, I believe, a lesson that should be very active in our minds. We have tasted the fruits of stable progress and, rightly, for our own sakes we want it to go on. We have, nationally, a tremendous task to people and develop this continent; but we can only hope to perform that task if we go about it in an orderly and effective way. We have ahead of us,

as the Prime Minister (Mr. Menzies) has related to the House, the prospect of major political and strategic commitments abroad, commitments which may call for much greater defence efforts and preparations. This last consideration is, perhaps, the strongest and most insistent reason of all why we must seek to combine the maximum employment of our resources with a balanced and effective distribution of those resources.

Good though recent times have been, there can be no mistaking the signs that stresses are again threatening to develop in our economy. During recent months shortages of labour have increased, particularly in the basic industries, such as iron and steel and building, and in the basic services, such as railways. Some supplies have also become scarce, amongst them steel and certain building materials. Meanwhile, numerous industries and public undertakings, not actually short of labour and materials for current purposes, have been strenuously trying to get more of both in order to expand their activities. Again, demand for consumption goods is still tending to increase; as it does so, it provides a stimulus for still further industrial expansion and still further demands for resources. There is a degree of unhealthy financial speculation going on, though so far it is limited mainly to certain sections of the market.

I do not want to exaggerate the portents as seen at this time. The current shortages of labour and materials are not to be compared with the bottlenecks which had such a crippling effect on our economy in the period before 1952. There is no longer any coal shortage. Power supplies appear adequate for the time being and more capacity is rapidly being built. There has been a fairly general improvement during the past three years in the basic facilities available to us and this should stand us in good stead in the future.

Nor would I exclude altogether the possibility of changes in some directions during the year which may run counter to the present general trend towards expansion of demand. For example, whilst export prospects on the whole may be reasonably good, it is possible that total export earnings this year will be appre-

ciably less than last year. If this proves to be so it could have some offsetting effect on internal demand and business activity.

Nevertheless, the most significant fact at the present time is that pressure upon resources has again appeared in our economy and on present indications seems likely to grow. We will obtain some additional labour as the year goes on, partly from local sources and partly from immigration, and there should be some increase in the supply of goods from local output and from imports. If, however, the present general quest for labour continues, and if demand for goods keeps rising, these additional resources may well be swallowed up, leaving demands still unsatisfied. Labour will tend to shift away from the basic industries and key materials will become scarcer. The defence effort and developmental projects will be retarded and industrial productivity will fall. All this could happen even though, on the face of things, the economy might appear active and business thriving. Such a situation would clearly not be avoided by indiscriminate mass immigration; recent experience has taught us that the immediate effect of large-scale immigration is to add at least as much to the demand for labour as it does to the supply of labour.

Were inflationary conditions to return we could expect at a fairly early stage the beginning of a new upward thrust of prices and costs. That, I suggest, is about the last thing any of us wishes to see. During the inflation years our general level of costs was raised inordinately high—far too high for a country like ours which, on the one hand, depends upon selling so much of its products in markets abroad and which, on the other hand, has been rapidly establishing new industries to compete in our own markets with the products of other countries. Furthermore, the success or failure of some of the greatest developmental projects now being undertaken in Australia—the Snowy Mountains scheme, for example—depend fundamentally upon one question, the question whether costs can be kept at economic levels.

The first thing to do about the problem of costs is, obviously, to ensure that costs rise no higher. If the general forces

which influence costs can be kept stable, then the particular factors which normally work towards the reduction of costs will have a chance to operate. It is through these factors that higher national productivity will be achieved—and the obverse of higher productivity is lower cost levels. Those factors, however, thrive and find play only in the conditions of a stable and balanced economy. We have had these conditions for the past year or so and, unquestionably for that reason, there are signs that some ground has been won in the attack on costs. Not a few industries have been able to report increasing output from the capital and labour they employ. Such promising tendencies will, however, quickly be overborne if a scramble for resources gets under way again, if business goes out to chase the ephemeral profits of inflation rather than the profits of efficiency and if labour falls again for the delusion of so-called "attraction" wage rates.

To say this is to say again—it cannot be too often repeated—that the cost problem is the responsibility of every one. Governments and other public authorities have an important share in that responsibility. It is for them to lighten taxes and charges, to avoid undue competition for resources and to use their powers and conduct their operations in a way that will promote a state of economic balance. But it is labouring the obvious to say that industry and trade and those who work and share in them also have responsibility as great as, if not greater than, that of governments.

#### FINANCIAL POLICY.

Such broadly is the context within which the budget for the current year has been prepared. The Government has had to weigh carefully the various elements in this rather complex situation. It has had to consider where and how far restraint should be exercised and where and how far encouragement should be given. The problem has been by no means exclusively an economic and financial one. We have had very much in our minds the international prospect—a prospect which plainly decrees that we should, as far as possible, husband our strength, financially

and otherwise, against the burdens and stresses which may well lie just ahead of us.

On the expenditure side the right policy must obviously be one of firm control. That some branches of expenditure should increase is, under present circumstances, inevitable. Defence and social services are examples. Where, again, works projects subject to contracts are making headway, additional provision for expenditure cannot be avoided. Subject to considerations like these, however, it would be wrong, at a time when community spending as a whole is on the rise, to make large additions to public expenditure. One of the most important factors making for general stability in the past two years has been the overall restraint upon governmental spending. This is certainly no time to abandon that restraint.

On the revenue side the Government is in a position to make further tax reductions as it foreshadowed in the Prime Minister's policy speech. It proposes to reduce taxes up to the limit of budget capacity after making provision for essential expenditure and having regard to the commitments Australia may soon have to face: and it has devised the tax reductions in a way that will ensure the maximum incentive to effort while making wherever possible a direct reduction in costs. At the same time it has taken care to ensure that the budget for the year will balance; for there could be no thought at a time like this of adding to the volume of spending power by the process of deficit-financing.

This year the Government has given no undertaking to assist Loan Council borrowing programmes from revenue as it had to do on a large scale in the last three years, when public loan raisings fell far short of borrowing requirements. Since, however, the Commonwealth has agreed with the States that the full amount of loan money raised this year, either from local or overseas sources, will be applied towards the Loan Council programmes, the whole of its own expenditures, including capital expenditures, will have to be met from its own resources. This is not something we are doing willingly. We would in fact be very glad to finance a

large part, if not the whole, of our capital works from loan moneys. But since sufficient loan money is not yet available for all the capital requirements of the Commonwealth and the States, the only alternative to financing our capital works from sources other than loan funds would be to take a part of the money which is now being made available for State works programmes. I might point out, however, that thanks to the notable revival in the loan market in the past year, a much larger proportion of Australian works expenditure is now being financed from loan moneys than was the case two or three years ago. A survey of Loan Transactions and Public Debt in 1953-54 is given in Statement No. 2 which is a supplement to this speech.

#### EXPENDITURE ESTIMATES, 1954-55.

##### *Defence Services.*

As the Prime Minister has already announced, the budget appropriation for defence this year will be £200,000,000. In addition, there is the Defence Equipment and Supplies Trust Account of £12,000,000 which was set up during 1953-54 and which will be held available in the Treasury as a reserve from which to meet any additional commitments. Thus funds that can be made available for defence purposes this year will be nearly £35,000,000 greater than the amount of £177,000,000 which was the total of cash expenditure on defence during 1953-54.

##### *War and Repatriation.*

The Government has decided to increase general rate war pensions under the Repatriation Act by 7s. 6d. per week, thus making the 100 per cent. general rate £4 10s. a week.

The rate of war widows' pensions will also be increased by 7s. 6d. per week, so raising it to £4 a week.

The new rates will be paid from the first pension pay-day after the necessary legislation has been passed.

The cost of these increases is expected to be about £1,900,000 in a full year and about £1,400,000 in 1954-55.

*Sir Arthur Fadden.*

##### *National Welfare Fund.*

In accordance with the undertakings it gave in the policy speech the Government proposes to raise the permissible income for age, invalid and widows' pensions from £2 to £3 10s. a week.

The property limit will be raised to £1,750 and the property exemption will be raised from £150 to £200. Income from property will in future be disregarded in applying the income test. This provision will assist particularly those pensioners who own houses, but, while unable to obtain possession, are receiving rent from tenants. The legislation already provides the Director-General of Social Services with discretionary power to exclude from the property test the value of houses belonging to pensioners in this position, and the discretion will be exercised freely in future.

Blind persons eligible for pension will in future be paid the full pension of £3 10s. a week free of the means test.

Some 90,000 pensioners will receive increases in their pensions as a result of the liberalized means test. In addition, many thousands of pensioners will be brought into the pensions field and receive part pensions.

The increases (including those for blind pensioners) will be paid from the first pension pay-day after the necessary legislation has been passed.

When these measures have been brought into account and provision made for the normal increases in the numbers of social service beneficiaries and the expansion of health, medical and other services, the expenditure from the National Welfare Fund is expected to be £16,800,000 greater than in 1953-54. Details of the National Welfare Fund are contained in Statement No. 5.

##### *Homes for the Aged.*

In the policy speech the Government undertook to provide, on a £1-for-£1 basis, money towards capital costs incurred by churches and recognized charitable institutions for building homes for the aged, up to a total Commonwealth contribution of £1,500,000 a year. Provision has been made in the budget for this amount and details of a scheme are at present being formulated.

### *Payments to the States.*

Total payments to the States this year are estimated to be £198,665,000 compared with £194,248,000 in 1953-54.

The tax reimbursement grant payable to the States under the formula laid down in existing legislation is estimated at £130,500,000. Because this would clearly fall short of the States' requirements, the Government proposes again this year to pay the States a special assistance grant sufficient to bring the total tax reimbursement payments for the year to £150,000,000, or about £7,600,000 more than last year. Legislation will be introduced shortly to authorize the payment of this special financial assistance grant of approximately £19,500,000.

Special grants to the States of South Australia, Western Australia and Tasmania will amount to £12,300,000 compared with £15,400,000 last year. This follows the recommendations of the Commonwealth Grants Commission. Legislation authorizing the grants will be introduced shortly.

Payments for Commonwealth Aid Roads purposes are expected to reach £24,000,000 this year, or nearly £7,000,000 more than last year. This substantial increase arises because the Government proposes to introduce new legislation to provide a much more generous basis for Commonwealth assistance for roads during the next five years. Pending the passage of the new legislation, payments will be made from the Commonwealth Aid Roads (Supplementary) Trust Account in order that the new basis of roads payments may become effective as from the 1st July. Since the payments from this trust account in 1954-55 are estimated at £2,000,000, an amount of £22,000,000 is being provided in the budget.

### *Capital Works and Services.*

The estimates for capital works and services this year amount to £104,633,000 compared with an appropriation last year of £101,543,000 and actual expenditure of £94,080,000.

In accordance with the policy speech, £30,000,000 is being provided for war service homes as compared with expenditure in 1953-54 of £26,846,000. The maximum advance available for the pur-

chase of existing homes under the War Service Homes Act is to be increased from £2,000 to £2,750.

An amount of £14,200,000 is being provided for the Snowy Mountains scheme as compared with expenditure of £13,170,000 last year. Substantial payments will be necessary during the year on the contracts which have been let for a large section of the scheme.

Total expenditure on Post Office works and equipment is estimated at £27,265,000 compared with expenditure of nearly £26,000,000 in 1953-54.

Six million, seven hundred and sixty-six thousand pounds is being provided for works in the Australian Capital Territory and the Northern Territory, this representing an increase of £2,672,000 over actual expenditure last year.

### *Departmental.*

Departmental expenditure is estimated at £49,173,000, an increase of £1,945,000 over expenditure last year. The greater part of the increase will go to authorities such as Commonwealth Scientific and Industrial Research Organization and the Atomic Energy Commission, and to the technical branches of departments such as Civil Aviation and Interior.

### *Territories.*

Provision has been made this year for increased expenditure in the Northern Territory and for a much larger grant to the Administration of Papua and New Guinea. The Government has approved in principle an expanding programme of development in these territories. The estimate for ordinary services in the territories is £13,679,000 compared with expenditure last year of £11,133,000. As I have already mentioned, additional provision has also been made for capital works in the Australian Capital Territory and the Northern Territory, whilst a substantial part of the grant of £7,560,000 to Papua and New Guinea will be used for works purposes.

### *Immigration.*

Expenditure on immigration is estimated to be £2,165,000 greater than last year, mainly because of the larger inflow of assisted-passage migrants.

*Bounties and Subsidies.*

Total subsidy payments are expected to be £820,000 less than in 1953-54 although provision is being made for higher bounty or subsidy payments on cotton, tractors, dairy products and tea.

*International Development and Relief.*

Five million five hundred thousand pounds has been provided for expenditure on international development and relief. Last year expenditure on this item was £3,574,000. The greater part of this increase of nearly £2,000,000 is intended to provide for additional expenditure under the Colombo plan.

*Total Expenditure.*

In total, expenditure in 1954-55 is estimated at £1,014,849,000 compared with actual expenditure of £960,428,000 in 1953-54. Details of actual revenue and expenditure last year are given in Statement No. 1 attached to this speech, while details of the expenditure estimates for 1954-55 are given in Statement No. 4.

*REVENUE ESTIMATES. 1954-55.*

On the basis of present rates of taxation, it is estimated that total revenue in 1954-55 would reach £1,050,100,000. This includes revenue from taxation £936,856,000, and other revenue £113,244,000, and is approximately £33,000,000 greater than actual revenue in 1953-54.

Although incomes of both individuals and companies upon which income tax is currently being assessed were larger last year than in the year before, and although wages and salary payments, imports and sales can be expected to increase again this year, it has to be remembered that revenue in 1954-55 will bear a full year's cost of the large and comprehensive tax reductions made in the 1953-54 budget. That full year cost was estimated at £118,000,000 on the basis of conditions at the time. It would be substantially greater on the basis of current conditions and prospects. The revenue estimates for 1954-55 are set out and explained in detail in Statement No. 3 attached to this speech.

If revenue were to stand at £1,050,100,000 and expenditure at £1,014,849,000 there would be a budget

*Sir Arthur Fadden.*

surplus of £35,251,000. The Government proposes to make tax reductions worth £46,600,000 a year to taxpayers, and it is estimated that the cost of these tax reductions in 1954-55 will be £35,000,000.

**TAXATION PROPOSALS.**

Having this amount of scope for tax reductions, the Government has considered very carefully the form such reductions could most appropriately take under present circumstances. It has decided that, as in last year's budget, the greatest weight should be given to reductions of income tax on individuals. By so doing, the benefits will be spread most widely and the greatest number of people will receive a further incentive to work and to save.

The Government has, however, explored the possibilities of reducing indirect taxation and it is proposing some very useful reductions in that field. Some of these reductions will make an important direct contribution to the problem of reducing costs. Others, again, will be very helpful to the householder and the family man. The Government has also examined at great length the vexed question of depreciation allowances, and I shall have something to say on that important subject presently.

Meanwhile, I wish to give the main details of our tax proposals.

**INCOME TAX AND SOCIAL SERVICES CONTRIBUTION.**

*Rates of Tax: Individuals.*

It is proposed to reduce the rates of individual income tax and social services contribution as from the 1st July, 1954. The reduction will be graduated over all income ranges and will represent an overall decrease of 9 per cent. on existing rates. Statement No. 6 illustrates the reductions for taxpayers at selected income levels and with various family responsibilities. The reductions in tax range from approximately 20 per cent. on the lower incomes to about 8 per cent. for taxpayers with incomes between £8,000 and £16,000. On the excess of income over £16,000 the new rates scale will terminate at a maximum rate of 13s. 4d. in the £1 instead of the present 14s.

The rates of instalment deductions will be reduced as from the 1st October, 1954,

which is the earliest date by which it will be possible to prepare and distribute the new instalment schedules. In the case of taxpayers who are subject to provisional tax, the reductions will be reflected in decreased amounts of provisional tax for 1954-55.

The reductions in the individual rates will cost revenue £31,250,000 in a full year and £23,200,000 in the current year.

Successive tax reductions effected by this Government have very substantially reduced the burden of income tax on all classes of taxpayers. It is significant that the new rates represent an overall reduction of almost 30 per cent. on the rates in force when the Government came into office. Statement No. 7 compares income tax in Australia, United Kingdom and New Zealand and shows that income taxpayers in Australia are paying considerably less than those in the other two countries.

#### *Gifts.*

It is proposed to allow deductions of gifts of £1 or more to the Australian Elizabethan Theatre Trust, the Australian Academy of Science and to public funds for the acquisition, construction and maintenance of school and college buildings used by non-profit organizations. These concessions will cost revenue about £200,000 in a full year, but there will be no cost in 1954-55.

#### *Mining.*

Amounts received for the grant, assignment or surrender of mining leases are, at present, assessable income of the recipients and deductible in the assessments of the payers. Assessability of the amounts received has, it is thought, proved a deterrent in some cases to mining development. It is proposed, accordingly, to place these transactions outside the income tax field unless the parties to a transaction agree that such payments should continue to be assessable on the one hand and deductible on the other.

Under the existing legislation, income is exempt from tax if it is derived by a bona fide prospector from the sale of rights to mine for gold and certain other metals and minerals which are prescribed by regulation. This exemption applies to a company which has itself carried out the major part of the field work of

prospecting, but it does not extend to dividends paid by the company out of the exempt income. It is proposed that, where dividends are paid wholly and exclusively out of the exempt income, the shareholders shall be free from income tax on those dividends.

It is further proposed to extend the list of metals and minerals prescribed for the purpose of the foregoing exemption.

It is estimated that the cost in a full year will be £15,000. There will be no cost to revenue in 1954-55.

#### *Purchased Annuities.*

At present, an annual allowance is made, in the annuitant's assessment, for the purchase price paid by him for an annuity for life, but this allowance ceases when he has attained his expectation of life as actuarially calculated. The loss of this allowance increases the tax payable by the annuitant at a time when he may be least able to bear an increased tax burden. It is proposed to remove this limitation so that the annuitant will be entitled to the allowance throughout his lifetime.

The cost in a full year will be about £15,000. In this year there will be no cost to revenue.

#### *United Kingdom War Pensions.*

At present, United Kingdom pensions payable to disabled servicemen resident in Australia are exempt from Australian income tax. It is proposed to extend this exemption, as from the 1st July, 1954, to the widows and other dependants of deceased United Kingdom servicemen. The exemption will then be in conformity with the exemption of pensions paid by the Commonwealth to widows and other dependants of Australian servicemen.

In a full year there will be a cost to revenue of about £20,000 but no cost in this financial year.

#### *Sales Tax.*

The rate of tax on furniture and certain household equipment, including crockery, cutlery, floor coverings and household appliances, will be reduced from 12½ per cent. to 10 per cent. This reduction, which is expected to cost £4,376,000 in a full year and £3,400,000 in the current

year, should be particularly useful to people setting up homes.

It is also proposed to reduce from 16½ per cent. to 12½ per cent. the rate of sales tax on toys, fireworks, amusement equipment, musical instruments, confectionery and ice-cream. These reductions are expected to cost £1,714,000 in a full year and £1,333,000 in 1954-55.

A number of important items will be wholly exempted from sales tax. Amongst these items are several which have a direct bearing on the costs of industry or constructional work.

For example, hand tools are to be exempted at a cost to revenue of £2,530,000 in a full year and £1,800,000 in the current year.

Certain types of industrial machinery and equipment are also to be exempted, amongst them being machinery for the repair and maintenance of manufacturing plant, repair plant used in the mining industry, machinery for use by contractors engaged in building and the construction of roads, dams and similar works. The cost of revenue of exempting this group is expected to be £1,210,000 in a full year and £900,000 in the current year.

Aircraft and aircraft parts will be exempted at a cost to revenue of £869,000 in a full year and £800,000 in the current year.

Paper bags, wrapping paper and string will be exempted at a cost of £1,800,000 in a full year and £1,400,000 in 1954-55.

Exemption is also proposed for bottles and cases used in the soft drink industry, for clock systems and time recorders for business and industrial use and for a number of miscellaneous items which at present constitute anomalies in the administration of sales tax. The cost to revenue of these exemptions is estimated at £328,000 in a full year and £259,000 in the current year.

All told the sales tax concessions I have just outlined are expected to have a value to taxpayers of £12,822,000 in a full year and £9,892,000 in 1954-55. Full details of these proposals will be given when amending legislation is brought down later this evening and the amendments will become effective as from the start of business to-morrow.

*Sir Arthur Fadden.*

### *Pay-roll Tax.*

It is proposed to raise the annual exemption from £4,160 to £6,240. On a weekly basis, this is an increase from £80 per week to £120 per week. The higher exemption will operate in respect of wages payable on or after the 1st September, 1954. Tax will be payable only on the excess of wages over the amount of £120 per week. This amendment will exempt a further 10,500 employers from pay-roll tax and reduce the amount of tax payable by those still subject to this tax.

It is also proposed to exempt wages paid by non-profit private hospitals, thus bringing the pay-roll tax law into line with the income tax and sales tax laws, which already allow concessions to such hospitals. Up to the present, the pay-roll tax exemption in respect of hospitals has been limited to public hospitals.

The loss of revenue resulting from these concessions will be £1,810,000 in a full year and £1,508,000 in 1954-55.

### *Customs and Excise.*

To assist the grape-growing industry it is proposed to reduce Customs and Excise on brandy by 30s. per proof gallon. The estimated cost to revenue is £468,000 in a full year and £400,000 in the current financial year.

### *Summary of Taxation Concessions.*

The estimated cost to revenue of the taxation concessions I have just outlined may be summarized as follows:—

	Cost in full year	Cost in 1954-55.
	£	£
<i>Income tax—</i>		
Reduction in rates on individuals ..	31,250,000 ..	23,200,000
Deduction of cer- tain gifts ..	200,000 ..	..
Concessions to min- ing industry ..	15,000 ..	..
Allowance on pur- chase of an- nuities ..	15,000 ..	..
Exemption of United Kingdom pensions for war widows ..	20,000 ..	..
 <i>Total cost of income tax concessions ..</i>		
	<u>31,500,000</u>	<u>23,200,000</u>

	Cost in full year	Cost in 1954-55.
	£	£
Sales tax—		
Furniture and household equipment—Reduction of rate from 12½ per cent. to 10 per cent. ..	4,376,000 ..	3,400,000
Toys, amusement equipment and fireworks — Reduction of rate from 16½ per cent. to 12½ per cent. ..	287,000 ..	225,000
Musical instruments — Reduction of rate from 16½ per cent. to 12½ per cent. ..	65,000 ..	52,000
Confectionery — Reduction of rate from 16½ per cent. to 12½ per cent. ..	1,031,000 ..	800,000
Ice cream—Reduction of rate from 16½ per cent. to 12½ per cent. ..	331,000 ..	256,000
Exemption of hand tools ..	2,530,000 ..	1,800,000
Exemption of certain industrial machinery and equipment ..	1,210,000 ..	900,000
Exemption of aircraft and aircraft parts ..	869,000 ..	800,000
Exemption of paper bags, wrapping paper and string ..	1,800,000 ..	1,400,000
Exemption of miscellaneous items ..	323,000 ..	259,000
Total cost of sales tax concessions ..	<u>12,822,000 ..</u>	<u>9,802,000</u>
Pay-roll tax—		
Increase in pay-roll tax exemption and exemption of private hospitals ..	1,810,000 ..	1,508,000
Customs and excise—		
Reductions in customs and excise on brandy ..	468,000 ..	400,000
Total cost to revenue of taxation concessions ..	<u>46,600,000 ..</u>	<u>35,000,000</u>

## DEPRECIATION.

As I have already said, the Government has considered very closely the question of income tax allowances in respect of depreciation. The subject has been widely discussed publicly and we have had many representations on it from various sections of industry. We have also obtained a wealth of expert advice and we have examined the measures taken in a number of other countries. I could not hope to discuss the subject in all its ramifications here, but there are a few relevant considerations which I think should be stated at this point.

There is, without doubt, an extraordinary range and diversity of opinion on this issue. Much of the diversity seems to spring from the fact that people who put particular proposals forward have different objects in view. Some, for example, are concerned with the problem of what has come to be called "capital erosion" which arises when, as a result of the increase in costs during a period of inflation, the replacement of plant requires a capital expenditure much higher than the original cost of the plant. Others are concerned not so much with the problem of financing the replacement of old plant as with the active stimulation of investment in new plant in existing and in entirely new enterprises. Others, again, direct their minds to the replacement of plant in the future, this with a view to promoting a more rapid scrapping of plant, whether already installed or to be installed in the future.

Many of the proposals that have been put forward contemplate adjustments of the depreciation provisions of the income tax laws which, while leaving taxpayers liable eventually to more or less the same amount of taxation, would permit them to re-arrange their capital programmes so as to ease their particular problems of financing plant installation or replacement. Other proposals, however, go beyond this and suggest what, in fact, if not in form, would be a subsidy (in the shape of tax remissions) to purchasers of new plant, this at the expense of revenue.

Of this type are proposals based on the system of investment allowances recently adopted in the United Kingdom. The Government has given particular attention to these proposals which have a number of advocates in Australia, and has found that they have features which are not acceptable under our conditions. In the first place, such allowances would apply only to new plant and would therefore be of no benefit to firms which have already set up their establishments and are not likely to extend them. Secondly, while an attempt might be made to confine such a subsidy to certain types of capital assets or certain sectors of industry, in practice this would prove so difficult as to be well-nigh impossible. The result in that case would be to give an indiscriminate stimulus to all types of new capital investment and the cost to revenue would become extremely high. For these and other reasons the Government cannot accept proposals of this type.

Another proposal which has had many—though a decreasing number of—advocates is the special initial depreciation allowance, of which we had experience in earlier post-war years. The particular feature of this method is that it produces a large tax saving to the taxpayer in the first year after new plant is acquired, and therefore it too gives a strong but indiscriminate stimulus to new investment. It was largely for this reason that the system was abandoned under the inflationary conditions of 1951. With pressure upon resources again developing in our economy, this would hardly be an opportune time to restore that system even if it were acceptable on other grounds. In any case it has proved in practice, both here and elsewhere, to have other defects as a normal feature of an income tax system.

I have cited investment allowances and special initial depreciation allowances as particular proposals which have been prominent in recent discussions. I cannot here review the many other schemes which have been brought under notice, but I do wish to make a comment on the existing depreciation provisions of the taxation law.

*Sir Arthur Fadden.*

In the opinion of some authorities these provisions contain certain defects and anomalies, although it is conceded that generally they provide a basis upon which a reasonably satisfactory system of depreciation allowances can be built. These authorities at least believe that, insofar as the end sought should be provision for a more rapid writing-off of plant on account of obsolescence or for other reasons, the existing provisions could be used and adapted satisfactorily.

It does not seem to be appreciated as widely as it might, even by the more sober opinion to which I have just referred, that although the present rates of depreciation provided in the act are based on what is called the effective life of an asset, it is nevertheless possible for the owner of the asset to scrap it at an earlier date and then claim the amount by which the realization price falls short of the written-down value as a deduction for income tax purposes.

Notwithstanding this little-understood provision of the existing law, criticism seems to concentrate mainly on the rates of depreciation allowed for various types of assets. Without saying whether such criticism is justified or not, I think this is a matter upon which the public mind ought to be set at ease and with this in view the Government has decided to refer this aspect of the matter to a special committee for independent inquiry and report. It seems to us that such an inquiry is a necessary first step if we are to consider this question from the point of view of national interest. To accept blindly the pleas of sectional advocates in such a highly technical field would endanger that high purpose, and this Government will be no party to it.

The Government has decided that a parliamentarian should be chairman of the committee and it has chosen Mr. Alan Hulme, the honorable member for Petrie, to undertake that assignment. Four other members will be chosen from men actively engaged respectively in manufacturing, commerce, primary industry and the accountancy profession.

## BUDGET SUMMARY.

To bring together the revenue and expenditure proposals I have outlined, the budget for 1954-55 may be summarized as follows:—

	£	£
Revenue—		
Taxation at existing rates ..	936,856,000	
Other revenue ..	113,244,000	
	<hr/>	
	1,050,100,000	
Deduct—		
Cost to revenue in 1954-55 of taxation proposals ..	35,000,000	
	<hr/>	
	1,015,100,000	
Expenditure—		
Estimates (including repatriation and other proposals for increased expenditure) ..	..	<hr/>
	1,014,849,000	
Surplus ..	..	<hr/>
	251,000	

## LOAN FINANCE.

Outside the budget proper, finance will be required for war service land settlement, estimated at £5,000,000 and for redemption of savings certificates, also estimated at £5,000,000. It is proposed to charge these two items to Loan Fund.

At the Loan Council meeting in June approval was given to borrowing programmes for Commonwealth and State governments in 1954-55 totalling £200,000,000. Pending the raising of loans the Commonwealth has offered to

make advances to the States for the first six months of the financial year at the rate of £180,000,000 a year.

During 1954-55, securities totalling £286,000,000 fall due in Australia. Arrangements for conversion of these securities will be considered as the loans mature.

## CONCLUSION.

In surveying the outlook, the Government has found some grounds for caution and some reason to stress the approach of weightier national responsibilities for Australia. But the caution we suggest is in the main a caution against over-exuberance; the responsibilities we foresee should be well within our strength. All in all, conditions are favorable to further sound progress in the year ahead. The main thing is for the various elements in our economy to keep in step and not try, each individually, to thrust itself forward at the expense of the others.

In this budget we have observed the essential principle that, during times when the nation's capacity is almost fully extended, revenue should at least balance expenditure. We have been able to do this while providing not only for certain necessarily larger commitments but also for active encouragement through tax reductions to effort, saving and enterprise. If there is a similar determination throughout the whole economy to consolidate stability without the sacrifice of initiative, we can face the future with firm confidence.

## STATEMENT NO. 1.—CONSOLIDATED REVENUE FUND RESULTS, 1953-54.

## COMPARISON OF ACTUAL REVENUE AND EXPENDITURE WITH THE BUDGET ESTIMATES.

—	Budget Estimates.	Actual.	+ Increase. - Decrease.
Revenue.	£	£	£
Taxation Revenue—			
Customs .. .. .. ..	82,800,000	..	94,757,059
Excise .. .. .. ..	120,600,000	..	125,460,040
Sales Tax .. .. .. ..	87,740,000	..	95,688,559
Income Tax—Individuals .. .. .. ..	398,890,000	..	394,048,801
Companies .. .. .. ..	133,690,000	..	134,132,600
Pay-roll Tax .. .. .. ..	38,400,000	..	40,383,789
Land Tax .. .. .. ..	350,000	..	221,245
Entertainments Duty .. .. .. ..	9,120,000	..	9,824,605
Gift Duty .. .. .. ..	1,700,000	..	1,977,263
Total Taxation Revenue .. .. .. ..	874,490,000	..	897,879,585
			+ 23,389,585

## STATEMENT No. I. CONSOLIDATED REVENUE FUND RESULTS, 1953-54.—continued.

		Budget Estimates.	Actual	+ Increase. - Decrease.
	Revenue—continued.	£	£	£
<b>Other Revenue—</b>				
Miscellaneous	.. .. ..	31,715,000	41,499,063	+ 9,784,063
Railways	.. .. ..	3,030,000	3,460,640	+ 430,640
Post Office	.. .. ..	67,000,000	67,797,941	+ 797,941
Broadcasting Services	.. .. ..	3,950,000	3,866,641	- 83,359
Territories	.. .. ..	1,960,000	2,195,189	+ 235,189
Total Other Revenue	.. ..	107,655,000	118,819,474	+ 11,164,474
<b>Total Revenue(a)</b>	.. ..	<b>982,145,000</b>	<b>1,016,699,059</b>	<b>+ 34,554,059</b>
<i>Expenditure.</i>				
Defence Services	.. ..	200,000,000	189,725,012	- 10,274,988
War and Repatriation Services	.. ..	116,021,000	120,232,780	+ 4,211,780
Payments to National Welfare Fund	.. ..	184,052,000	176,564,604	- 7,487,396
Other Statutory Payments	.. ..	8,539,000	9,142,633	+ 603,633
Departmental	.. ..	48,702,000	47,227,883	- 1,474,117
Bounties and Subsidies	.. ..	22,830,000	21,320,138	- 1,509,862
Miscellaneous Services	.. ..	17,717,000	15,689,370	- 2,027,630
<b>Business Undertakings(b)—</b>				
Railways	.. .. ..	4,350,000	4,137,329	- 212,671
Post Office	.. .. ..	73,087,000	72,243,666	- 843,334
Broadcasting Services	.. .. ..	4,729,000	4,684,381	- 44,619
Territories (b)	.. ..	11,404,000	11,132,608	- 271,392
Payments to or for the States	.. ..	188,951,000	194,247,907	+ 5,296,907
Capital Works and Services	.. ..	101,548,000	94,079,784	- 7,468,216
<b>Total Expenditure(a)</b>	.. ..	<b>981,930,000</b>	<b>960,423,095</b>	<b>- 21,501,905</b>
<b>Excess of Receipts over Expenditure</b>	.. ..	<b>215,000</b>	<b>(c) 56,270,964</b>	<b>+ 56,055,964</b>
<b>Total</b>	.. ..	<b>982,145,000</b>	<b>1,016,699,059</b>	<b>+ 34,554,059</b>

(a) Excludes self-balancing items.

(b) Excludes Capital Works and Services.

(c) Appropriated to Debt

Redemption Reserve.

## NOTES ON REVENUE AND EXPENDITURE 1953-54.

In 1953-54, revenue (excluding self-balancing items) was estimated at £982,145,000 and expenditure at £981,930,000, leaving an estimated budget surplus of £215,000.

While actual revenue for the year exceeded the budget estimate by £34,554,000, expenditure fell short of the estimate by £21,502,000. The excess of revenue over ordinary expenditure therefore amounted to £56,271,000. This amount was transferred to the Debt Redemption Reserve. After this transfer, the Consolidated Revenue Fund was balanced in 1953-54.

## Revenue.

The main items of revenue which exceeded the budget estimates were Customs, Excise, Sales Tax and Miscellaneous Revenue.

Customs collections in 1953-54 were assisted considerably by the progressive relaxations of import controls during the year. Actual collections exceeded the budget estimate by £11,957,000. Excise collections were £4,860,000 higher than the budget estimate, the increase

being due mainly to increased local manufacture of cigarettes and increased refining of petrol in Australia.

Revenue from Sales Tax exceeded the estimate by £7,949,000. During 1953-54 there was a considerable increase in sales of goods subject to Sales Tax—particularly motor vehicles and household and electrical appliances.

Income Tax collections (including Social Services Contribution and Wool Deduction) amounted to £528,181,000. These collections fell short of the budget estimate by £4,399,000.

Miscellaneous Revenue was £9,784,000 higher than estimated in the Budget. This was due largely to the transfer to Consolidated Revenue from the War Gratuity Trust Account of a balance of £4,000,000 which was not required for war gratuity payments. Repayments of advances by the Joint Coal Board were £1,092,000 higher than estimated while payments to revenue of the net profits arising from coinage and the note issue exceeded the estimate by £957,000. Details of Miscellaneous Revenue collections in 1953-54 are included in Statement No. 3.

Sir Arthur Fadden.

**Expenditure:**

Excluding the transfer to the Debt Redemption Reserve total expenditure from Consolidated Revenue in 1953-54 amounted to £960,428,000. This was £21,502,000 less than the Budget estimate. Savings were effected in most items of expenditure but the main items which fell short of the estimates were Defence Services, payments to National Welfare Fund, Capital Works and Services, Departmental, Bounties and Subsidies and Miscellaneous Services. The only major items which exceeded the expenditure estimates were Payments to the States and War and Repatriation Services.

Expenditure on Defence Services was £10,275,000 less than the Defence vote of £200,000,000. Unexpected delays occurred during 1953-54 in the fulfilment of orders for defence equipment and supplies. An amount of £12,000,000 was therefore set aside during the year to ensure that the Defence votes in subsequent years would not be burdened unduly by commitments outstanding in 1953-54.

Expenditure on War and Repatriation Services was £4,212,000 higher than estimated. This increase was due largely to the fact that redemptions of Savings Certificates amounting to £5,292,000 were met from Consolidated Revenue instead of from Loan Fund. War Pensions also exceeded the estimate by £538,000. These increases were offset in part by lower expenditure on Reconstruction and Rehabilitation and by increased recoveries from the United Kingdom Government and other Administrations.

Payments from the National Welfare Fund were £7,487,000 less than estimated. This enabled a corresponding saving to be made in the transfer to the Fund from Consolidated Revenue. The main items falling below the estimate were Unemployment and Sickness Benefits, Medical Benefits and Age and Invalid Pensions. A reduction of £2,457,000 in respect of Unemployment and Sickness Benefits reflected the fall during the year in the numbers receiving unemployment benefits. Expenditure under the Medical Benefits Scheme was £2,066,000 less than estimated, whilst expenditure on Age and Invalid Pensions fell short of the estimate by £1,793,000.

The provision during the year for Payments to the States exceeded the Budget estimate by £5,297,000. This was due mainly to the transfer of £5,000,000 to the Commonwealth Aid Roads (Supplementary) Trust Account for use, as required, in supplementing the payments under Commonwealth Aid Roads legislation. Apart from this transfer, the normal Commonwealth Aid Roads payments in 1953-54 exceeded the estimate by £857,000. This increase was due to higher petrol tax collections than had been expected.

Departmental expenditure was £1,474,000 less than estimated. The savings were spread over a large number of Departments and reflected stability in costs and strict control over expenditure during the year.

Expenditure on Bounties and Subsidies was £1,510,000 lower than the Budget figure. The principal savings were in the tea subsidy (due to a decline in the landed cost of tea in the early part of the financial year), in the subsidy on nitrogenous fertilizers, and in the tractor bounty.

Expenditure on Miscellaneous Services fell short of the Budget estimate by £2,028,000. The main reductions were in Immigration (£1,197,000) and in International Development and Relief (£676,000).

Expenditure on Capital Works and Services was £7,468,000 less than the Budget estimate. There were reductions in respect of War Service Homes (£1,154,000), Stirling North-Leigh Creek railway (£1,254,000), construction of merchant ships in Australia (£167,000), Civil Aviation works (£419,000), Commonwealth Railways (£665,000) and Territories (£1,393,000). The only major addition to capital expenditures was the purchase for £1,000,000 of United Kingdom and New Zealand shareholdings in B.C.P.A.

**STATEMENT No. 2.—LOAN TRANSACTIONS AND PUBLIC DEBT, 1953-54.****GOVERNMENTAL BORROWING PROGRAMME  
1953-54.**

At a meeting in May, 1953, the Loan Council approved a total governmental borrowing programme of £231,000,000 for 1953-54. At that meeting the Commonwealth expressed the view that such an amount could not be raised on reasonable terms and conditions and indicated that it could not support a borrowing programme for 1953-54 greater than £200,000,000.

At the same meeting, the Commonwealth agreed to assist the States by arranging during 1953-54 for special subscriptions to Commonwealth loans up to an amount of £95,000,000 and indicated that this special assistance would be reduced below £95,000,000 to the extent that public loans and State domestic raisings exceeded £105,000,000. The amount actually provided by the Commonwealth was £74,353,000 which, with the amount of £125,647,000 from public loans and domestic raisings, made actual borrowings for the year £200,000,000. This sum has since been agreed to as the borrowing programme for 1953-54.

**PUBLIC LOAN RAISINGS 1953-54.**

The Commonwealth approached the market twice, on each occasion with a cash loan and a conversion offer. In each instance, four and one-half per cent. securities for thirteen years were offered at par. Three per cent. securities were also offered in each case, for two years at par in September-October, 1953, and for three years at £98 10s. in March, 1954.

In the new cash loans, a total amount of £85,000,000 was sought and subscriptions amounted to £118,390,000 (face value) or

£118,172,000 in terms of net cash proceeds. In addition, State domestic raising amounted to £7,475,000.

Maturing securities totalling £48,114,000 were offered for conversion of which

£43,171,000 was converted, leaving £4,943,000 to be redeemed from the National Debt Sinking Fund.

Details of public loans raisings in Australia in 1953-54 are set out in the following table:—

Loan No. and Opening Date.	New Money.		Conversions.		Interest Rate.	Issue Price.	Maturity Date.
	Amount sought.	Amount Raised (Face Value).	Amount offered.	Amount Converted (Face Value).			
Loan No. 84—23rd September, 1953	£'000.	£'000.	£'000.	£'000.	Per cent.	£	
	50,000	66,318	..	..	{ 3 4½	100 100	1955 1966
Loan No. 85—23rd September, 1953	..	..	32,926	28,974	{ 3 4½	100 100	1955 1966
Loan No. 86—9th March, 1954 ..	35,000	52,072	..	..	{ 3 4½	98½ 100	1957 1967
Loan No. 87—17th March, 1954 ..	..	..	15,188	14,197	{ 3 4½	98½ 100	1957 1967
Total .. ..	85,000	118,390	48,114	43,171	..	..	..

#### SPECIAL LOAN—JUNE, 1954.

Since public loan raisings in 1953-54 provided net cash proceeds of £118,172,000 and State domestic raisings amounted to £7,475,000—a total of £125,647,000—it was necessary for the Commonwealth to arrange special assistance amounting to £74,353,000 to meet its undertaking to assist the Loan Council pro-

gramme for 1953-54. For this purpose (and to provide finance also for advances to the three agent States for War Service Land Settlement) the Commonwealth floated a special loan of £80,000,000 in June, 1954.

The special loan was issued on the same terms as the public loan floated in March, 1954. Subscriptions came from the following sources:—

Source.	Amount Invested.	Face Value of Securities Issued.
National Debt Commission—	£	£
Investment of Australian Currency Proceeds of International Bank Loans .. .. ..	18,000,000	18,000,000
Investment of Commonwealth Trust Fund Moneys—		
General Trust Funds (Debt Redemption Reserve)(a) .. .. ..	56,010,000	56,250,000
Swiss Loan Trust Account .. .. ..	5,750,000	5,750,000
	79,760,000	80,000,000

(a) An amount of £56,271,000 (representing the excess of receipts over expenditure in the Consolidated Revenue Fund in 1953-54) was transferred to the Debt Redemption Reserve in June, 1954. Of this amount, £56,010,000 was invested in the special loan.

Finance for the approved Loan Council borrowing programme of £200,000,000 in 1953-54 was therefore provided as follows:—

	£
Public loans .. ..	118,172,000
State domestic raisings .. ..	7,475,000
	<hr/>
	125,647,000
Special loan arranged by Commonwealth .. ..	74,353,000
	<hr/>
	200,000,000

#### NATIONAL DEBT SINKING FUND.

During 1953-54 the receipts of the National Debt Sinking Fund were £68,828,000. As a balance of £23,782,000 was carried forward from the previous year, a total of £92,610,000 was available for sinking fund purposes. Of this amount £46,443,000 was used for the redemption of debt (including redemption of unconverted securities) and £18,000,000 (representing funds accruing from International Bank loans) was invested in Commonwealth securities.

## PUBLIC DEBT.

The Public Debt of Australia at the 30th June, 1954, is compared below with the Public Debt at 30th June, 1953:—

			30th June, 1953.	30th June, 1954.
Commonwealth States	..	..	£ 1,888,214,996 1,543,647,463	£ 1,917,854,641 1,088,943,070
Total Public Debt	..	..	..	3,431,862,459
				3,606,802,711

## STATEMENT No. 3.—ESTIMATES OF REVENUE 1954-55.

## ESTIMATED REVENUE 1954-55, COMPARED WITH ACTUAL REVENUE 1953-54.

	Actual Revenue 1953-54.	Estimated Revenue (before Proposals) 1954-55.	Effect of Proposals in 1954-55.	Estimated Revenue (after Proposals) 1954-55.
<i>Taxation Revenue.</i>				
1. Customs	..	£ 94,757,059	£ 96,000,000	£ 96,000,000
2. Excise	..	125,460,040	145,000,000	144,600,000
3. Sales Tax	..	95,688,559	102,000,000	92,108,000
4. Income Tax—Individuals	..	394,048,801	380,500,000	357,300,000
5. Companies	..	134,132,600	159,000,000	159,000,000
6. Pay-roll Tax	..	40,383,789	42,750,000	41,242,000
7. Land Tax	..	221,245	6,000	6,000
8. Estate Duty	..	9,824,605	10,000,000	10,000,000
9. Entertainments Tax	..	1,977,263	..	..
10. Gift Duty	..	1,385,624	1,600,000	1,600,000
Total Taxation Revenue	..	897,879,585	936,856,000	901,856,000
<i>Other Revenue.</i>				
11. Miscellaneous Revenue	..	41,490,063	31,690,000	31,690,000
12. Railways	..	3,460,640	3,858,000	3,858,000
13. Post Office	..	67,797,941	71,500,000	71,500,000
14. Broadcasting	..	3,866,641	3,943,000	3,943,000
15. Territories	..	2,195,189	2,253,000	2,253,000
Total Other Revenue	..	118,819,474	113,244,000	113,244,000
Total Revenue(a)	..	1,016,699,059	1,050,100,000	1,015,100,000

(a) Excludes self-balancing items.

## NOTES ON REVENUE ESTIMATES.

Details of the taxation proposals are given in the Budget Speech and the estimated effect of these proposals on revenue in 1954-55 is shown in the above table. The explanatory notes set out below give details of the various revenue estimates before allowing for the effect of the taxation proposals.

*Customs* (Item 1).—The estimate of £96,000,000 is £1,243,000 higher than actual receipts in 1953-54. Revenue from imported petroleum products is expected to decline sharply in 1954-55 with the establishment of further local oil refineries. Similarly, Customs collections from imported cigarettes are likely to decline because of increased cigarette manufacturing in Australia. How-

ever, the reduction in Customs collections from these sources is expected to be more than offset by Customs collections on other imports. As a result of successive relaxations in import controls, total imports in 1954-55 are expected to be higher than in 1953-54.

*Excise* (Item 2).—Excise collections in 1954-55 at existing rates are estimated at £19,540,000 higher than collections in 1953-54. The increase in Australian oil refining capacity will increase Excise collections on locally produced petrol, although there will be some loss of revenue overall because the Customs duty on imported petrol is 10d. per gallon plus Primage duty of 10 per cent. as compared with the Excise duty on locally produced petrol of 8½d. per gallon. Excise on cigarettes

and tobacco is estimated to increase substantially while collections from beer and spirits should also be somewhat higher than in 1953-54.

**Sales Tax (Item 3).**—Despite the full year effect of the Sales Tax concessions made in the 1953-54 Budget, it is estimated that at existing rates of tax, Sales Tax collections would increase by £6,311,000 due to an increase in sales of goods subject to Sales Tax.

**Income Tax—Individuals (Item 4).**—At existing rates of taxation it is estimated that collections from income tax on individuals would be £13,549,000 less than in 1953-54. This is primarily due to the fact that the tax reductions made in the 1953-54 Budget will apply for a full year in 1954-55. Some increase is expected in total wage and salary earnings in 1954-55 and consequently P.A.Y.E. instalment collections should be higher. This increase, however, will be offset to some extent by an increase in refunds during 1954-55 of instalment deductions made last year. Collections in 1954-55 from taxpayers other than wage and salary earners will be determined largely by the level of the incomes of these taxpayers in 1953-54. In that year there was a fall in the incomes of some groups of primary producers. Although this fall was more than balanced by increases in other incomes the overall net increase in incomes is not likely to be sufficient to offset entirely the

effect of the tax reductions granted in 1953-54. Some fall is therefore expected in the total tax assessed on 1953-54 incomes as compared with that assessed on 1952-53 incomes.

**Income Tax—Companies (Item 5).**—The estimated increase in revenue of £24,867,000 in 1954-55 allows for a substantial increase in company incomes in 1953-54—the income year upon which assessments for the current financial year will be based.

**Pay-roll Tax (Item 6).**—On the existing basis of Pay-roll Tax, receipts are estimated at £42,750,000 in 1954-55 or £2,366,000 more than last year. This is because some increase is expected in total wage and salary earnings in 1954-55.

**Other Taxes (Items 7 to 10).**—The Commonwealth vacated the field of Land Tax as from 1st July, 1952, and the field of Entertainments Tax as from 1st October, 1953. The only Land Tax collected during 1954-55 will be a small amount of arrears and no further collections from Entertainments Tax are expected. Collections from Estate Duty and Gift Duty are expected to increase slightly as a result of increases in the number and value of estates and gifts.

**Miscellaneous Revenue (Item 11).**—The main items are as follows:—

		1953-54 Actual.	1954-55 Estimate.
Coinage .. .. .. .. .. ..	£'000.	£'000.	
Defence(a) .. .. .. .. ..	750	600	
Civil Aviation(b) .. .. .. .. ..	2,809	2,833	
Attorney-General(c) .. .. .. .. ..	4,313	4,112	
Health .. .. .. .. ..	322	340	
Shipping and Transport .. .. .. .. ..	81	54	
Profit from Note Issue .. .. .. .. ..	391	279	
Jute and Jute Products—Sale of Stocks .. .. .. .. ..	5,707	5,300	
Interest—			
War Service Homes .. .. .. .. ..	1,541	830	
General Trust Funds(d) .. .. .. .. ..	4,041	5,000	
Other(e) .. .. .. .. ..	3,982	6,125	
Other(f) .. .. .. .. ..	774	888	
R repayments—			
Joint Coal Board .. .. .. .. ..	3,342	1,800	
Australian Shipping Board .. .. .. .. ..	4,000	..	
Agricultural Re-establishment Loans .. .. .. .. ..	774	467	
Transfer from War Gratuity Trust Account .. .. .. .. ..	4,000	..	
Rents .. .. .. .. ..	1,046	1,062	
Sales of Property and Material .. .. .. .. ..	1,846	..	
Other (f) .. .. .. .. ..	1,780	2,000	
<b>Total Miscellaneous Revenue</b> .. .. .. .. ..	<b>41,499</b>	<b>31,690</b>	

(a) Defence—mainly receipts from disposals, rents, charges, &c. (b) Civil Aviation—includes recoveries from Postmaster-General's Department for conveyance of mails and receipts from route charges. (c) Attorney-General—mainly receipts from patents, trade marks, &c. (d) Interest—General Trust Funds—the increased receipts in 1954-55 are due to increased investment of General Trust Funds (including the Debt Redemption Reserve) in Commonwealth funded Securities. (e) Other Interest is in respect of advances made to Joint Coal Board, War Service Land Settlement Loans, Snowy Mountains Hydro-electric Authority, Agricultural Re-establishment loans, &c. (f) Other Miscellaneous Revenue includes repayments of sundry advances, commissions, fees and fines.

**Railways (Item 12).**—Revenue in 1954-55 is estimated to be £397,000 greater than in 1953-54 due mainly to increased revenue from the carriage of coal from Leigh Creek and

also to increased traffic on the Trans-Australian Railway.

**Post Office (Item 13).**—The increase of £3,702,000 in estimated revenue for 1954-55

Sir Arthur Fadden.

allows for increased postal and telephone traffic.

*Broadcasting (Item 14).*—Revenue in 1954-55 is expected to show a small increase due to an increase in the number of wireless licenses issued.

*Territories (Item 15).*—The estimated increase of £58,000 in Territories revenue reflects the expansion of various services to meet the growth in population in the Australian Capital Territory and the Northern Territory.

#### STATEMENT NO. 4.—ESTIMATES OF EXPENDITURE, 1954-55.

ESTIMATED EXPENDITURE 1954-55, COMPARED WITH ACTUAL EXPENDITURE 1953-54.

		Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. - Decrease.
		£	£	£
1. Defence Services	..	189,725,012	200,000,000	+ 10,274,988
2. War and Repatriation Services	..	120,232,780	117,982,000	- 2,250,780
3. Payments to National Welfare Fund	..	176,564,604	193,372,000	+ 16,807,396
4. Other Statutory Payments	..	9,142,633	10,205,000	+ 1,062,367
5. Departmental	..	47,227,883	49,173,000	+ 1,945,117
6. Bounties and Subsidies	..	21,320,138	20,500,000	- 820,138
7. Miscellaneous Services	..	15,689,370	22,199,000	+ 6,509,630
8. Business Undertakings(a)—				
Railways..	..	4,137,329	3,959,000	- 178,329
Post Office	..	72,245,666	75,649,000	+ 3,405,334
Broadcasting	..	4,684,381	4,833,000	+ 148,619
9. Territories(a)	..	11,132,608	13,679,000	+ 2,546,392
10. Payments to or for the States	..	194,247,907	198,665,000	+ 4,417,093
11. Capital Works and Services	..	94,079,784	104,633,000	+ 10,553,216
Total Expenditure(b)	..	960,428,095	1,014,849,000	+ 54,420,905

(a) Excludes Capital Works and Services.

(b) Excludes self-balancing items.

Details of the estimates of expenditure in 1954-55 are given in the notes on each item set out below.

#### ITEM NO. 1.—DEFENCE SERVICES.

Estimated Expenditure 1954-55, Compared with Actual Expenditure 1953-54.

		Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. - Decrease.
		£	£	£
Defence	..	633,893	715,000	+ 81,107
Navy ..	..	44,960,859	48,165,000	+ 3,204,141
Army ..	..	64,340,816	72,185,000	+ 7,844,184
Air ..	..	48,738,763	57,406,000	+ 8,667,237
Supply ..	..	11,785,189	14,960,000	+ 3,174,811
Defence Production	..	7,265,492	6,479,000	- 786,492
Civil Defence ..	..	..	90,000	+ 90,000(a)
Defence Equipment and Supplies	..	12,000,000	..	- 12,000,000
		189,725,012	200,000,000	+10,274,988

(a) Previously provided under the votes of the Department of the Interior.

The Defence vote of £200,000,000 for 1954-55 provides for continuance of National Service Training at the present rates of intake and for the maintenance of, and equipment for, the Navy, Army and Air Force in accordance with the objectives of the revised Defence Programme. It provides also for the maintenance of the forces in Korea and Japan on the basis

of the present establishment and for continued R.A.A.F. participation in R.A.F. activities in Malaya and the Middle East.

The Defence vote also includes provision for a programme of defence research and development, including an increase in the previous provision for guided weapons trials at Woomera.

**Navy.**—Although some overall reduction in the Navy is planned in order to provide a balanced defence programme, commitments carried forward from 1953-54 necessitate an increased financial provision of £3,204,000 over the expenditure of £44,961,000 incurred in 1953-54. The main increases are in respect of ships' expenses £1,912,000, naval construction £755,000, aircraft £350,000, and new works £525,000.

**Army.**—The provision for the Army is £7,844,000 greater than in 1953-54. The provision for pay of the Army forces is £1,017,000 less than was expended last year whilst expenditure connected with the maintenance of the forces in Korea and Japan is expected to show a reduction of £4,690,000. The main increases in expenditure are £10,543,000 for arms, armament and equipment and £1,180,000 for buildings and works.

**Air.**—The estimated increase of £8,667,000 in expenditure by the Department of Air is chiefly on account of purchases of equipment

and stores (increase of £6,724,000), procurement of aircraft (increase of £411,000) and repair and overhaul of aircraft and other equipment (increase of £982,000).

**Supply.**—The estimated increase of £3,175,000 in expenditure by the Department of Supply is almost wholly related to defence research and development including the Long Range Weapons Project.

**Defence Production.**—The reduction in the provision for Defence Production is due to the absorption of overhead costs of Government factories into Service orders. In previous years provision was made in the votes of the Department of Defence Production for excess overhead costs but in future the full amount of overhead applicable to production orders from the Service and Supply Departments will be borne by the votes of those Departments.

**Civil Defence.**—Expenditure under this heading was previously provided for under the votes of the Department of the Interior.

#### ITEM NO. 2.—WAR AND REPATRIATION SERVICES.

*Estimated Expenditure 1954-55, Compared with Actual Expenditure 1953-54.*

		Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. — Decrease.
Interest and Sinking Fund	..	£ 58,386,841	£ 58,050,000	— 336,841
War Pensions	..	39,425,344	42,130,000	+ 2,704,656
Repatriation—				
Administrative	..	2,896,261	2,904,000	+ 7,739
Benefits	..	10,662,356	11,002,000	+ 339,644
Rent, Maintenance, &c.	..	670,748	705,000	+ 34,252
War Service Homes—Administrative	..	684,530	812,000	+ 127,470
Reconstruction and Rehabilitation	..	1,923,762	2,506,000	+ 582,238
Redemption of Savings Certificates	..	5,291,669	..	— 5,291,669
Miscellaneous	..	1,211,933	873,000	— 338,933
<i>Less Credits—Other Administrations</i>	..	121,153,444	118,982,000	— 2,171,444
		920,664	1,000,000	— 79,336
<b>Net War and Repatriation Services</b>	..	<b>120,232,780</b>	<b>117,982,000</b>	<b>— 2,250,780</b>

**Interest and Sinking Fund.**—The amount of £58,050,000 provided for Interest and Sinking Fund relates only to Commonwealth war debt. Total debt charges on Commonwealth war and civil debt are estimated at £68,682,000 in 1954-55 as compared with £68,843,000 in 1953-54.

**War Pensions.**—The estimate of £42,130,000 for 1954-55 allows for an increase in the number of pensioners and for the full year effect of the increased rates which operated from November, 1953. It also provides for proposed pension increases estimated to cost £1,395,000 in 1954-55 and £1,880,000 in a full year.

**Repatriation Benefits.**—The estimated increase in expenditure of £340,000 is due

Sir Arthur Fadden.

mainly to the full year effect of increases in allowances which operated from November, 1953, an increase in the number of persons receiving allowances and an expected fall in recoveries from other authorities.

**War Service Homes.**—An expected increase in 1954-55 in the volume of transactions to be handled will require additional staff and will result in an increase in general office expenses.

**Reconstruction and Rehabilitation.**—Of the estimated increase of £582,000 in this item in 1954-55, £443,000 relates to expenditure on war service land settlement. This is due mainly to further writing off of excess costs of holdings acquired and developed in earlier years under the scheme. An increase of £206,000 is also expected in expenditure under the Recon-

struction Training Scheme as ex-servicemen from Korea and Malaya take up technical training.

*Redemption of Savings Certificates.*—Expenditure on this item in 1954-55 (estimated at £5,000,000) is being charged to Loan Fund.

*Miscellaneous.*—The fall in expenditure on this item is mainly due to reduced expenditure on the demolition of war-time installations for the protection of bulk oil storage facilities.

*Credits—Other Administrations.*—This item shows the net effect of expenditure and recoveries on account of munitions and stores supplied to the United Kingdom Government and other overseas Administrations including the Korean Pool. It is expected that

recoveries in 1954-55 will exceed expenditure by £1,000,000.

#### ITEM NO. 3.—PAYMENTS TO NATIONAL WELFARE FUND.

The National Welfare Fund Act 1952 provides that the payment from Consolidated Revenue to the National Welfare Fund each year should be equal to the actual expenditure from the Fund in that year. Expenditure from the Fund was £170,565,000 in 1953-54 and is estimated at £193,372,000 in 1954-55. An explanation of the estimated increase of £16,807,000 in expenditure from the Fund in 1954-55 is given in Statement No. 5—National Welfare Fund Estimates 1954-55.

#### ITEM NO. 4.—OTHER STATUTORY PAYMENTS.

*Estimated Expenditure 1954-55, Compared with Actual Expenditure 1953-54.*

—	Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. - Decrease.
Salaries and Allowances—Statutory Offices ..	£ 645,517	£ 651,000	+ 5,483
Public Service Pensions and Retiring Allowances ..	1,519,586	1,739,000	+ 219,414
Public Debt Charges .. .. ..	6,074,293	6,990,000	+ 915,707
Wool Research .. .. ..	386,060	385,000	- 1,060
Australian National University .. .. ..	325,000	325,000	..
International Monetary Fund Charges .. .. ..	191,355	114,000	- 77,355
Colonial Light Dues .. .. ..	822	1,000	+ 178
<b>Total Other Statutory Payments .. ..</b>	<b>9,142,633</b>	<b>10,205,000</b>	<b>+ 1,062,367</b>

*Public Service Pensions and Retiring Allowances.*—This item covers Government contributions for superannuation (other than for Business Undertakings), defence forces retirement benefits, Parliamentary retiring allowances and other pensions. The estimated increase of £219,000 in Government contributions in 1954-55 reflects the higher rates of superannuation and defence forces retirement benefits which operated from January, 1954, and the increased number of persons drawing superannuation or retiring allowances.

*Public Debt Charges.*—Included under this item are debt charges on Commonwealth works debt (other than for Business Undertakings and Territories) and on dollar borrowings from the International Bank. Debt charges on the International Bank loans are estimated at £3,330,000 in 1954-55 as compared with £2,387,000 in 1953-54. Provision is also made in 1954-55 for debt charges estimated at £250,000 on the loan of approximately 60,000,000 Swiss francs raised in Switzerland in November, 1953.

*Wool Research.*—For each bale of wool on which Wool Tax is paid, an amount of 2s. per bale is appropriated from Consolidated Revenue to the Wool Research Trust Account

for the purpose of wool research. The receipts from the Wool Tax itself, and the payment of the proceeds to the Australian Wool Bureau for wool use promotion, are shown under Part V. of the Estimates—Self-balancing Items.

*Australian National University.*—The Australian National University Act provides for the payment of £325,000 per year to the University to meet running expenses. In addition to this amount, £325,000 was provided as a separate appropriation in 1953-54 compared with an amount of £423,000 which is being provided separately in 1954-55.

*International Monetary Fund Charges.*—Australia has made two drawings totalling £50,000,000 on the International Monetary Fund. A repayment of \$12,000,000 was made in December, 1953, and two further repayments (each of \$6,000,000) were made in March and June, 1954. The dollars drawn from the Fund were received by the Commonwealth Bank and the Bank therefore arranged for these repayments without drawing on Commonwealth funds. Some of the charges on the drawings, however, are payable by the Commonwealth Government. It is estimated that the charges payable in 1954-55 will decline by £77,000 because of the reduction in the amount of drawings outstanding.

## ITEM NO. 5.—DEPARTMENTAL EXPENDITURE.

Estimated Expenditure 1954-55, Compared with Actual Expenditure 1953-54.

		Actual Expenditure. 1953-54.	Estimated Expenditure 1954-55.	+ Increase. — Decrease.
Parliament	..	689,427	743,000	+ 53,573
Prime Minister's	..	2,043,843	2,164,000	+ 120,157
External Affairs	..	1,698,618	1,714,000	+ 15,382
Treasury	..	7,778,434	7,911,000	+ 132,566
Attorney-General's	..	1,337,868	1,407,000	+ 69,132
Interior	..	3,275,946	3,513,000	+ 237,054
Works	..	2,693,108	2,503,000	- 190,108
Civil Aviation	..	10,557,689	11,082,000	+ 524,311
Trade and Customs	..	3,367,259	3,457,000	+ 89,741
Health	..	1,113,874	1,252,000	+ 138,126
Commerce and Agriculture	..	1,620,756	1,678,000	+ 48,244
Social Services	..	2,356,758	2,439,000	+ 82,242
Shipping and Transport	..	1,031,060	946,000	- 85,060
Territories	..	153,503	165,000	+ 11,497
Immigration	..	1,187,346	1,296,000	+ 108,654
Labour and National Service	..	1,716,944	1,776,000	+ 59,056
National Development	..	809,679	822,000	+ 12,321
Commonwealth Scientific and Industrial Research Organization	..	3,533,934	3,800,000	+ 266,066
Australian Atomic Energy Commission	..	252,837	505,000	+ 252,163
Total Departmental	..	47,227,883	49,173,000	+ 1,945,117

The greater part of the increase of £1,945,000 in Departmental expenditure is due to some expansion of the research and technical services of Authorities such as the Commonwealth Scientific and Industrial Research Organisation and Atomic Energy Commission and of branches of Departments such as Civil Aviation and Interior.

Comments on the main variations expected in Departmental expenditure in 1954-55 are—

*Prime Minister's Department*.—Increase of £120,000. The increase is due mainly to the inclusion of expenditure on Vice-Regal and other official establishments in this vote in 1954-55 instead of in the votes of the Departments of Interior and Works.

*Treasury*.—Increase of £133,000. The estimate provides for normal increments in salaries and for some increase in the staff of the Taxation Branch to cope with an increased volume of work.

*Interior*.—Increase of £237,000. The main increases relate to expenditure on meteorological instruments and apparatus (£83,000), rent of buildings (£36,000), aerial photography (£35,000) and film production (£18,000).

*Works*.—Decrease of £190,000. Administrative expenses and expenditure on repairs and maintenance are expected to increase by £123,000 and £145,000 respectively. These increases will be more than offset by an increase

*Sir Arthur Fadden*.

of £469,000 in the transfer of administrative costs to works votes.

*Civil Aviation*.—Increase of £524,000. This estimate provides for the maintenance and operation of expanded civil aviation facilities.

*Health*.—Increase of £138,000. Further development of the National Health Scheme is expected to cause an increase in administrative expenditure in 1954-55.

*Social Services*.—Increase of £82,000. Some increase in administrative expenditures is expected in 1954-55 as a result of the increasing number of pensioners and other beneficiaries.

*Shipping and Transport*.—Decrease of £85,000. Expenditure relating to ship construction, which amounted to £75,000 in 1953-54, is now being provided from Capital Works and Services. A reduction of £30,000 in the cost of operating lighthouse steamers is anticipated.

*Immigration*.—Increase of £109,000. The increased intake of migrants during 1954-55 will increase administrative expenses.

*Commonwealth Scientific and Industrial Research Organisation*.—Increase of £266,000. This estimate makes provision for an expanded programme of investigations which will require additional staff.

*Atomic Energy Commission*.—Increase of £252,000. This allows for an expansion in the research, exploration and development activities of the Commission.

**ITEM NO. 6.—BOUNTIES AND SUBSIDIES.**  
*Estimated Expenditure 1954-55, Compared with Actual Expenditure 1953-54.*

		Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. - Decrease.
Special Appropriations—		£	£	£
Cotton Bounty .. ..	17,651	50,000	+ 32,349	
Tractor Bounty .. ..	145,141	200,000	+ 54,859	
Wheat Bounty—Stock Feed .. ..	1,009,764	..	- 1,009,764	
Total Special Appropriations .. ..	1,172,556	250,000	- 922,556	
Annual Votes—				
Dairy Products Bounty .. ..	15,399,879	15,600,000	+ 200,121	
Tea subsidy .. ..	4,180,075	4,500,000	+ 319,925	
Coal subsidy .. ..	200,023	150,000	- 50,023	
Nitrogenous Fertilizers Subsidy .. ..	175,147	..	- 175,147	
Wheat Shipped to Tasmania—Freight Subsidy .. ..	192,458	..	- 192,458	
Total Annual Votes .. ..	20,147,582	20,250,000	+ 102,418	
Total Bounties and Subsidies .. ..	21,320,138	20,500,000	- 820,138	

**Cotton Bounty.**—The Cotton Bounty Act 1951-1952 provides for payment of a bounty on seed cotton delivered by growers to processors before 31st December, 1955. The present rate of bounty is designed to give growers an average return of 14d. per lb. It is estimated that bounty payments in 1954-55 will amount to £50,000.

**Tractor Bounty.**—Under the Tractor Bounty Act 1939-1953, bounties are payable on tractors produced and sold for use in Australia up to 24th October, 1955. The rates of bounty, which were increased by 150 per cent. by the amending act of 1953, vary between £80 and £240 per tractor according to horse-power. A provision of £200,000 is required to meet anticipated expenditure on this bounty in 1954-55.

**Wheat Bounty.**—The Wheat Bounty Act 1951 provided for the payment of a bounty on wheat sold for stock feed purposes during the two-year period which expired on 30th November, 1953. The expenditure of £1,010,000 in 1953-54 represented the balance of the bounty payable under the Act.

**Dairy Products Bounty.**—A provision of £15,600,000 is required in 1954-55 to maintain a guaranteed return of 4s. 1.29d. per lb. commercial butter basis to dairy farmers in accordance with the provisions of the Dairying Industry Act 1952. No increase in the ex-factory prices of butter and cheese is involved.

**Tea Subsidy.**—It has been decided to provide £4,500,000 for tea subsidy in 1954-55 as compared with £4,180,000 in 1953-54.

**Coal Subsidy.**—The Commonwealth gave an undertaking early in 1951 to subsidize deliveries of Callide coal to Victoria down to the cost of New South Wales coal of equivalent quality. The undertaking covers deliveries of up to 600,000 tons of coal. By 30th June, 1954, approximately 460,000 tons had been delivered, leaving a balance of 140,000 tons. Of the balance, it is expected that 120,000 tons, involving a subsidy of £150,000, will be delivered in 1954-55.

**Nitrogenous Fertilizer Subsidy.**—Sales of nitrogenous fertilizers have been subsidized by meeting the losses incurred by the pool through which supplies are sold to distributors. It is expected that, if present selling arrangements are maintained during 1954-55, sales from the pool will not need to be subsidized.

**Wheat Shipped to Tasmania.**—For a period up to 30th November, 1953, the Commonwealth subsidized the cost of freight on wheat shipped to Tasmania. Since that date, however, the subsidy has been financed by a small levy (at present 1d. per bushel) on the home-consumption price of wheat in accordance with the Wheat Marketing Acts of the Commonwealth and the States. No provision for this subsidy is therefore necessary in the 1954-55 budget.

**ITEM NO. 7.—MISCELLANEOUS SERVICES.**

Expenditure on Miscellaneous Services is estimated at £22,199,000 which is £6,510,000 more than actual expenditure in 1953-54. The major items are shown in the following table:—

		Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. - Decrease.
Prime Minister's Department .. ..	2,546,337	2,202,000	- 344,337	
Department of Immigration .. ..	5,604,482	7,769,000	+ 2,164,518	
Department of Social Services .. ..	115,774	1,625,000	+ 1,509,226	
International Development and Relief .. ..	3,573,686	5,500,000	+ 1,926,314	
Other .. ..	3,849,091	5,103,000	+ 1,253,909	
<b>Total</b> .. ..	<b>15,689,370</b>	<b>22,199,000</b>	<b>+ 6,509,630</b>	

*Prime Minister's Department.*—Expenditure by the Prime Minister's Department in 1953-54 included £526,000 spent during the year on the Royal Visit. In 1954-55 an amount of £200,000 has been provided as part of the Commonwealth contribution to the 1956 Olympic Games.

*Department of Immigration.*—The estimated increase in expenditure under the Miscellaneous Services vote of the Department of Immigration reflects the prospective rise in the rate of intake of migrants during 1954-55. Expenditure on assisted migration is expected to increase by £2,282,000.

*Department of Social Services.*—A provision (of £1,500,000) has been made for the first time for assistance to approved organizations building homes for the aged.

*International Development and Relief.*—The increase of £1,926,000 for International

Development and Relief in 1954-55 is chiefly to meet increased commitments resulting from Australia's participation in the Colombo Plan. Provision has again been made for Australia's contributions to United Nations agencies such as the Children's Fund, and to relief programmes in Korea and Palestine.

*Other Expenditure.*—This includes provision for expenditure in 1954-55 of £850,000 for the Commonwealth census compared with £93,000 spent in 1953-54. Expenditure on the eradication of cattle tick in New South Wales is estimated to increase by £197,000. An amount of £800,000 has been provided for subsidizing the carriage of Leigh Creek coal. In 1953-54 this was provided in the votes of Commonwealth Railways. A reduction of £355,000 in expenditure in connexion with the Joint Coal Board is expected.

#### ITEM No. 8.—BUSINESS UNDERTAKINGS.

		Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. - Decrease.
Railways	..	£ 4,137,329	£ 3,950,000	- 178,329
Post Office	..	72,243,866	75,649,000	+ 3,405,334
Broadcasting	..	4,684,381	4,833,000	+ 148,619
Total	..	81,065,376	84,441,000	+ 3,375,624

*Railways.*—Increased expenditure on salaries and wages (£286,000) and stores and materials (£151,000) is expected to be necessary in 1954-55 to meet a greater volume of traffic. These prospective increases in expenditure will be more than balanced by a decrease of £590,000 resulting from the transfer from Commonwealth Railways votes of the cost of certain freight and fare concessions.

*Post Office.*—Total Post Office expenditure is expected to increase by £3,405,000 in 1954-55. Wage and salary payments are estimated to be £2,200,000 greater than last year mainly because some increase in staff will be necessary to cope with increased business and with the maintenance of additional technical equipment. The provision for stores and materials is

£1,240,000 higher, in part due to increased deliveries of goods and some increased expenditure on motor vehicles. Because of higher contract prices, the additional cost in 1954-55 of the carriage of mails is estimated at £200,000. General expenses show a rise of £509,000 mainly because of increased vehicle and plant units to be maintained, and higher printing costs. The provision for interest and sinking fund is £743,000 below last year's expenditure because the statutory period for sinking fund contributions on some early loans has now expired.

*Broadcasting.*—The estimated increase of £149,000 is due mainly to salary adjustments and to the cost of servicing additional stations in country areas.

#### ITEM No. 9.—TERRITORIES.

		Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. - Decrease.
Public Debt Charges	..	£ 358,514	£ 360,000	+ 1,486
Northern Territory	..	2,522,051	2,962,000	+ 439,949
Australian Capital Territory	..	2,381,612	2,596,000	+ 214,388
Norfolk Island	..	58,286	20,400	- 37,886
Papua and New Guinea	..	5,812,145	7,740,800	+ 1,928,455
Total	..	11,132,608	13,679,000	+ 2,546,392

*Northern Territory and Australian Capital Territory.*—This expenditure relates to health, education and other general services in the Northern Territory and in the Australian Capital Territory. The increase in expenditure for the Northern Territory is principally in respect of salaries and wages, aboriginal welfare and educational services. Increased provision for electricity supply and educational services is included in the estimated increase of £214,000 in expenditure in the Australian Capital Territory.

*Norfolk Island.*—This expenditure represents a grant towards the expenses of the Adminis-

tration of Norfolk Island. Expenditure in 1953-54 included a special grant of £38,000 for repairs and reconstruction of government buildings, roads, bridges and a jetty.

*Papua and New Guinea.*—Practically the whole of this expenditure takes the form of a grant by the Commonwealth to the Administration of the Territory of Papua and New Guinea to meet the deficiency between local revenue and expenditure in the Territory. The increase in the grant is largely attributable to an expanded capital works programme and extended health and educational services.

ITEM NO. 10.—COMMONWEALTH PAYMENTS TO OR FOR THE STATES.

*Estimated Expenditure 1954-55, Compared with Actual Expenditure 1953-54.*

—	Actual Payments 1953-54.	Estimated Payments 1954-55.	+ Increase. - Decrease.
Tax Reimbursement Grant .. ..	£ 120,415,145	£ 130,500,000	+ 10,084,855
Special Financial Assistance Grant .. ..	21,914,874	19,500,000	- 2,414,874
Special Grants .. ..	15,400,000	12,300,000	- 3,100,000
<b>Payments under Financial Agreement—</b>			
Interest .. ..	7,584,912	7,584,912	..
Sinking Fund .. ..	3,462,569	3,859,088	+ 396,519
<b>Commonwealth Aid Roads—</b>			
Allocations under Roads Legislation .. ..	17,057,016	22,000,000	+ 4,942,984
Transfer to Trust Account .. ..	5,000,000	..	- 5,000,000
Price Control Reimbursement Grant .. ..	83,609	..	- 83,609
Western Australian Waterworks Grant .. ..	333,047	450,000	+ 116,953
Encouragement of Meat Production .. ..	413,011	366,000	- 47,011
Coal-mining Industry—Long Service Leave .. ..	578,903	575,000	- 3,903
States Grants—Imported Houses .. ..	615,400	90,000	- 525,400
Financial Assistance for Universities .. ..	1,389,421	1,420,000	+ 30,579
Port Pirie Railway .. ..	..	20,000	+ 20,000
<b>Total Payments to or for the States ..</b>	<b>194,247,907</b>	<b>198,665,000</b>	<b>+ 4,417,093</b>

*Tax Reimbursement Grant Determined under Formula.*—Following the decision to continue uniform taxation of incomes after the war, provision was made in the States Grants (Tax Reimbursement) Act 1946, for payment of tax reimbursement grants to States which did not levy income taxation. Legislation was passed in 1947 and in 1948 amending the basis for determining the aggregate grant. Under the States Grants (Tax Reimbursement) Act 1946-48 the aggregate grant was fixed at £40,000,000 in 1946-47 and £45,000,000 in 1947-48, whilst in respect of subsequent years the Act provides for the aggregate grant

of £45,000,000 to be varied in accordance with a formula which takes account of—

(a) Variations in the States' population since 1st July, 1947; and

(b) The percentage increase (if any) in the level of average wages per person employed over the level in 1945-46.

The amount payable to the States in 1953-54 in accordance with this formula was £120,507,000 whilst it is estimated that the amount payable under the formula in 1954-55 will be £130,500,000.

The estimated grants payable to individual States in 1954-55 are compared below with the grants in the seven previous years:—

—	1947-48.	1948-49.	1949-50.	1950-51.	1951-52.	1952-53.	1953-54.	1954-55 (Estimate).
New South Wales ..	£'000. 18,537	£'000. 22,022	£'000. 25,490	£'000. 28,539	£'000. 34,827	£'000. 43,491	£'000. 47,766	£'000. 51,387
Victoria ..	9,967	12,098	14,304	16,338	20,376	26,085	29,378	32,297
Queensland ..	7,426	8,832	10,231	11,465	13,994	17,491	19,279	20,768
South Australia ..	3,890	4,630	5,370	6,040	7,410	9,343	10,388	11,244
Western Australia ..	3,807	4,495	5,172	5,767	7,010	8,744	9,630	10,329
Tasmania ..	1,373	1,667	1,970	2,249	2,806	3,601	4,066	4,475
<b>Total ..</b>	<b>45,000</b>	<b>53,744</b>	<b>62,537</b>	<b>70,398</b>	<b>86,423</b>	<b>108,755</b>	<b>120,507</b>	<b>130,500</b>

The tax reimbursement grants paid annually to each State are reduced by the amount of arrears of State income taxation which may be received in that year by the State. In 1953-54 these arrears amounted to £92,000.

*Special Financial Assistance Grant.*—In each year since 1949-50, payments have been made by the Commonwealth to supplement the grants determined under the tax reimbursement formula. These payments are set out below together with the estimated payments for 1954-55:—

				Formula Grant.	Supplementary Payments.	Total.
1949-50	..	..	..	£'000. 62,537	£'000. 8,000	£'000. 70,537
1950-51	..	..	..	70,398	20,000	90,398
1951-52	..	..	..	86,423	33,577	120,000
1952-53	..	..	..	108,755	27,145	135,900
1953-54	..	..	..	120,507	21,915	142,422
1954-55 (Estimate)	..	..	..	130,500	19,500	150,000

At a Premiers' Conference held at the end of June, 1954, the Premiers were informed that the Commonwealth would be prepared to make a supplementary grant sufficient to bring the total payment for 1954-55 to £150,000,000. As the amount payable under the tax reimbursement formula in 1954-55 is estimated at £130,500,000 this offer involved a special finan-

cial assistance grant of approximately £19,500,000.

It was agreed at the Premiers' Conference that this amount of approximately £19,500,000 should be distributed among the States in the same way as the tax reimbursement grant payable in 1954-55. Details of the payments are shown in the table below:—

*Tax Reimbursement and Supplementary Grants 1949-50 to 1954-55.*

	1949-50.	1950-51.	1951-52.	1952-53.	1953-54.	1954-55 (Estimate).		
						Formula Grant.	Special Financial Assistance Grant.	Total.
New South Wales	£'000. 28,751	£'000. 36,816	£'000. 47,900	£'000. 53,986	£'000. 56,285	£'000. 51,387	£'000. 7,679	£'000. 59,066
Victoria	.. 16,134	.. 22,248	.. 29,500	.. 33,216	.. 35,000	.. 32,297	.. 4,826	.. 37,123
Queensland	.. 11,540	.. 14,279	.. 19,000	.. 21,712	.. 22,717	.. 20,768	.. 3,103	.. 23,871
South Australia	.. 6,057	.. 7,289	.. 10,200	.. 11,597	.. 12,241	.. 11,244	.. 1,680	.. 12,924
Western Australia	.. 5,833	.. 7,177	.. 9,400	.. 10,854	.. 11,347	.. 10,329	.. 1,543	.. 11,872
Tasmania	.. 2,222	.. 2,609	.. 4,000	.. 4,535	.. 4,832	.. 4,475	.. 669	.. 5,144
	(a) 70,537	(b) 90,398	(c) 120,000	d 135,900	e 142,422	f 130,500	g 19,500	h 150,000

(a) Included Coal Strike Emergency Grant of £8,000,000. (b) Included Additional Tax Reimbursement Grant of £5,000,000 and Special Financial Assistance Grant of £15,000,000. (c) Included Special Financial Assistance Grant of £33,577,000. (d) Included Special Financial Assistance Grant of £27,145,000. (e) Included Special Financial Assistance Grant of £21,915,000.

*Special Grants.*—Special grants have been paid annually by the Commonwealth to Western Australia since 1910, to Tasmania since 1912, and to South Australia since 1929. Since the establishment of the Commonwealth Grants Commission in 1933, the special grants paid each year to these States have been the subject of recommendations by the Commission.

The special grants recommended by the Commission for payment in 1954-55 to South Australia, Western Australia and Tasmania amount to £12,300,000 as compared with £15,400,000 in 1953-54.

*Payments under Financial Agreement.*—Under the Financial Agreement, which was entered into between the Commonwealth and the States in 1927, the Commonwealth agreed

Sir Arthur Fadden.

to contribute certain amounts towards meeting the interest and sinking fund payments in respect of the States' debts.

The Agreement provides that the Commonwealth will in each year during the period of 58 years commencing on 1st July, 1927, contribute a fixed amount of £7,584,912 towards the interest payable on the States' debts.

The sinking fund contributions made by the Commonwealth in respect of the States' debts vary according to the nature of the borrowings. The Commonwealth contributions in respect of sinking fund on States' debts are paid direct to the National Debt Sinking Fund. In 1953-54 these contributions amounted to £3,463,000 whilst the contributions in 1954-55 are estimated at £3,859,000.

*Commonwealth Aid Roads.*—In 1953-54 the allocations under the Commonwealth Aid Roads Act 1950 amounted to £17,057,000—equivalent to the collections during the year of 6d. per gallon Customs Duty on imported petrol and 3½d. per gallon Excise Duty on locally refined petrol. Provision was also made in Additional Estimates for the transfer during 1953-54 of £5,000,000 to the Commonwealth Aid Roads (Supplementary) Trust Account for use, as required, in supplementing the payments under Commonwealth Aid Roads legislation.

It is proposed to introduce new legislation shortly to increase the allocation to roads from the petrol tax to 7d. per gallon of both Customs and Excise duties collected on petrol. As a result, the allocations for Commonwealth Aid Roads purposes in 1954-55 are expected

to amount to about £24,000,000 or £6,943,000 more than in 1953-54. Pending the passage of the new legislation, portion of the balance in the Commonwealth Aid Roads (Supplementary) Trust Account is being used in the early months of 1954-55 to ensure that the States receive as from 1st July, 1954, the benefit of the increased payments proposed in the new legislation. It is estimated that the payments from this Trust Account in 1954-55 will amount to about £2,000,000 and that about £22,000,000 will be provided from Consolidated Revenue.

The Commonwealth Aid Roads payments received by each State in recent years are compared below with the estimated allocations for 1954-55:—

	1949-50.	1950-51.	1951-52.	1952-53.	1953-54.	1954-55 (Estimate).
New South Wales .. .	£'000.	£'000.	£'000.	£'000.	£'000.	£'000.
Victoria .. .	2,496	3,614	4,174	4,207	4,685	6,614
Queensland .. .	1,540	2,231	2,575	2,596	2,892	4,020
South Australia .. .	1,700	2,460	2,842	2,865	3,191	4,435
Western Australia .. .	974	1,409	1,628	1,641	1,828	2,541
Tasmania .. .	1,700	2,460	2,842	2,865	3,191	4,435
	442	642	739	746	831	1,155
Total Payments to States Strategic Roads, Road Safety, &c.	8,852 628	12,816 575	14,800 626	14,920 702	16,618 649	23,100 900
Total Payments .. .	9,480	13,391	15,426	15,622	17,267	24,000

**NOTE.**—The petrol tax collections allocated from Consolidated Revenue for roads purposes are credited at the end of each month to the Commonwealth Aid Roads Trust Account and are paid to the States in the following month. The total payments in any year therefore differ slightly from the allocations during that year from Consolidated Revenue. The estimate of £24,000,000 for 1954-55 includes the amount (estimated at £2,000,000) which will be paid during the year from the Commonwealth Aid Roads (Supplementary) Trust Account.

*Price Control Reimbursement Grant.*—From 1948-49 to 1952-53 the Commonwealth made grants to the States towards the cost of administering price and rent controls. Although the grant had been discontinued an amount of £83,000 was required in 1953-54 to meet outstanding claims from the States in respect of expenditure to 30th June, 1953. There will be no payment on this account in 1954-55.

*Western Australian Waterworks Grant.*—Under the Western Australian Grant (Water Supply) Act 1948, the Commonwealth agreed to provide financial assistance to the Western Australian Government in respect of a scheme for the reticulation of water to agricultural areas in the north-eastern portion of the State's mixed wheat and sheep belt, and also for the provision of domestic water supplies to certain towns along the Great Southern Railway. The Commonwealth financial assistance is limited to one-half of the capital cost of the project, with an upper limit of £2,150,000.

Up to 30th June, 1954, payments to the Western Australian Government amounted to £1,101,981. An amount of £450,000 has been provided in the Estimates for this purpose in 1954-55.

*Encouragement of Meat Production.*—As a means of stimulating pastoral development, the provision of new and improved facilities for the movement of cattle both by road and stock route is proceeding in the Northern Territory, in the Channel Country of south-west Queensland and in the area serving the meatworks at Wyndham, Western Australia. The Governments of Queensland and Western Australia are responsible for the constructional work within their respective States, and Commonwealth financial assistance is being afforded them in accordance with the States Grants (Encouragement of Meat Production) Act 1949. Payments under the Act are estimated at £366,000 in 1954-55 as compared with £413,000 in 1953-54.

*Coal Mining Industry—Long Service Leave.*—In the States where coalminers have been awarded long service leave by industrial tribunals the State Governments have agreed to reimburse employers in the coal industry the amount of the costs they incur individually in granting the leave awarded their employees. The Commonwealth has in turn agreed to reimburse the States the amounts paid and the administrative costs incurred by the States in giving effect to these arrangements. To provide the funds required for these purposes an

excise has been imposed on coal under the Coal Excise Act 1949. An amount equivalent to the proceeds of the excise is appropriated to a Trust Account under the States Grants (Coal Mining Industry Long Service Leave) Act 1949-1950. This appropriation is estimated at £575,000 in 1954-55.

**Imported Houses.**—Under the States Grants (Imported Houses) Act 1950 the Commonwealth provided for the payment to the States of a subsidy on imported prefabricated houses of up to £300 a house, or such lesser amount as is required to reduce the average costs of the houses imported to that of locally built houses. Expenditure in 1953-54 amounted to £615,000 and it is estimated that the provision of £90,000 in 1954-55 will practically complete the scheme.

**Financial Assistance for Universities.**—The States Grants (Universities) Act 1953

authorizes the Commonwealth to make grants to the States for their universities for the years 1953 and 1954. Payment is subject to the States maintaining a specified level of expenditure and account is taken of the level of fees. Expenditure in 1953-54 was £1,389,000. The estimate of £1,420,000 for 1954-55 assumes the grant of assistance for 1955 at the 1954 level.

**Port Pirie Railway.**—Under the Port Augusta to Port Pirie Railway Act 1935-1950 the Commonwealth agreed to pay £20,000 per year for twenty years as a contribution towards the expenses incurred by the South Australian Government in building the railway from Port Augusta to Port Pirie. In previous years this payment has been charged to the vote of Commonwealth Railways. It is provided under Part IV. of the Estimates for 1954-55. The agreement is to continue for another three years.

**ITEM NO. 11.—CAPITAL WORKS AND SERVICES.  
(Excluding Defence Works.)**

		Actual Expenditure 1953-54.	Estimated Expenditure 1954-55.	+ Increase. - Decrease.
<b>Departmental—</b>				
National University ..	..	850,000	850,000	..
External Affairs ..	..	43,704	117,000	+ 73,296
Treasury ..	..	127,194	522,000	+ 394,806
Interior ..	..	1,413,694	1,524,000	+ 110,306
Department of Works ..	..	743,299	735,000	- 8,299
Aluminium Production Commission ..	..	2,450,765	1,600,000	- 850,765
Civil Aviation—				
Works, Sites and Buildings ..	..	3,081,083	3,550,000	+ 468,917
Technical Equipment, &c. ..	..	1,852,319	2,100,000	+ 247,681
Airways Share Capital ..	..	1,000,000	500,000	- 500,000
Health Department—				
Tuberculosis Act—Reimbursement of expenditure to States ..	..	1,379,482	1,500,000	+ 120,518
Other ..	..	409,267	660,000	+ 250,733
Repatriation ..	..	226,750	444,000	+ 217,250
Commerce and Agriculture ..	..	585,844	416,000	- 169,844
Construction of Ships ..	..	2,933,385	3,300,000	+ 366,615
Purchase of Ships Overseas ..	..	560,793	1,000,000	+ 439,207
Standardization of Railway Gauges ..	..	741,754	650,000	- 91,754
War Service Homes ..	..	26,846,392	30,000,000	+ 3,153,608
Immigration ..	..	557,828	475,000	- 82,828
Snowy Mountains Hydro-electric Authority ..	..	13,170,000	14,200,000	+ 1,030,000
Other Items ..	..	946,570	1,708,000	+ 761,430
Total Departmental ..	..	59,920,123	65,851,000	+ 5,930,877
<b>Business Undertakings—</b>				
Railways ..	..	3,382,309	4,400,000	+ 1,017,691
Post Office ..	..	25,985,744	27,265,000	+ 1,279,256
Broadcasting ..	..	280,874	332,000	+ 51,126
Total Business Undertakings ..	..	29,648,927	31,997,000	+ 2,348,073
<b>Territories—</b>				
Northern Territory ..	..	1,451,644	2,464,000	+ 1,012,356
Australian Capital Territory ..	..	2,641,831	4,302,000	+ 1,660,169
Papua and New Guinea ..	..	417,259	19,000	- 398,259
Total Territories ..	..	4,510,734	6,785,000	+ 2,274,266
<b>Total Capital Works and Services (from Consolidated Revenue)</b> ..	..	94,079,784	104,633,000	+ 10,553,216

Total expenditure on capital works and services in 1954-55 is estimated at £109,633,000, of which £5,000,000 is being provided from Loan Fund for War Service Land Settlement.

Items showing major variations from expenditure in 1953-54, are:—

**Treasury.**—Increase of £395,000. This increase is due mainly to the acquisition of buildings in Hobart and Adelaide for the Taxation Branch.

**Australian Aluminium Production Commission.**—Decrease of £851,000. Less expenditure will be required in 1954-55 because the Bell Bay works are nearing completion. Production of alumina for reduction into aluminium metal should commence during the year. The total capital of the Commission will be £10,500,000 of which the Commonwealth will have provided £8,000,000 and the Tasmanian Government £1,500,000.

**Civil Aviation.**—Increase of £217,000. Provision has been made for increased expenditure of £717,000 on aerodrome buildings and works and on the installation of technical equipment required for the maintenance and operation of airports and airways. A further £500,000 will be required in 1954-55 as an addition to the share capital of Qantas Empire Airways Ltd. to enable it to meet capital expenditure on buildings and hangars. Expenditure in 1953-54 included £1,000,000 for the acquisition of the United Kingdom and New Zealand Governments' share-holdings in British Commonwealth Pacific Airlines Ltd.

**Reimbursement of States—T.B. Hospitals.**—Increase of £121,000. This item covers reimbursement to the States for capital expenditure on buildings, furnishings, equipment and plant for the treatment of tuberculosis. The estimate of £1,500,000 represents the amount the States are likely to claim during the year in reimbursement of their expenditure on approved capital items.

**Repatriation.**—Increase of £217,000. Included in the increased provision for repatriation hospitals and establishments is a contribution of £36,000 towards the cost of extension of the Lemnos Mental Hospital, Western Australia, which is controlled by the State Government.

**Commerce and Agriculture.**—Decrease of £170,000. A decrease in the capital expenditure of the Flax Production Committee is anticipated.

**Construction of Merchant Ships.**—Increase of £367,000. The estimate covers the full cost of vessels being constructed for the Australian Shipping Board, and allows for recoveries on vessels being built for private companies. The approved programme of ship construction at 30th June, 1954, was for twenty vessels of various types ranging up to 10,000 tons dead-weight. About £20,000,000 remains to be spent under this programme.

**Purchase of Ships Overseas.**—Increase of £439,000. It is anticipated that delivery will be made during 1954-55 of three of the four merchant ships being constructed for the Commonwealth in the United Kingdom.

**Standardization of Railway Gauges.**—Decrease of £92,000. Under agreement with South Australia, the Commonwealth is meeting the initial cost of converting portion of the South-Eastern Division of the South Australian railway system to 5 ft. 3 in. gauge. The State is to repay 30 per cent. of the cost over a period of 50 years. Many of the major works associated with the conversion are nearing completion.

**War Service Homes.**—Increase of £3,154,000. The increase takes account of the Government's decision to increase to £2,750 the maximum amount for loans for the purchase of existing homes.

**Snowy Mountains Hydro-electric Authority.**—Increase of £1,030,000. It is expected that expenditure will increase on contract payments for works construction in the Upper Tumut area and on the Adaminaby Dam. The first power should be produced this year from Guthega which will have an installed capacity of 60,000 kilowatts.

**Railways.**—Increase of £1,018,000. The increase is almost wholly on account of the Stirling North-Leigh Creek Railway, progress on which is expected to be accelerated during the year. It is also proposed to extend the standard gauge line from Leigh Creek to Marree.

**Post Office.**—Increase of £1,279,000. Higher provision is being made for expenditure on technical equipment for telephone services and for Post Office buildings. Repayments to Consolidated Revenue from the Post Office Stores and Transport Trust Account, which the Post Office uses for temporarily financing the purchase of equipment, are estimated at £1,500,000—the same figure as in 1953-54.

**Territories.**—Increase of £2,274,000. The increase relates mainly to the provision of additional housing and related services in the Australian Capital Territory and the Northern Territory.

#### STATEMENT No. 5.—NATIONAL WELFARE FUND ESTIMATES 1954-55.

In the following table the estimated transactions of the National Welfare Fund in 1954-55 are compared with the actual transactions in 1953-54. The estimated expenditure figures for 1954-55 allow for the liberalizations in means tests and the increase in the non-means-test pension for blind persons now proposed.

Item.	1953-54.	1954-55 (Estimate).	+ Increase. - Decrease.
			£
EXPENDITURE.			
Age and Invalid Pensions ..	81,293,003	91,550,000	+ 10,256,997
Funeral Benefits—Age and Invalid Pensioners ..	287,798	310,000	+ 22,202
Widows' Pensions ..	6,625,679	7,350,000	+ 724,321
Maternity Allowances ..	3,225,919	3,240,000	+ 14,081
Child Endowment ..	50,760,799	52,500,000	+ 1,739,201
Unemployment and Sickness Benefits ..	4,543,454	3,250,000	- 1,293,454
Community Rehabilitation ..	428,717	470,000	+ 41,283
Hospital Benefits ..	8,330,053	8,970,000	+ 639,947
Pharmaceutical Benefits ..	8,218,633	9,315,000	+ 1,096,367
Medical Benefits ..	1,434,166	3,750,000	+ 2,315,834
Medical Benefits for Pensioners ..	2,115,539	2,530,000	+ 414,461
Pharmaceutical Benefits for Pensioners ..	1,010,780	1,330,000	+ 319,220
Tuberculosis Benefits ..	5,579,648	5,950,000	+ 370,352
Nutrition of Children ..	1,999,312	2,325,000	+ 325,688
Mental Institution Benefits ..	494,833	230,000	- 264,833
Miscellaneous Health Services ..	216,271	302,000	+ 85,729
Total Expenditure ..	176,564,604	193,372,000	+ 16,807,396
Balance carried forward to following year ..	188,930,190	191,046,190	+ 2,116,000
	365,494,794	384,418,190	+ 18,923,396
RECEIPTS.			
Balance brought forward from previous year ..	186,835,716	188,930,190	+ 2,094,474
Appropriation from Consolidated Revenue ..	176,564,604	193,372,000	+ 16,807,396
Interest on investment of fund ..	2,094,474	2,116,000	+ 21,526
Total Receipts ..	178,659,078	195,488,000	+ 16,828,922
	365,494,794	384,418,190	+ 18,923,396

## RECEIPTS.

The *National Welfare Fund Act* 1952 requires an appropriation from Consolidated Revenue to the Fund each year of an amount equal to expenditure from the Fund in that year. The increase of £16,829,000 in estimated receipts for 1954-55 is accounted for by an estimated increase in expenditure from the Fund in 1954-55 of £16,807,000 and by an increase of £22,000 in interest received from the investment of the balance in the Fund.

## EXPENDITURE.

Comments on particular items of expenditure where the estimates for 1954-55 vary substantially from actual expenditure in 1953-54 are set below:—

*Age and Invalid Pensions.*—An increase of £6,257,000 is expected in 1954-55 in expenditure on age and invalid pensions because of an increase in the number of persons receiving benefits and the full-year effect of pension increases and the liberalized means tests which operated from October, 1953. The means test liberalizations now proposed will involve a further increase in expenditure under this head of £4,000,000 in 1954-55.

*Sir Arthur Fadden.*

*Widows' Pensions.*—The means test liberalizations now proposed will raise expenditure by about £500,000 in 1954-55. The balance of the estimated increase in expenditure is attributable to the pension increases and liberalized means tests which operated from October, 1953.

*Child Endowment.*—An expected increase in the number of endowed children accounts for the estimated increase in expenditure of £1,739,000.

*Unemployment and Sickness Benefits.*—The 1954-55 estimate assumes a lower average level of unemployment than in 1953-54.

*Hospital Benefits.*—Expanded hospital accommodation and a consequent increase in the number of daily occupied beds are responsible for the estimated increase in expenditure of £640,000.

*Pharmaceutical Benefits.*—The estimated increase in expenditure of £1,096,000 is mainly due to an increase in the number of beneficiaries and to higher prices payable for pharmaceutical benefits.

*Medical Benefits.*—The Medical Benefits Scheme came into force on 1st July, 1953. Expenditure in 1954-55 is expected to be £2,316,000 more than in 1953-54 because of a

continued growth in the number of persons eligible for medical benefits. Annual expenditure is expected to be between £8,000,000 and £10,000,000 when the Scheme is operating fully.

*Mental Institution Benefits.*—The Commonwealth-State Agreements under which Mental Institution Benefits are payable expire at various dates during the first four months of the financial year 1954-55.

OUTLINE OF COMMONWEALTH SOCIAL AND HEALTH SERVICES 1954-55.

Benefit.	Commencing Date.	Present Rate.
Age Pension .. ..	1st July, 1909	£ s. d. 3 10 0 per week
Invalid Pension— Pensioner .. ..	15th December, 1909	3 10 0 per week
Wife .. ..		1 15 0 per week
1st child under 16 years .. ..		0 11 .6 per week
Maternity Allowance— No other children .. ..	10th October, 1912	(a) 15 0 0
1 or 2 other children .. ..		(a) 16 0 0
3 or more other children .. ..		(a) 17 10 0
Child Endowment— 1st child .. ..	20th June, 1950	(b) 0 5 0 per week
2nd and subsequent children—each.. ..	1st July, 1941	(b) 0 10 0 per week
Widows' Pensions— Class A—Widow with dependent child .. ..	30th June, 1942	(c) 3 15 0 per week
Class B—Widow aged 50 or more years .. ..		(c) 2 17 6 per week
Class C—Widow under 50 years of age in necessitous circumstances .. ..		(c) 2 17 6 per week
Class D—Woman (aged 50 or more years or with dependent child) whose husband is in prison .. ..		(c) 2 17 6 per week
Funeral Benefits (Age and Invalid Pensioners) .. ..	1st July, 1943	10 0 0 (maximum)
Unemployment and Sickness Benefits— Adult .. ..	1st July, 1945	2 10 0 per week
Spouse .. ..		2 0 0 per week
1st child under 16 years .. ..		0 5 0 per week
Person 16-18 years .. ..		1 10 0 per week
Person 18-21 years .. ..		2 0 0 per week
Community Rehabilitation .. ..	10th December, 1948	(d)
Hospital Benefits .. ..	1st January, 1946	(e) { 0 8 0 per day
	1st January, 1952	{ 0 4 0 per day
Pharmaceutical Benefits .. ..	4th September, 1950	(f)
Medical Benefits .. ..	1st July, 1953	(g)
Medical Benefits for Pensioners .. ..	February, 1951	(h)
Pharmaceutical Benefits for Pensioners .. ..	2nd July, 1951	(i)
Tuberculosis Campaign Allowances— Single sufferer .. ..	1st July, 1948	(j)
Man and wife .. ..		5 12 6 per week
Each child under 16 years.. ..		9 2 6 per week
Nutrition of Children .. ..	Various dates	0 10 0 per week
Mental Institution Benefits .. ..	1st April, 1949	(k)
Miscellaneous Health Services .. ..	Various dates	(l)
Rental Rebates— Commonwealth and State Housing Agreement	11th October, 1945	(m)
		(n)

(a) Additional £5 for each additional child born at the one birth.

(b) Since 20th June, 1950, child endowment has been payable for each child under sixteen years of age at the rate of 5s. a week for the first child and 10s. a week for each of the second and subsequent children. Child endowment for second and subsequent children was 5s. a week on introduction, 7s. 6d. a week from 1st July, 1945, and 10s. a week from 9th November, 1948.

(c) Amounts payable on introduction of scheme in 1942 were £1 10s. a week for widows in the category corresponding to the present Class A and £1 5s. a week for those in the category corresponding to the present Class B.

(d) Disabled persons are given rehabilitation treatment either as in-patients or out-patients of Commonwealth or State institutions, followed where necessary by vocational training. During the period of rehabilitation treatment, patients receive the invalid pension or the unemployment or sickness benefit, and while receiving vocational training they are paid a rehabilitation allowance identical with the invalid pension, plus a training allowance of £1 5s. a week, the latter being free of means test.

(e) The Commonwealth hospital insurance scheme provides for a further 4s. a day benefit to be paid for hospital patients who are members of hospital insurance organizations.

(f) The Commonwealth meets the cost of specific drugs supplied on a doctor's prescription to any person in the community. The drugs covered by the scheme are those prescribed in regulations issued under the National Health Act. The Commonwealth also meets the cost of these medicines for out-patients and in-patients in public and non-public wards of public hospitals.

(g) The Commonwealth subsidizes the cost of medical treatment incurred by individual members of approved medical insurance organizations, and their dependants.

(h) The Commonwealth meets the cost of general practitioner medical services for invalid, age, widow and service pensioners, and for persons in receipt of the tuberculosis allowance and their dependants.

(i) The Commonwealth meets the cost of specific or compounded drugs prescribed by a doctor for persons receiving the invalid, age, widow or service pension, or for persons in receipt of the tuberculosis allowance and their dependants.

(j) Under the *Tuberculosis Act* 1948 and by agreement with the States, the Commonwealth reimburses the States to the extent that their approved expenditure (other than capital expenditure) on the prevention, diagnosis and treatment of tuberculosis exceeds their expenditure for those purposes in 1947-48. A composite tuberculosis allowance is payable to persons suffering from tuberculosis, the weekly amounts being as set out above. Allowable income and earnings are £2 a week for a single sufferer and £4 a week for a man and wife. No property means test applies.

(k) The Commonwealth subsidizes the States to provide free to every school child under the age of thirteen years, up to one half-pint of milk on each school day and meets half the cost of special equipment required for the scheme.

(l) Under Commonwealth-State Agreements treatment in public mental hospitals is free to the patient, the Commonwealth reimbursing the States the equivalent of the amounts formerly collected by way of fees for patients. The Agreements expire early in 1954-55.

(m) This item covers the cost of district laboratory services, the free supply of prophylactic materials and biological products (e.g., insulin, diphtheria prophylactic, &c.) the cost of supplying and maintaining hearing aids for children, and certain costs associated with the blood transfusion services of the Australian Red Cross Society.

(n) The Commonwealth bears three-fifths and the State concerned two-fifths, of any net losses under the Agreement, after taking into account the cost of rental rebates. A rental rebate represents the difference between the "economic" rent of a dwelling and the actual rent charged, the latter being based on the income of the tenant family. The actual rent never exceeds one-fifth of the income of a family on the basic wage. The rental rebate increases or decreases as the family income falls below or rises above the basic wage.

#### STATEMENT No. 6.—INCOME TAX ON INDIVIDUALS—COMPARISON OF AMOUNTS PAYABLE AT PRESENT AND PROPOSED RATES.

Income.	Present Levy.	Proposed Levy.	Decrease.				
			£	s.	d.	£	s.
(i) Person Without Dependants.							
100 ..	..	..	..	..	..	..	..
150 ..	..	..	1 5 0	1 1 0	0 4 0	16.0	
200 ..	..	..	3 2 0	2 10 0	0 12 0	19.4	
300 ..	..	..	9 7 0	7 18 0	1 9 0	15.5	
400 ..	..	..	18 11 0	16 5 0	2 6 0	12.4	
500 ..	..	..	30 4 0	27 2 0	3 2 0	10.3	
600 ..	..	..	43 19 0	39 12 0	4 7 0	9.9	
800 ..	..	..	77 6 0	69 12 0	7 14 0	10.0	
1,000 ..	..	..	117 6 0	106 5 0	11 1 0	9.4	
1,250 ..	..	..	177 6 0	161 17 0	15 9 0	8.7	
1,500 ..	..	..	246 17 0	225 17 0	21 0 0	8.5	
2,000 ..	..	..	412 6 0	376 5 0	36 1 0	8.7	
3,000 ..	..	..	823 2 0	753 15 0	69 7 0	8.4	
4,000 ..	..	..	1,303 19 0	1,196 5 0	107 14 0	8.3	
5,000 ..	..	..	1,857 6 0	1,701 5 0	156 1 0	8.4	
8,000 ..	..	..	3,715 12 0	3,409 12 0	306 0 0	8.2	
10,000 ..	..	..	5,032 6 0	4,617 18 0	414 8 0	8.2	
15,000 ..	..	..	8,469 16 0	7,784 12 0	685 4 0	8.1	
(ii) Person with Dependent Wife.							
100 ..	..	..	..	..	..	..	..
150 ..	..	..	..	..	..	..	..
200 ..	..	..	..	..	..	..	..
250 ..	..	..	0 15 0	0 13 0	0 2 0	13.3	
300 ..	..	..	2 0 0	1 12 0	0 8 0	20.0	
400 ..	..	..	7 5 0	6 1 0	1 4 0	16.6	
500 ..	..	..	15 16 0	13 15 0	2 1 0	13.0	
600 ..	..	..	26 14 0	23 17 0	2 17 0	10.7	
800 ..	..	..	55 1 0	49 10 0	5 11 0	10.1	
1,000 ..	..	..	90 14 0	81 17 0	8 17 0	9.8	
1,250 ..	..	..	145 6 0	132 5 0	13 1 0	9.0	
1,500 ..	..	..	209 6 0	191 7 0	17 19 0	8.6	
2,000 ..	..	..	366 5 0	334 11 0	31 14 0	8.7	
3,000 ..	..	..	765 3 0	700 2 0	65 1 0	8.5	
4,000 ..	..	..	1,238 8 0	1,136 2 0	102 6 0	8.3	
5,000 ..	..	..	1,783 12 0	1,634 2 0	149 10 0	8.4	
8,000 ..	..	..	3,633 17 0	3,334 6 0	299 11 0	8.2	
10,000 ..	..	..	4,946 14 0	4,539 7 0	407 7 0	8.2	
15,000 ..	..	..	8,380 8 0	7,702 5 0	678 3 0	8.1	

Sir Arthur Fadden.

**STATEMENT NO. 6.—INCOME TAX ON INDIVIDUALS—COMPARISON OF AMOUNTS PAYABLE AT PRESENT AND PROPOSED RATES—continued.**

Income.	Present Levy.	Proposed Levy.	Decrease.		
£	£ s. d.	£ s. d.	£	s. d.	%

**(iii) Person with Dependent Wife and One Child.**

100	..	..	..	..	..	..	..	..	..
150	..	..	..	..	..	..	..	..	..
200	..	..	..	..	..	..	..	..	..
300	..	..	..	..	..	..	..	..	..
350	..	..	..	..	1 2 0	0 19 0	0 3 0	13.6	
400	..	..	..	..	2 16 0	2 5 0	0 11 0	19.6	
500	..	..	..	..	8 16 0	7 8 0	1 8 0	15.9	
600	..	..	..	..	17 16 0	15 12 0	2 4 0	12.4	
800	..	..	..	..	42 17 0	38 12 0	4 5 0	9.9	
1,000	..	..	..	..	75 18 0	68 6 0	7 12 0	10.0	
1,250	..	..	..	..	127 2 0	115 7 0	11 15 0	9.2	
1,500	..	..	..	..	188 10 0	172 4 0	16 6 0	8.6	
2,000	..	..	..	..	338 17 0	309 14 0	29 3 0	8.6	
3,000	..	..	..	..	730 12 0	668 4 0	62 8 0	8.5	
4,000	..	..	..	..	1,199 2 0	1,100 1 0	99 1 0	8.3	
5,000	..	..	..	..	1,739 8 0	1,593 16 0	145 12 0	8.4	
8,000	..	..	..	..	3,584 15 0	3,289 2 0	295 13 0	8.2	
10,000	..	..	..	..	4,895 7 0	4,492 5 0	403 2 0	8.2	
15,000	..	..	..	..	8,326 16 0	7,652 17 0	673 19 0	8.1	

(iv) Person with Dependent Wife and Two Children.

100	..	..	..	..	..	..	..	..	..
150	..	..	..	..	..	..	..	..	..
200	..	..	..	..	..	..	..	..	..
300	..	..	..	..	..	..	..	..	..
400	..	..	..	..	1 2 0	0 18 0	0 4 0	18.2	
500	..	..	..	..	5 6 0	4 7 0	0 19 0	17.9	
600	..	..	..	..	13 1 0	11 5 0	1 16 0	13.8	
800	..	..	..	..	35 14 0	32 2 0	3 12 0	10.1	
1,000	..	..	..	..	66 16 0	60 2 0	6 14 0	10.0	
1,250	..	..	..	..	115 4 0	104 7 0	10 17 0	9.4	
1,500	..	..	..	..	174 12 0	159 8 0	15 4 0	8.7	
2,000	..	..	..	..	321 19 0	294 7 0	27 12 0	8.6	
3,000	..	..	..	..	708 19 0	648 5 0	60 14 0	8.6	
4,000	..	..	..	..	1,172 17 0	1,076 0 0	96 17 0	8.3	
5,000	..	..	..	..	1,709 19 0	1,566 18 0	143 1 0	8.4	
8,000	..	..	..	..	3,552 1 0	3,259 0 0	293 1 0	8.2	
10,000	..	..	..	..	4,861 2 0	4,460 17 0	400 5 0	8.2	
15,000	..	..	..	..	8,291 1 0	7,619 18 0	671 3 0	8.1	

STATEMENT No. 7.—INCOME TAX ON INDIVIDUALS—COMPARISON OF AMOUNTS PAYABLE AT PROPOSED RATES WITH AMOUNTS PAYABLE IN UNITED KINGDOM AND NEW ZEALAND.

Income from Personal Exertion.	Taxes Payable.					
	Australia (Proposed). (a)		United Kingdom. (b)		New Zealand. (c)	
	£	s. d.	£	s. d.	£	s. d.
(i) Person Without Dependents.						
100	..	..	..	..	14 1 8	7 10 0
150	..	..	..	1 1 0	14 1 8	11 5 0
200	..	..	..	2 10 0	18 10 6	15 0 0
300	..	..	..	7 18 0	29 18 4	22 10 0
400	..	..	..	16 5 0	49 7 2	33 15 3
500	..	..	..	27 2 0	70 13 10	56 11 3
600	..	..	..	39 12 0	97 18 4	80 12 6
800	..	..	..	69 12 0	162 11 8	132 10 0
1,000	..	..	..	106 5 0	232 11 8	189 7 6
1,500	..	..	..	225 17 0	407 11 8	353 8 9
2,000	..	..	..	376 5 0	582 11 8	548 15 0
3,000	..	..	..	753 15 0	1,142 11 8	1,033 2 6
4,000	..	..	..	1,196 5 0	1,767 11 8	1,642 10 0
5,000	..	..	..	1,701 5 0	2,442 11 8	2,317 10 0
8,000	..	..	..	3,409 12 0	4,717 11 8	4,342 10 0
10,000	..	..	..	4,617 18 0	6,367 11 8	5,692 10 0
(ii) Person With Dependent Wife.						
100	..	..	..	..	14 1 8	7 10 0
150	..	..	..	..	14 1 8	11 5 0
200	..	..	..	..	14 1 8	15 0 0
300	..	..	..	1 12 0	17 0 0	22 10 0
400	..	..	..	6 1 0	26 17 2	30 0 0
500	..	..	..	13 15 0	46 6 1	37 10 0
600	..	..	..	23 17 0	66 8 4	60 0 0
800	..	..	..	49 10 0	122 1 8	108 15 0
1,000	..	..	..	81 17 0	192 1 8	162 10 0
1,500	..	..	..	191 7 0	367 1 8	318 15 0
2,000	..	..	..	334 11 0	542 1 8	506 5 0
3,000	..	..	..	700 2 0	1,102 1 8	975 0 0
4,000	..	..	..	1,136 2 0	1,727 1 8	1,568 15 0
5,000	..	..	..	1,634 2 0	2,402 1 8	2,242 10 0
8,000	..	..	..	3,334 6 0	4,677 1 8	4,267 10 0
10,000	..	..	..	4,539 7 0	6,327 1 8	5,617 10 0
(iii) Person with Dependent Wife and One Child.						
100	..	..	..	..	14 1 8	7 10 0
150	..	..	..	..	14 1 8	11 5 0
200	..	..	..	..	14 1 8	15 0 0
300	..	..	..	..	14 1 8	22 10 0
400	..	..	..	2 5 0	16 1 11	30 0 0
500	..	..	..	7 8 0	25 16 4	37 10 0
600	..	..	..	15 12 0	44 10 0	48 15 0
800	..	..	..	38 12 0	91 2 2	95 12 6
1,000	..	..	..	68 6 0	153 16 8	147 10 0
1,500	..	..	..	172 4 0	328 16 8	299 1 3
2,000	..	..	..	309 14 0	503 16 8	481 17 6
3,000	..	..	..	668 4 0	1,063 16 8	941 5 0
4,000	..	..	..	1,100 1 0	1,688 16 8	1,525 12 6
5,000	..	..	..	1,593 16 0	2,363 16 8	2,197 10 0
8,000	..	..	..	3,289 2 0	4,638 16 8	4,222 10 0
10,000	..	..	..	4,492 5 0	6,288 16 8	5,572 10 0

(a) Australia—Based on the proposed rates of income tax and social services contribution on the income of the year 1954-55. (b) United Kingdom—Based on rates declared on income of the year 1954-55 and including National Insurance Contribution of £14 1s. 8d. per annum. (c) New Zealand—Based on rates proposed in 1954-55 Budget on income of the year 1953-54 and including Social Security charge of 1s. 8d. in the £1.

The income and taxes payable are expressed in the currency of the country concerned, without conversion to a common basis.

Sir Arthur Fadden.

STATEMENT NO. 7.—INCOME TAX ON INDIVIDUALS—COMPARISON OF AMOUNTS PAYABLE AT PROPOSED RATES WITH AMOUNTS PAYABLE IN UNITED KINGDOM AND NEW ZEALAND—*continued..*

Income from Personal Exertion.	Taxes Payable..					
	Australia (Proposed). (a)		United Kingdom. (b)		New Zealand. (c)	
	£	s. d.	£	s. d.	£	s. d.
(iv) Person with Dependent Wife and Two Children.						
100	..	..	..	..	..	..
150	..	..	..	..	..	..
200	..	..	..	..	..	..
300	..	..	..	..	..	..
400	..	..	..	..	..	..
500	..	..	..	..	..	..
600	..	..	..	..	..	..
800	..	..	..	..	..	..
1,000	..	..	..	..	..	..
1,500	..	..	..	..	..	..
2,000	..	..	..	..	..	..
3,000	..	..	..	..	..	..
4,000	..	..	..	..	..	..
5,000	..	..	..	..	..	..
8,000	..	..	..	..	..	..
10,000	..	..	..	..	..	..
			14 1 8	14 1 8	7 10 0	
			14 1 8	14 1 8	11 5 0	
			14 1 8	14 1 8	15 0 0	
			14 1 8	14 1 8	22 10 0	
		0 18 0	14 1 8	14 1 8	30 0 0	
		4 7 0	15 3 10	15 3 10	37 10 0	
		11 5 0	24 18 4	24 18 4	45 0 0	
		32 2 0	62 2 9	62 2 9	83 2 6	
		60 2 0	115 16 1	115 16 1	133 2 6	
		159 8 0	290 11 8	290 11 8	280 0 0	
		294 7 0	465 11 8	465 11 8	458 2 6	
		648 5 0	1,025 11 8	1,025 11 8	908 2 6	
		1,076 0 0	1,650 11 8	1,650 11 8	1,483 2 6	
		1,566 18 0	2,325 11 8	2,325 11 8	2,152 10 0	
		3,259 0 0	4,600 11 8	4,600 11 8	4,177 10 0	
		4,460 17 0	6,250 11 8	6,250 11 8	5,527 10 0	

(a) Australia—Based on the proposed rates of income tax and social services contribution on the income of the year 1954-55. (b) United Kingdom—Based on rates declared on income of the year 1954-55 and including National Insurance Contribution of £14 1s. 8d. per annum. (c) New Zealand—Based on rates proposed in 1954-55 Budget on income of the year 1953-54 and including Social Security charge of 1s. 6d. in the £1.

The income and taxes payable are expressed in the currency of the country concerned, without conversion to a common basis.

I move—

That the first item in the Estimates, under Division No. 1—The Senate—namely, “Salaries and Allowances £20,000”, be agreed to.

Progress reported.

### BUDGET PAPERS.

The following papers were presented:—

Budget Papers 1954-55.

National Income and Expenditure Paper 1953-54.

Ordered to be printed.

### SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) BILL 1954.

Motion (by Sir ARTHUR FADDEN) agreed to—

That leave be given to bring in a bill for an act to amend the Sales Tax (Exemptions and Classifications) Act 1935-1953, and for other purposes.

Bill presented, and read a first time.

### SECOND READING.

Sir ARTHUR FADDEN (McPherson—Treasurer) [9.11].—I move—

That the bill be now read a second time.

The purpose of this bill, in conjunction with a resolution which I shall move later, is to give effect to sales tax concessions involving a loss to revenue of £12,822,000 in a full financial year, and £9,892,000 in the current financial year. The Government has taken much care to select concessions which will either contribute to the reduction of costs in industry or will be of assistance to home builders and furnishers. Particular consideration has been given to the effect of sales tax upon industrial costs, because the Government regards the minimizing of such costs of great importance.

As honorable members know, manufacturers already enjoy exemption from sales tax in respect of machinery and equipment used by them in manufacturing operations. Persons engaged in the mining industry also benefit from an exemption of plant used in mining operations and in treating the products of these operations, but neither has been able in

the past to purchase machinery and plant used in the repair of their manufacturing or producing plant without payment of sales tax on it. This bill provides for the exemption of the plant used by manufacturers and persons engaged in the mining industry in the repair or maintenance of their machinery.

There are other new exemptions designed to reduce costs. Exemption is being granted in respect of machinery and equipment used for business purposes in the servicing or repair of motor vehicles and aircraft. Equipment used in business operations in the construction, repair or maintenance of buildings, roads, dams and other works will also be exempt. Machinery used by boot repairers will be exempt. Exemption is being granted in respect of safety equipment for use in industrial operations, and also in respect of clock systems and time-recording apparatus for use for business or industrial purposes, other than clocks and watches which remain subject to tax at the rate of 16½ per cent.

Hand tools of a kind used for industrial purposes are to be exempt. This exemption will contribute to the reduction of costs in industry and, in addition, will help artisans and home purchasers of such tools. Manufacturers of carbonated beverages, whose problems of costs appear to be particularly acute, have long complained of having to pay tax on the containers in which their goods are sold because of a deposit charged thereon. Exemption is now being allowed in respect of bottles and cases, or crates, for use in the marketing of their products. Vendors of goods generally, particularly retailers, will have their costs reduced by a new exemption of paper bags, wrapping paper and string used to wrap up and secure goods for delivery. There is a wide demand for exemption of furniture and household goods. These goods cover a very wide range, indeed, and the cost of a complete exemption would be so heavy as to render this impracticable at present. It is proposed, however, to reduce from the general rate of 12½ per cent. to a special rate of 10 per cent. a wide range of furniture and household goods as specified in the bill. It is believed that this will appreciably reduce the costs of home establishment.

*Sir Arthur Fadden.*

Exemption is being granted in respect of aeroplanes for all purposes. The limited field of exemptions included when the sales tax legislation was first introduced in 1930, did not include aeroplanes. But, in 1934, when the list of exemptions was generally revised, provision was made for exemption of aeroplanes. This exemption remained in force until November, 1940, when, because of the exigencies of war, a number of exemptions was withdrawn, including that relating to aeroplanes. Last year, the law was amended to authorize exemption of aircraft other than those used for commercial purposes. This was done largely as the result of requests for relief from tax on behalf of aero clubs, which render valuable service to the community in the teaching of flying. A thorough examination made since that date has disclosed that the imposition of sales tax on aeroplanes would impose a heavy burden on commercial airline operators, resulting in the substantial inflation of their already heavy costs of new aircraft and would, in due course, be reflected in higher fare and freight costs. The problem of costs of these operators has been accentuated by the necessity to expend large sums of money in the purchase of a considerable number of new aircraft at the present time in order to replace old machines and maintain efficient service. It is relevant to note also in this connexion, that ships are not subject to sales tax whilst railway rolling stock does not bear sales tax because of the exemption of government departments.

For these reasons it has been decided to make the exemption absolute so as to exempt these goods regardless of the purpose of their use, as was the case before 1940. The exemption will apply not only to freight and passenger airliners, but also to aircraft used for agricultural purposes in spraying or spreading fertilizer or seed. The exemption of aeroplanes is to be made effective as from the 1st January, 1946. The reasons for this decision are:—First, that exemption applied to Trans-Australia Airlines until 1952, when it was made subject to tax; secondly, exemption was granted to the British Commonwealth Pacific Airlines Limited and Qantas Airways Limited in

1946 and 1947, respectively; and, thirdly, the Government now believes that it would have been just and proper to restore the exemption which existed for aeroplanes from 1934 to 1940 immediately the war ended and the development of air transport services in Australia was resumed.

It is the clearly stated policy of the Government that competition between Government airlines and privately owned airlines shall be on equal terms. The pre-dating of the exemption of aeroplanes will remove some inconsistencies of treatment as between the Government airlines and several private operators. In the course of the examination of this subject, it was discovered that some aeroplanes have been imported and put into operation without sales tax having been paid upon them. This was due to an irregular but inadvertent use of registered taxpayers' certificates, and to the belief that the same freedom from sales tax that applied to the Government airlines would apply also to other commercial transport systems. The exemption which is now being enacted will obviate the necessity for retrospective action to collect the tax not paid and will, at the same time, substantially restore equality of treatment to all competing lines. The back-dating of the exemption may necessitate certain refunds, but these will be comparatively small, and they will be payable mainly to small airline operators and aero clubs. The exemption of parts of aeroplanes will not come into operation, however, until the 19th August, 1954, the date of commencement of the amending bill. Though it is realized that this will still leave the Government airlines in a position of advantage compared with private operators so far as transactions prior to November, 1952, are concerned, the Government has not been able to go so far as to remedy this anomaly. The Civil Aviation Agreement Act 1952 ensures equality of treatment from the date of its enactment.

Ice cream, confectionery, musical instruments and toys and associated goods are at present subject to tax at the maximum rate of 16½ per cent. The Government has had continuous and pressing representations concerning the

effect of increasing costs on the market for these commodities. Though, in some senses, they may be regarded as less essential commodities, they occupy a very definite place in the economy, some using large quantities of primary products and all providing much work in a variety of industries. To prevent the tax becoming too regressive in its effect, it has been decided to transfer these goods to the general classification and henceforth they will be subject to tax at 12½ per cent.

The bill contains numerous other new exemptions and re-expressions of existing exemptions designed to remove anomalies and difficulties associated with their administration. For example, leather, solder, methylated spirits and iron and steel wire of gauges 15 to 18, are goods which have hitherto only been exempt when purchased for certain purposes, and certificates as to those purposes were a pre-requisite to the obtaining of exemption. They will now be exempt unconditionally, thus relieving purchasers of the obligation to furnish certificates as to the intended use of the goods. The agricultural industry will benefit by a new exemption for live-stock carriers of the kind attached to motor vehicles or wagons. Seed-cleaning machinery is being exempted and the exemptions of goods for use in the destruction of animal pests have been revised to remove anomalies arising from previous limitations. Exemption is now authorized in respect of poisons and traps for the destruction of all classes of noxious animals. Materials other than fertilizers, for use in the improvement of crops, are also being brought within the scope of the exemptions.

Exemptions of surgical goods are being extended to cover certain classes of goods which are used to overcome physical disabilities, and provision is being made for exemption of certain goods used in the cleaning of teeth and massaging of gums to minimize dental decay. In the past, physiotherapists have not been entitled to exemption of surgical equipment which has been free of tax when purchased by hospitals or medical practitioners. As the work of physiotherapists is growing in importance, and is

closely associated with the treatment of patients by medical practitioners, the law is being amended to bring registered physiotherapists within the scope of the exemption.

An anomaly with regard to certain cleaning and polishing cloths, being articles specially manufactured for those purposes, is also being removed. These goods are sold in competition with articles which have been exempt as piece goods, as they were subjected to no other process than cutting from the roll of material as manufactured. Cloths of this kind made from piece goods will now be exempt, regardless of the degree of manufacture to which they have been subjected. A statement setting out full details of the amendments has been circulated for the information of honorable members. This bill gives concessions over a wide area and I confidently recommend it for the approval of honorable members.

*Debate (on motion by Mr. CALWELL)*  
adjourned.

### SALES TAX BILLS (Nos. 1 to 9) 1954.

*In Committee of Ways and Means:*

**Sir ARTHUR FADDEN** (McPherson—Treasurer) [9.21].—I move—

1. That, on and after the nineteenth day of August, One thousand nine hundred and fifty-four, in lieu of the sales tax imposed by the Sales Tax Act (No. 1) 1930-1953, the Sales Tax Act (No. 2) 1930-1953, the Sales Tax Act (No. 3) 1930-1953, the Sales Tax Act (No. 4) 1930-1953, the Sales Tax Act (No. 5) 1930-1953, the Sales Tax Act (No. 6) 1930-1953, the Sales Tax Act (No. 7) 1930-1953, the Sales Tax Act (No. 8) 1930-1953 and the Sales Tax Act (No. 9) 1930-1953, sales tax be imposed at the following rates,

but otherwise in accordance with the provisions of those Acts:—

- (a) in respect of goods covered by the Second Schedule to the Sales Tax (Exemptions and Classifications) Act—16½ per centum;
- (b) in respect of goods covered by the Third Schedule to the Sales Tax (Exemptions and Classifications) Act—10 per centum; and
- (c) in respect of goods not covered by the Second or Third Schedule to the Sales Tax (Exemptions and Classifications) Act, but subject to the exemptions provided by that Act—12½ per centum.

2. That, for the purposes of this resolution, “the Sales Tax (Exemptions and Classifications) Act” mean the Sales Tax (Exemptions and Classifications) Act 1935-1953 as proposed to be amended by the Sales Tax (Exemptions and Classifications) Bill 1954.

This resolution is purely a machinery measure concerning the rates of sales tax. It is complementary to the Sales Tax (Exemptions and Classifications) Bill 1954, which has just been before the House. In my remarks on that bill, I explained the Government’s proposals for sales tax relief. This resolution is necessary in order to fix the special new rate of 10 per cent. which is to apply to furniture and household goods of the kind specified in the statement which has been circulated for the information of honorable members. The general rate of tax remains unchanged at 12½ per cent., and the maximum rate of 16½ per cent. also continues in force, although, as I have already explained, certain classes of goods are being transferred from the top rate to the general rate, and certain new exemptions are being allowed. Full details of the proposals have been set out in the circulated statement.

Progress reported.

### TARIFF PROPOSALS 1954.

**CUSTOMS TARIFF AMENDMENT** (No. 1); **CUSTOMS TARIFF (CANADIAN PREFERENCE) AMENDMENT** (No. 1). **EXCISE TARIFF AMENDMENT** (No. 1);  
*In Committee of Ways and Means:*

**Sir ERIC HARRISON** (Wentworth—Vice-President of the Executive Council and Minister for Defence Production) [9.26].—I move—

### [CUSTOMS TARIFF AMENDMENT (No. 1).]

1. That the Schedule to the Customs Tariff 1933-1954 be amended as hereinafter set out, and that on and after the nineteenth day of August, One thousand nine hundred and fifty-four, at nine o’clock in the forenoon, reckoned according to standard time in the Australian Capital Territory, Duties of Customs be collected in pursuance of the Customs Tariff 1933-1954 as so amended.

2. That, without prejudice to the generality of paragraph 1 of these Proposals, the Governor-General may, from time to time by Proclamation declare that, from a time and date specified in the Proclamation, the Intermediate Tariff shall apply to such goods specified in the Proclamation as are the produce or manufacture of any British or foreign country specified in the Proclamation.

3. That on and after the time and date specified in a Proclamation issued in accordance with the last preceding paragraph, the Intermediate Tariff shall apply to such goods specified in the Proclamation as are the produce or manufacture of a British or foreign country specified in that Proclamation.

4. That any Proclamation issued in accordance with paragraph 2 of these Proposals may, from time to time, be revoked or varied by a further Proclamation, and upon the revocation or variation of the Proclamation, the Intermediate Tariff shall cease to apply to the goods specified in the Proclamation so revoked, or, as the case may be, the application of the Intermediate Tariff to the goods specified in the Proclamation so varied, shall be varied accordingly.

5. That in these Proposals, unless the contrary intention appears—

“Proclamation” mean a Proclamation by the Governor-General, or the person for the time being administering the government of the Commonwealth, acting with the advice of the Federal Executive Council, and published in the *Commonwealth of Australia Gazette*;

“the Intermediate Tariff” mean the rates of duty set out in the Schedule to these Proposals, in the column headed “Intermediate Tariff”, in respect of goods in relation to which the expression is used.

#### IMPORT DUTIES.

Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.

#### DIVISION I.—ALE, SPIRITS, AND BEVERAGES.

3. By omitting the whole of sub-item (A) and inserting in its stead the following sub-item:—

“(A) Brandy—

(1) When not exceeding the strength of proof per gallon less per proof gallon	57s. 6d. 20s.	58s. 6d. 20s.	68s. 6d. 20s.
(2) When exceeding the strength of proof per proof gallon	37s. 6d.	38s. 6d.	48s. 6d.”

#### DIVISION V.—TEXTILES, FELT AND FURS, AND MANUFACTURES THEREOF, AND ATTIRE.

130. By omitting the whole of paragraph (1) of sub-item (B) and inserting in its stead the following paragraph:—

“(1) Cotton or containing a mixture of fibres in which cotton predominates—

(a) As prescribed by Departmental By-laws per square yard	Free	1d.	2½d.
(b) Other than as prescribed by Departmental By-laws under sub-paragraph (a), as prescribed by Departmental By-laws per lb. and ad val.	4d. 15 per cent.	11d. 32½ per cent.	1s. 1d. 37½ per cent.
(c) Otherwise per lb. and ad val.	4d. 22½ per cent.	11d. 40 per cent.	1s. 1d. 45 per cent.”

#### DIVISION VI.—METALS AND MACHINERY.

174. By omitting the whole of paragraph (5) of sub-item (X) By omitting the whole of paragraph (137) of sub-item (M)

and inserting in its stead the following paragraph:—

“(137) Punching and shearing (or plate splitting) machines, combined or separate, with bar angle and tee bevel cropping devices, with frames or bodies other than of mild steel ad val.

By adding to sub-item (X) a new paragraph (1) as follows:—

“(1) De-hairing machines, hog ad val.

Free	12½ per cent.	12½ per cent.”
Free	12½ per cent.	12½ per cent.”

IMPORT DUTIES—*continued.*

Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
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Division VI.—Metals and Machinery—*continued.*

180. By omitting the whole of sub-item (n) and inserting in its stead the following sub-item :— “(n) Filament lamps— (1) Of the types ordinarily used in motor vehicles for lighting purposes - per lb. (2) Other, for lighting or heating purposes per lb.		Free 1s.	1s. 6d. 2s. 6d.	1s. 6d. 4s.”
208. By omitting the whole of sub-item (x) and inserting in its stead the following sub-item :— “(x) Cooking stoves and cooking ranges (other than cooking stoves and cooking ranges using gas or electricity) which, in the opinion of the Minister, are designed to function on the heat storage principle, as prescribed by Departmental By-laws— (1) Automatically heat controlled having a total roasting oven capacity of 4,000 cubic inches or greater - ad val. (2) Other - ad val.		Free 20 per cent.	12½ per cent. 35 per cent.	12½ per cent. 40 per cent.”

## DIVISION IX.—DRUGS AND CHEMICALS.

269. By omitting the whole of sub-item (c) and inserting in its stead the following sub-item :— “(c) Preparations being formaldehyde or containing formaldehyde, n.e.i.— (1) In drums or other vessels containing not less than five gallons - ad val. (2) Otherwise - ad val.		5 per cent. 27½ per cent.	22½ per cent. 47½ per cent.	22½ per cent. 47½ per cent.”
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## DIVISION XI.—JEWELLERY AND FANCY GOODS.

318. By omitting the whole of paragraph (3) of sub-item (A) and inserting in its stead the following paragraph :— “(3) Clocks n.e.i. - ad val. By omitting the whole of paragraph (1) of sub-item (B) and inserting in its stead the following paragraph :— “(1) Clock movements n.e.i. - ad val.		Free 10 per cent.	17½ per cent. 27½ per cent.	27½ per cent.”
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## DIVISION XIII.—PAPER AND STATIONERY.

334. By omitting the whole of sub-item (n) and inserting in its stead the following sub-item :— “(n) True vegetable parchment, in sizes not less than 8 inches by 38 inches (or its equivalent) - ad val.		10 per cent.	10 per cent.	10 per cent.”
340. By omitting the whole of sub-item (x) and inserting in its stead the following sub-item :— “(x) Paper bobbins cones pirns reels spools and tubes, of the type used in the spinning and weaving industries - per lb. or ad val. whichever rate returns the higher duty.”		5d. 20 per cent.	7d. 25 per cent.	7d. 25 per cent.

*Sir Eric Harrison.*

## IMPORT DUTIES—continued.

Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
<p><b>DIVISION XIV.—VEHICLES.</b></p> <p>360. By omitting the whole of sub-item (A) and inserting in its stead the following sub-item:—</p> <p>"(A) Trucks, propelled by self-contained power, designed principally for loading unloading stacking or tiering of goods by means of fork or other attachments to elevating masts, including any of the following equipment or attachments imported with and for use with such trucks, viz., special forks, crane attachment, boom attachment, scoop attachment, roll-over or revolving head attachment, drum carrying attachment, side shifting attachment, squeeze gripping attachment, steady attachment or clamp lift, brick forks, bale carrying attachment, platform attachment, drum handling attachment, coal grab attachment, push pull attachment, pusher attachment, case grab attachment, and end or side dumping skip—</p> <p>(1) Of lifting capacities up to and including 10,000 lb. weight - ad val. 15 per cent. 27½ per cent. 32½ per cent.</p> <p>(2) Of lifting capacities in excess of 10,000 lb. weight - ad val. Free 12½ per cent. 12½ per cent."</p>			

## [CUSTOMS TARIFF (CANADIAN PREFERENCE) AMENDMENT (No. 1).]

That the Schedule to the Customs Tariff (Canadian Preference) 1934–1954 be amended as hereinafter set out, and that, on and after the nineteenth day of August, One thousand nine hundred and fifty-four, at nine o'clock in the forenoon, reckoned according to standard time in the Australian Capital Territory, Duties of Customs be collected in pursuance of the Customs Tariff (Canadian Preference) 1934–1954 as so amended.

Tariff Item.	Tariff on goods the produce or manufacture of Canada.
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## DIVISION XIV.—VEHICLES.

Ex. 360. By omitting—

"(A) Trucks, propelled by self-contained power, designed principally for loading unloading stacking or tiering of goods, and counterweighted or designed to be counterweighted at the steering axle end to enable loads to be handled on forks or other attachments to elevating masts at the driving axle end, including any of the following equipment or attachments imported with and for use with such trucks, viz., special forks, crane attachment, boom attachment, scoop attachment, roll-over or revolving head attachment, drum carrying attachment, side shifting attachment, squeeze gripping attachment, steady attachment or clamp lift, brick forks, bale carrying attachment, platform attachment, drum handling attachment, coal grab attachment, push pull attachment, pusher attachment, case grab attachment, and end or side dumping skip—	
(1) Of lifting capacities up to and including 10,000 lb. weight - ad val.	22½ per cent.
(2) Of lifting capacities in excess of 10,000 lb. weight - ad val.	7½ per cent."

**IMPORT DUTIES—*continued.***

Tariff Item.	Tariff on goods the produce of manufacture of Canada.
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**Division XIV.—Vehicles—*continued.***

**Ex. 360—continued.**

and inserting in its stead the following:-

"(A) Trucks, propelled by self-contained power, designed principally for loading unloading stacking or tiering of goods by means of fork or other attachments to elevating masts, including any of the following equipment or attachments imported with and for use with such trucks, viz., special forks, crane attachment, boom attachment, scoop attachment, roll-over or revolving head attachment, drum carrying attachment, side shifting attachment, squeeze gripping attachment, steady attachment or clamp lift, brick forks, bale carrying attachment, platform attachment, drum handling attachment, coal grab attachment, push pull attachment, pusher attachment, case grab attachment, and end or side dumping skip—

(1) Of lifting capacities up to and including 10,000 lb. weight

ad va

$22\frac{1}{2}$  per cent.  
 $7\frac{1}{2}$  per cent."

## EXCISE TARIFF AMENDMENT (No. 1).

That the Schedule to the Excise Tariff 1921-1953 be amended as hereinafter set out, and that, on and after the nineteenth day of August, One thousand nine hundred and fifty-four, at five o'clock in the forenoon, reckoned according to standard time in the Australian Capital Territory, Duties of Excise be collected in pursuance of the Excise Tariff 1921-1953 as so amended.

## **EXCISE DUTIES**

Articles.	Rate of Duty.
2. By omitting the whole of sub-item (A) and inserting in its stead the following sub-item :— “ (A) Brandy, distilled wholly from wine, the fermented juice of fresh grapes, by a pot-still or similar process at a strength not exceeding 40 per cent. over proof, matured by storage in wood for a period of not less than two years and certified by an officer to be pure brandy per proof gallon	
By omitting the whole of sub-item (B) and inserting in its stead the following sub-item :— “ (B) Blended Brandy, distilled wholly from wine, the fermented juice of fresh grapes, and containing not less than 25 per cent. of pure spirit (which has been separately distilled from wine, the fermented juice of fresh grapes, by a pot-still or similar process at a strength not exceeding 40 per cent. over proof), the whole being matured by storage in wood for a period of not less than two years, and certified by an officer to be brandy so blended and matured - - - - - per proof gallon	33s. 6d.”
By omitting the whole of sub-item (C) and inserting in its stead the following sub-item :— “ (C) Apple Brandy, distilled wholly from apple cider and Brandies distilled from other approved fruit juices by a pot-still or similar process at a strength not exceeding 40 per cent. over proof, matured by storage in wood for a period of not less than two years, and certified by an officer to be pure apple or pure fruit brandy - - - - - per proof gallon	33s. 6d.”

The Tariff Proposals which I have just introduced relate to the Customs Tariff 1933-1954; the Customs Tariff (Canadian Preference) 1934-1954; and the Excise

*Sir Eric Harrison.*

Tariff 1921-1953. The proposed customs amendments are, in the main, based upon recommendations made by the Commonwealth Tariff Board in comparatively

recent reports. At a later stage this evening I shall avail myself of the opportunity to table the relevant Tariff Board reports. The proposed duties will operate as from to-morrow morning. A "Summary of Alterations", which has been circulated to honorable members sets out in concise form the proposed tariff variations.

The main customs changes relate to cotton canvas and cotton duck piece goods, filament lamps of the types ordinarily used in motor vehicles for lighting purposes, cooking stoves and cooking ranges which operate on the heat storage principle, formaldehyde, true vegetable parchment paper, and paper bobbins, pins, reels, &c., for the types used in the weaving and spinning industries. In each instance the proposed variations arise from inquiries conducted by the Tariff Board. Increased duties are proposed on cotton canvas and cotton duck piece goods, heat storage cooking stoves and cooking ranges with an oven roasting capacity of not more than 4,000 cubic inches, formaldehyde, true vegetable parchment paper, and paper bobbins, pins, &c. Reduced duties are proposed with respect to metal filament lamps of the types ordinarily used in motor vehicles for lighting purposes, and heat storage cooking stoves and ranges with an oven roasting capacity in excess of 4,000 cubic inches. Other customs amendments are those covering clocks, n.e.i.—for example, alarm and household clocks—clock movements, and brandy in respect of which reduced duties are, in each instance proposed. For administrative reasons it has been necessary to vary the wording of the customs items covering fork-lift trucks, hog dehauling machines and punching and shearing machines. The rates of duty have not, however, been varied.

The proposed amendment to the Customs Tariff (Canadian Preference) 1934-1954 is complementary to the proposed amendment made in the Customs Tariff 1933-1954 with respect to fork-lift trucks. The rates of duty remain unchanged.

The only excise amendment proposed relates to a reduction of 30s. a proof gallon on locally produced brandy. The reduction is designed to assist the grape-growing industry. Present indications

are that a large quantity of wine grapes which could be used for the distillation of brandy will remain unharvested from the next season's crop unless some action is taken to create a demand for these grapes. The revenue loss arising from this excise concession will be approximately £400,000 for the remainder of the present financial year and about £468,000 for a full year. Honorable members will, of course, be accorded full opportunity at a later stage to discuss these Proposals.

Progress reported.

#### TARIFF BOARD.

##### REPORTS ON ITEMS.

Sir ERIC HARRISON.—I lay on the table reports of the Tariff Board on the following subjects:—

Fabric gloves;  
Cotton canvas and cotton duck;  
Sausage casings;  
Formaldehyde;  
Paper cones, tubes, bobbins, etc.;  
Electric filament lamps for motor vehicles;  
Cooking stoves and cooking ranges; and  
Slide Fasteners.

#### GOVERNOR-GENERAL'S SPEECH.

##### ADDRESS-IN-REPLY.

Debate resumed (*vide* page 384).

Mr. BEAN (Robertson) [9.31].—This afternoon, the honorable member for Batman (Mr. Bird) voiced some criticism of the Colombo plan. Probably arrangements made under the plan have not always been so satisfactory as the majority of us hoped they would be, but that is true of any form of assistance that is granted, whether within Australia, or to another country. Accomplishments always fall short of hopes and plans. Nevertheless, the plain fact is that the Colombo plan, in itself, has made a tremendous contribution to the welfare of countries to the north of Australia. The plan has made a physical contribution to their welfare because they have received technical equipment and food supplies, and has assisted them in another important way through the exchange of persons and ideas. For example, executive officers and students from the Colombo plan countries have visited Australia in order to gain at first hand a knowledge of the ways and workings

of democracy. Australia has sent technical missions to those countries, and the Minister for External Affairs (Mr. Casey), in answer to a question this afternoon, informed the House that surgical teams had also been sent to them.

I do not desire to discuss those matters at length, because extensive reference was made to them in the debate on international affairs. However, I should like to repeat a suggestion that I made in that debate for the despatch by Australia of teams to Asian countries that are threatened by the onward march of communism. Honorable members will recall that I suggested that we send "teams for democracy" to those countries, because I feel sure that despite the recent peace that has been gained in Viet Nam, the Communists are already organizing themselves, not only for the elections that will be held in Viet Nam, Laos and Cambodia in approximately two years' time, but also for further conquests. We are not engaged now in a "cold war". This is a war of hot bullets, and the Communists still have effective control of the areas which they have conquered. I warmly support the despatch of technical missions to the Colombo plan countries, but I consider that it would also be of great advantage to the cause of peace and democracy if we sent working teams to them so that they could see members of the British Commonwealth of Nations in action. The British Commonwealth includes peoples of various races and beliefs, but all of them believe in democracy. It is a loosely-knit organization, but it has set an example to the world of how a number of countries can live together and progress together that no other combination of nations has been able to give.

The Governor-General said, in his Speech—

My Government is undertaking a re-organization of the defence programme to achieve the maximum security that the country can provide for a long period, having regard to the needs not only of defence but also of economic stability, a steady development of population and resources, and high levels of production and employment.

I listened with interest this afternoon to the speech of the honorable member for Henty (Mr. Gullett), and I think that

*Mr. Dean.*

all honorable members will agree with his statement on the necessity for the adoption of certain measures for the military defence of Australia. He also spoke about the security of our country, not in reference to espionage or counter espionage, but in the sense of national prosperity and development. I should like to develop that matter for a few moments. We in Australia are now in a fortunate and prosperous state. I believe it is true to say that it is a long time since Australia has been in such a fortunate economic condition in so many ways. Some of our primary industries are in a strong economic position. The wheat industry has its problems, but they are being dealt with separately. The dairy-ing industry has had several problems, especially in recent years, and they are being dealt with separately. The small farmer, such as the orchardist, the citrus-grower, the poultry-farmer and the pig-farmer, has some serious problems at the present time. If Australia is to be made economically secure, the problems of the smaller primary industries must be speedily solved. Those industries must be stabilized, and the producers engaged in them must receive a worthwhile return for their labour and for the capital that they have invested in their properties.

On a number of occasions during the last twelve months, honorable members on this side of the House, including myself, have made representations on behalf of the poultry industry, and the Government has been able to take action to overcome some of its difficulties. At the beginning of the year, £250,000 was made available to the industry to assist it to overcome a difficulty caused by a fall in the price of Australian eggs sold on the United Kingdom market. The industry still has some problems to solve. There are short-term problems, in respect of which immediate assistance is required, and long-term problems, which involve long-term planning to stabilize the industry. Assistance could be in the form of a subsidy on stock-feed wheat, or financial assistance to poultry-farmers in connexion with the export of eggs to the United Kingdom, or direct financial assistance to egg producers, given through the Australian Egg Board and distributed by the State Egg Boards. My

view is that direct financial assistance would be of most benefit to the industry. I have mentioned these matters because I think it is necessary to remind the Parliament that some of our small primary industries are in urgent need of assistance.

Let me deal briefly with the citrus industry and give a *résumé* of a letter I have received. The writer states that one of the problems with which the industry is faced is that in the case of many of its products supply is in excess of demand. That problem is shared by some of the other small primary industries but, according to this letter, the difficulty is not so widespread in the citrus industry, because in some areas the production per tree is much greater than in others, and in those areas the overhead expenses of production are comparatively low. That comment expresses a sectional viewpoint because it applies only to certain areas. Other areas are affected to a greater degree. The writer states—

The whole thing is indeed a complex problem, and there is a feeling within the industry that there should be some price support or guarantee for these small primary industries. It does not seem just that every industry and all labour has some sort of guarantee of profit, whereas the smaller farmer, who is the backbone of so much of our primary industry and our national wealth, should be out on a limb, as it were, without very many people caring about his problems.

That comment expresses the genuine belief of a number of the smaller primary producers. I agree that some of their problems, especially marketing problems, are the direct responsibility of the various State governments, but those governments are not accepting their responsibility. Although they say they are doing everything in their power to assist primary producers, they have doubled the freight on primary products and in that way added to the problems with which the primary producers are faced.

I want to digress for a moment to speak of the supply of materials to primary producers as a whole. There has been quite a lot of comment recently, especially in the country press, about what has been called a reduction of the supply of fencing wire, galvanized iron, galvanized iron piping and superphosphate. I shall not deal with superphosphate, because it

was dealt with this afternoon by the Minister for Commerce and Agriculture (Mr. McEwen) in answer to a question. The first thing we must realize is that the Commonwealth has no constitutional power in this matter. At the beginning of this week, the Minister for National Development (Senator Spooner) made a statement in which he said—

I want to emphasize that the Commonwealth has no direct constitutional power with regard to the production and distribution within Australia of any commodity. The Commonwealth Government, therefore, cannot determine how much steel or how much of any of the wide range of steel products shall be produced in Australia, nor can the Government determine how such products are to be distributed.

Despite that lack of constitutional power, the Commonwealth assists primary producers in this connexion in any way in which it can do so. The House knows that honorable members on this side of the chamber have organized themselves into a number of committees. One of them is the Government Members Materials Committee. The Ministers concerned are well aware of the fact-finding work done, and the recommendations made, by that committee. It has assisted the Minister for National Development, the Minister for Commerce and Agriculture and the Minister for Labour and National Service (Mr. Holt) to provide labour for certain industries. The committee has been able to short-circuit, as it were, channels of information and so assist to solve a number of problems. It is not correct to say, as some people have said, that the production of materials vital to our primary producers has decreased. In nearly every case, production has increased. In some cases it is twice, and in other cases three times, as great as it was in 1949. But in many instances the demand has quadrupled during that time. That is one of the principal reasons for the apparent shortage.

It has been stated also that steel products vitally needed in Australia have been exported to overseas countries. In the broad sense, that statement is untrue. As I have explained to the House before, we have an obligation to maintain supplies of these essential products to countries that are traditional markets for us. I refer particularly to New Zealand and

the islands to our north. We supply them with reasonable quantities of galvanized iron, nails, wire and other steel products. I think every one agrees that we should do so. Generally speaking, we have exported products of this type to countries other than New Zealand and the islands only when there has been a glut. Our steel industry is expanding, and occasionally there are temporary surpluses of certain products because expansion of capacity at the next stage of production has not been completed. It may be of interest to the House to learn that last year we exported only 9 per cent. of our production of galvanized iron, only 1 per cent. of our production of barbed wire and only 0.9 per cent. of our production of wire netting. With regard to water piping, which primary producers use for irrigation purposes, only about 15 per cent. of our production was exported. I understand that, when the new rolling mill that is being erected at Port Kembla comes into operation at the end of this year or early next year, we shall have an annual exportable surplus of 15,000 tons of galvanized iron. Obviously, we could not have increased iron and steel production so greatly if coal production had not been increased. The thanks and congratulations of Australians generally are due to the men who work in these basic industries and to those who manage the mines and factories and plan their operations. The great expansion of our basic industries, which will promote national development and help us to strengthen our defences, is due in a very large measure to co-operation between managements and workers.

Having mentioned increased coal production in passing, I take the opportunity to make a plea to those who are engaged in the industry to co-operate in devising a satisfactory plan for the mechanical extraction of pillar coal. My knowledge of methods of working and conditions in coal mines is limited, but there are mines in the electorate that I represent and I visit them at fairly regular intervals in order to discuss with managements and workers the problems with which they have to deal. I am sure that they can find a satisfactory solution to the problem of extracting pillar coal by mechanical

means. I cannot see any force in the argument that it is safer to extract such coal by the old methods than to do so by mechanical means. Experience in other countries has proved that mechanical extraction by modern methods is far safer than any other method. Therefore, I hope that the large tonnage of pillar coal in mines in various parts of Australia will soon be made available to industry for the benefit of the entire community.

The rapid growth of Australia's population should be taken into account in the planning of industrial expansion. According to statistics, Australia's population five years hence, without further immigration, should be about 9,750,000, and, with immigration at the expected rate, it should be about 10,400,000. According to the same figures, our population in 1965, without further immigration, should be 10,430,000, and with immigration, 11,313,000. Those facts demonstrate the urgent necessity for industrial expansion and the establishment of our smaller primary industries on a better and more stable footing. It would be a national disaster, for instance, if we had to import eggs and pig meats so that Australians could have eggs and bacon on their breakfast tables.

Mr. SPEAKER.—Order! The honorable member's time has expired.

[*Quorum formed.*]

Mr. GRIFFITHS (Shortland) [9.58].—Since the formal opening of the Twenty-first Commonwealth Parliament, much of the time of the House has been occupied in debating international affairs and the Government's policy in relation to Australia's commitments to other nations. The Prime Minister (Mr. Menzies) has announced that the Government will accept military obligations under the proposed South-East Asia Treaty Organization and will employ armed force, if necessary, against further Communist aggression. The nation has been warned, in effect, of the dangers that will confront it should we fail to find a satisfactory solution to the problem of Asia. Yet, in the midst of these deliberations, I was shocked to read in the press of the startling admission by high military officials that current enlistments in our armed

forces are far short of wastage. That statement, to say the least, should be disconcerting to all honorable members. The first responsibility of the Government in office should be to ensure the maintenance of Australia's defence forces at full strength at all times. The text of the report, which was published in the *Sydney Morning Herald* of the 5th August, was as follows:-

The flow of enlistments into the Army is not half sufficient to meet wastage from men leaving the service.

High ranking Army officials, who disclosed this last night, said the same position applied with the Navy and Air Force.

"Top level talks are now taking place in Melbourne about the position and we anticipate a greatly stepped-up recruiting drive", an Army officer said.

"In the Army, the recruit intake could easily fall below half the wastage rate.

"If anything happened immediately we would be so far down the drain that we just wouldn't count."

The Army officer said it was not Service pay rates which were keeping men from joining.

"The wages now are not bad", he said. "They match those of outside industry when all things are considered".

Obviously, something is wrong with the Army. The Minister for the Army (Mr. Francis) is doing nothing to rectify matters. There is general dissatisfaction in the Army, for which the Minister and the Government are responsible. The Minister is utterly incapable of administering his portfolio satisfactorily. It is no wonder that young men are reluctant to join the Army. Many of our young men have lost faith in the Army and refuse to have anything to do with it. The Government has failed to make adequate provision for army personnel who become ill as a result of military service. Many of the brass hats of the army are not fitted to hold their high positions; their services should be dispensed with. They have an utter disregard for the problems of serving personnel. Only a very small percentage of the thousands of national service trainees who complete their training each year join the Australian Regular Army. I wonder whether the Minister has ever considered the reason why so many young men are reluctant to offer for service, particularly in view of the high rates of

pay. I have been told by many trainees that camp food is bad and lacks variety, and that at some camps butter is rarely, if ever, provided. Conditions in some army camps are very bad. Many army officers do not understand the problems of the men in their charge. I have been told by recruits that applications for leave are invariably refused. I have personal knowledge of instances in which leave to servicemen to enable them to attend to urgent family matters has been refused. Recently a young trainee, who had completed his three months' initial service, was required to attend a weekend bivouac. He was working on the 12 midnight to 8 a.m. shift at the Newcastle works of Lysaght's Limited, and intended to knock off early in order to be on parade at 9 a.m. However, he missed his bus and did not arrive at the parade ground until about 9.30 a.m., by which time the troops had left. On reporting to the commanding officer, he was reprimanded. The trainee was then told that he would be required to attend the next alternate parade. As that parade was set down for a date on which his brother was to be married, he sought leave of absence, but was promptly told that he could not get it. His mother then submitted an application on his behalf, which, also, was refused. When I communicated with the commanding officer, Lieutenant-Colonel James, he told me that he did not intend to give the lad leave as he had already missed one camp. The officer said that he did not want to establish a precedent for leave in similar circumstances.

Many trainees and members of the Australian Regular Army have been badly injured, and in some instances killed, while living away from their home or usual place of domicile, allegedly on stand-down leave. There is no provision for the payment of compensation in these circumstances. I recently mentioned in this House the case of a lad who was badly injured at Helidon in Queensland, and who is now 80 per cent. incapacitated. He has not yet received one penny piece as compensation from the military authorities. In the same accident, the son of a constituent of the honorable member for New England (Mr. Drummond)

lost four fingers from one of his hands. He has not been compensated. How can the Government expect young men to join the services while this state of affairs continues? If the Government really wants young men to join the services it should make provision not only for compensation to be payable to servicemen in the event of injury or incapacity, but also to safeguard the interests of their wives and parents. Time will not permit me to relate many other reasons why young men are reluctant to join the services.

I shall refer now to another matter relating to defence. On the 8th March last, three young servicemen lost their lives during an amphibious exercise in Stockton Bight. I subsequently received a letter from Mrs. Moran, the mother of one of the boys, as well as letters from two of his brothers, one of whom was with him on the craft that sank. These letters illustrate clearly the unsatisfactory manner in which the authorities deal with matters relating to serving personnel. The young man who was drowned was a returned soldier. He had been sent home from Morotai after his nerves had been shot to pieces during World War II. Despite the fact that he had been unemployed for many months, the Repatriation Commission refused to grant him a war pension. The letter from Mrs. Moran reads as follows:—

It is with great sorrow that I write to you about my late son, Corp. Noel Moran, who lost his life on March 8th 1954 at Stockton.

It is nearly five months now since the accident happened and I have heard a few things which I think we should have been told by the military such as how Noel came to have his nose broken and what caused his face to be so badly marked.

My two other sons, Ron and Harold, saw his body at the morgue and they hardly recognized him. They identified him by a scar on his arm caused from a burn with hot lead as a child.

My married daughter asked if she could go and see him and she was told she could not. Colonel James said it was best for her to remember him as she last saw him.

We had a lot of promises made to us by the military but as yet they have not kept any of them. The military officials promised to call back and see us to talk things over but we have not seen any of them since the accident.

The shock has hit the family very hard all ways. It has affected our health. My husband had ten weeks off work with nerves. I had five weeks in bed and my 11 year old

*Mr. Griffiths.*

daughter is still sick and under the doctor's care. Noel's death has even affected her schooling. She came second in her yearly exam. and this half yearly she came second last. She has lost a lot of school with bad nerves.

Noel always saw to it that the two youngest had everything they needed for school, and I can honestly say he partly kept them. I also feel his loss financially as he gave me £5 a week for board and always helped pay medical bills and many other expenses.

The military did not even go to the trouble to have Noel's personal belongings returned to me after the accident. What hurts me most is to think that the poor kid went to the war and was brought home in a straight jacket and was only able to work three months out of the twelve months he was home.

Noel also suffered from blackouts and malaria. When he first came back from Morotai he was taken to Kemmore Hospital for shock treatment, he also spent three months at Gilbulla Red Cross rest home at Menangle.

At one time Noel applied for a pension but was told by the doctor that he was a malingerer yet when he went to join the permanent army they told him he had war nerves. So you can see he hasn't had anything from the army only promises and a raw deal.

I am Noel's mother and to me half my life has gone, there are many sleepless nights for me and my husband who cries to his dead son for help in his sleep. My little daughter also cries and asks for him. This is causing the family great mental strain.

I hope and pray that you may be able to do something to help me.

Time will not permit me to read, as I wished to do, extracts from the letters of the soldier's two brothers, one of whom was in the boat with him. The coroner's inquiry was told that the boy had no mark on him, and that he had died of drowning. Yet the brothers have stated that the dead boy had a horseshoe mark on his forehead made by a boot-heel, that his nose was broken and spread across his face, and that his hair had turned white. His brothers were hardly able to recognize him. Yet the military authorities claim they help servicemen. The dead lad's brother entered hospital after the disaster for an appendix operation and a doctor told him that his appendix had become swollen as a result of his immersion in salt water. Mr. Moran wrote to the Imperial War Graves Commission and asked that his son's grave be covered in, and a monument erected over it. The commission, in reply, told him that unless the Australian Repatriation Department accepted the soldier's death as having

been due to war service it could do nothing about the matter, and advised Mr. Moran to write to that department. I believe that the military authorities should have taken this matter up themselves, without waiting for the father to write to them. I wrote to the Minister about it on the 21st July, and he is still considering it. He merely sent me an acknowledgment of my letter.

I consider that an examination of the facts concerning this disaster, as known to the general public, reveal two outstanding alternatives. The first is that a colossal blunder was made by some one in charge of the section of the Army concerned, or by the commanding officer in charge of the operation, for allowing the manoeuvre to take place under the conditions that prevailed at the time, without having taken all possible measures against its possible failure, with the resultant loss of life and valuable equipment. If a blunder was made, it is the duty of the Government to admit the fact, to pay compensation, and take the action necessary to ensure that such a happening will not occur again. The alternative is that if a blunder was not made, then this tragic happening assumes almost criminal proportions, and those responsible for the loss of life caused by it should be punished. A satisfactory settlement of the matter involves the answering of many searching questions that have been asked, and the Minister should let the general public have the answers to them. The relatives of the lads who lost their lives and the people generally, want answers to the following questions:—1. What regulations cover amphibious training operations, and were these regulations fully complied with? 2. Was the Army command aware that the operations being undertaken would involve the amphibious vehicles covering a distance of more than 40 miles by open sea? 3. What expert authority certified the craft as seaworthy, and was a certificate obtained from the Navigation Department to that effect? 4. Have similar craft elsewhere been used previously for operations in the open sea, or are such craft normally used in ship-to-shore operations from mother ships? 5. Was the Navigation Department advised of the manoeuvre and, if so, was

it informed that should distress signals be fired no aid would be required from the navigation authorities? 6. If the navigation authorities were not informed of the manoeuvre, why did the officer on duty at Nobby's not send out the pilot boat to investigate the reason for the firing of distress rockets? 7. Why did wireless communication fail so quickly between all vehicles, if the sea was safe?

Other questions involving engine capacity, the pumping system, signalling lights, navigation lights, radio protection from shipped seas, and whether open craft, such as were used in this manoeuvre, with approximately only 18 inches of freeboard, are capable of discharging water shipped from heavy seas, also require answering before relatives of the bereaved and the general public will be satisfied that the operation was intended to be anything more than a stunt or a picnic affair. Too many conflicting stories have been told about this tragic happening. The coroner was told that the sea was almost normal. Yet on the morning of the disaster the press everywhere in Australia told of huge seas along the coast and of the record life-saving efforts that life-savers on the beaches had to make to save bathers from drowning. No fewer than 349 beach rescues were made between Sydney and Newcastle. A headline that appeared in the *Newcastle Morning Herald and Miners' Advocate* on the 8th March, which was the day of the tragedy, read—

349 rescues from sea in 2 areas.

The press stories told of such incidents on the previous day as a surf ski, which was to be used in a championship beach event, having been smashed by heavy seas. It was not until late in the afternoon of the 8th March that Newcastle residents received the news of what was described as a shocking military disaster in Stockton Bight. At first, the news of the disaster was vague. Rumours regarding the number of deaths varied. Parents, relatives and friends of the men were making frantic and frenzied inquiries about lads who were to take part in the amphibious operation. Telephone lines were choked. In fact, it was impossible to obtain a clear picture of what had happened. For a time newspaper reporters

were able to obtain a little information about the disaster, but a complete ban was soon placed on the release of news, and people could find out nothing about the matter. It was not until the next day that a clear picture emerged, and it became known that 184 members of the Fifteenth Northern Rivers Lancers, comprising officers and men of the Citizen Military Forces, and national service trainees, had been through a terrifying ordeal. Three men had lost their lives and much valuable machinery and equipment had been lost.

As I see it this sad and unfortunate accident should never have been allowed to happen. Someone blundered badly when the operation was sanctioned. It is generally known that amphibious operations are something new for the Australian Army. In fact, if my memory serves me correctly, amphibious units have been established in the Australian Army only since the end of World War II, and any experience gained by Australians in respect of this class of operation, or the capabilities of the vehicles that took part in the operation, has been gained as a result of Australian participation in such operations carried out by the United States Army in the Pacific islands during the last war, when similar craft were used in ship to shore operations and for covering beachhead landings. The general public wants to know who was responsible for the happening and why it was allowed to take place. Ever since the day of the tragedy, the Minister for the Army has refused to divulge the findings of the military court of inquiry which, incidentally, apparently had to sit on two occasions before the High Command was satisfied that it had obtained answers that would satisfy the Minister. Only an open public inquiry could solve this matter to the satisfaction of the bereaved parents and parents whose sons took part in the operation. The Minister refuses to allow such an inquiry to be held. I tell him now that if he had been contesting either the Newcastle or the Shortland electorate at the last general election he would now be out of a job, such is public indignation in these electorates about his attitude. The Minister has accused the honorable member for Newcastle (Mr. Watkins) and me

of trying to make political capital out of this tragic occurrence because we sought an open public inquiry, which was being demanded by the parents and relatives of the troops concerned, as well as by the general public. The Minister said that he has nothing further to add about the disaster and that he is satisfied with the finding of the court of inquiry. He has said that no officer was to blame, and that no irregularities occurred. Neither the people nor I accept the Minister's assurances. They do not influence me, or the thousands of people whose sons may meet a similar fate in the future unless this matter is fully probed, the whole truth about it is told and proper safeguards taken. Too many contradictory statements have been made about the whole matter. By refusing to hold a public inquiry the Minister and his departmental officers are obviously hiding behind the coroner's finding. I believe the witnesses who appeared at the coroner's inquiry were selected witnesses, because only twelve out of the 184 men who took part in the manoeuvre were called to appear before the inquiry, and, according to the press, only seven of them gave evidence. It appears to me that much has been concealed. The coroner, who was a farmer, could not possibly cover the mass of material that would be required to carry out a satisfactory inquiry because the military authorities did not provide the necessary information.

A coroner's duty, as I understand it, is to ascertain the cause of death and, in cases in which doctors refuse to issue a death certificate, to decide whether there were any criminal aspects of the matter. I believe that many irregularities occurred in relation to this matter. For instance, the commanding officer took his twelve-year-old son on the manoeuvre. It is alleged that quantities of liquor were in the tanks and that there was a huge refrigerator in one of the vessels which sank off Morna Point. The Minister should probe these allegations in order to ascertain whether they are true. It has been said that one lad who swam ashore with the twelve-year-old son of the commanding officer could probably have saved the life of one of the other lads who drowned if he had not had to look after this boy. The Minister should institute

an inquiry. I want to know whether the Minister has thanked members of the Stockton Surf Club and Constable Wheeler of the Newcastle police, who left their beds in the early hours of the morning in order to help in the rescues and who saved, possibly, scores of lives.

**Mr. ACTING DEPUTY SPEAKER (Mr. Bowden).**—Order! The honorable member's time has expired.

Motion (by Mr. J. R. FRASER) put—

That the honorable member for Shortland (Mr. Griffiths) be granted an extension of time.

The House divided.

(**MR. SPEAKER**—Hon. ARCHIE CAMERON.)

Ayes .. ..	.. ..	43
Noes .. ..	.. ..	52
Majority .. ..	.. ..	9

AYES.

Anderson, Gordon	Haylen, L. C.
Andrews, T. W.	Jasbau, R.
Barnard, L. H.	Keon, S. M.
Bird, A. C.	Lemmon, N.
Bourke, W. M.	Luchetti, A. S.
Bruce, H. A.	Makin, N. J. O.
Eryson, W. G.	McLeod, D.
Calwell, A. A.	Minogue, D.
Cameron, Clyde	Morgan, C. A. A.
Chambers, C.	O'Connor, W. P.
Clark, J. J.	Peters, E. W.
Costa, D. E.	Potter, R. T.
Cream, F.	Riordan, W. J. F.
Creman, J. L.	Russell, Edgar
Curtin, D. J.	Stewart, F. E.
Duthie, G. W. A.	Thompson, A. V.
Fraser, Allan	Ward, E. J.
Fuller, A. N.	Watkius, D. O.
Galvin, P.	Whitlam, E. G.
Greenup, A. E.	<i>Tellers:</i>
Griffiths, C. E.	Daly, T. M.
Harrison, E. James	Sheehan, T.

NOES.

Adermann, C. F.	Haworth, W. C.
Alan, A. I.	Hoxse, J. B.
Bate, Jeff	Hulme, A. S.
Benle, Howard	Jack, W. M.
Bland, F. A.	Joske, P. E.
Bostock, W. D.	Lawrence, W. R.
Bowden, G. J.	Leslie, H. A.
Brand, W. A.	Lindsay, R. W. L.
Brimblecombe, W. J.	Luck, A. W. G.
Brown, G. W.	Lucock, P. E.
Cameron, Dr. Donald	Mackinnon, E. D.
Casey, R. G.	McEwen, J.
Cramer, J. Q.	McLough, J.
Davis, F. J.	McMahon, W.
Dean, R. L.	Osborne, F. M.
Downer, A. R.	Parce, H. G.
Brummond, D. H.	Swartz, R. W. C.
Drury, E. N.	Timson, T. F.
Falls, L. J.	Townley, A. G.
Fairbairn, D. E.	Turnbull, W. G.
Fairhall, A.	Turner, E. B.
Fatkinder, C. W. J.	Wentworth, W. C.
Francis, J.	Wheeler, R. C.
Freeth, G.	<i>Tellers:</i>
Hamilton, L. W.	Davidson, C. W.
Harrison, Sir Eric	Gullett, H. B. S.
Hastluck, P. M.	

Evatt, Dr. H. V.	Menzies, R. G.
Contts, W. C.	Anthony, H. L.
Burke, Tom	Kent Hughes, W. S.
Fitzgerald, J. F.	Padden, Sir Arthur
Clarey, F.	Holt, H. E.
Davies, W.	McBride, Sir Philip
Drukeford, A. S.	McColl, M. L.
Edmonds, W. F.	Opperman, H. F.
Lawson, George	Page, Sir Earle
James, R.	Roberton, H. S.
Welch, C. H.	Wight, E. M.

Question so resolved in the negative.

Debate (on motion by Mr. BRIMBLECOMBE) adjourned.

ADJOURNMENT.

WOOL—AIRCRAFT PRODUCTION—SERVICES TRAINING CENTRE, MILDURA.

Motion (by Sir ERIC HARRISON) proposed—

That the House do now adjourn.

**Mr. FREETH (Forrest)** [10.30].—It is not generally supposed that the wool-growing industry is suffering great financial hardship at present, but I wish to draw the attention of the House to a group of wool-growers who are at present suffering a definite injustice. During World War II. these men were engaged in growing wool in a fairly small way, and they sold their wool to private buyers in order to obtain a quick return rather than to take their chance of appraisement. When the time came for the Joint Organization profits to be distributed, the relevant legislation provided that no part of those profits would go to private wool-buyers who had bought wool from the growers during the appraisement period, but that the profits would be paid directly to the wool-growers concerned. That provision was contested by a gentleman named Poulton, who issued a writ against the Commonwealth in 1949. From 1949 to the present time about £2,500,000, which rightly belongs to the wool-growers has been withheld from them.

*Opposition members interjecting.*

**Mr. FREETH.**—I am quite aware that honorable members opposite are not interested in people getting their just deserts, but I suggest that the Government might take some action about the matter to which I am referring in order to speed up payments from the Joint Organization profits to the wool-growers affected.

The Government gave an undertaking to Mr. Poulton's solicitors in 1949, when the writ was first issued, that while litigation was in progress it would not pay out any of this money. Mr. Poulton was very slow in bringing his action before the court, and consequently the growers were prevented from getting their money during that time. Last year, the High Court of Australia gave a decision in this matter to the effect that Mr. Poulton's claim had no foundation, and that the growers were entitled to this money. Since then the Government has stated that it cannot pay out the money because it does not know whether Mr. Poulton will appeal to the Privy Council against the High Court's judgment, and that there may be such an appeal which would, if it were successful, force the Government to pay out the money to Mr. Poulton and other private wool-buyers.

This situation appears to me to be quite unfair to the growers concerned. The gentleman who has initiated the litigation is not in any hurry to decide whether he will appeal to the Privy Council. In fact he has not hurried himself since 1949, when he first issued the writ. Of course he is entitled to take a reasonable time, but I suggest that it is now open to the Government to take steps to force him to decide whether or not he will appeal to the Privy Council. I understand that he has to be allowed a reasonable time in which to appeal, but I suggest that he has already had ample time. There are three courses open to the Government in this matter. First, the Government could press Mr. Poulton and his solicitors to make a decision whether they will lodge an appeal before the Privy Council, and the Government could take any legal procedure available to it to force that decision. Secondly, it could put Mr. Poulton in a position where it would be a hundred-to-one chance that the Privy Council would decide that a reasonable time for appeal had already elapsed. If the Government informed him that it intended to pay this money because he had been given every opportunity to make up his mind whether he would appeal, the Government could, after a lapse of one or two months or whatever time it

might consider reasonable, advise his solicitors that it was in a position to pay out the money without fear that a higher authority would suggest that Mr. Poulton had not been given a reasonable time in which to appeal.

My third suggestion concerns some wool-growers in Western Australia. In Western Australia a very substantial company of private wool-buyers, known as Wilcox, Moffin Limited, undertook to pay back to those wool-growers any Joint Organization profits received, so that quite apart from any decision in the *Poulton* case, the wool-growers who sold to Wilcox, Moffin Limited have been entitled for some time to their share of the Joint Organization profits. Wilcox, Moffin Limited have stated that they cannot get the money from the Commonwealth because of the Commonwealth's undertaking to Mr. Poulton's solicitors. The Commonwealth has stated that Mr. Poulton's solicitors will not release it from its undertaking, even in respect of this company. Therefore, the third way in which the Commonwealth could overcome the difficulty would be to arrange with Wilcox, Moffin Limited to pay the money to the wool-growers and obtain the necessary releases from Wilcox, Moffin Limited, or the wool-growers, contingent on any possible decision of the Privy Council.

I have had long discussions with the Minister for Commerce and Agriculture (Mr. McEwen) about this matter, and I am quite satisfied that he has always been willing and anxious to pay these moneys, but that he has always believed that there are legal obstructions to such payments. The Attorney-General's Department considers that in due course the problem will be solved by effluxion of time. All that I am trying to do to-night is to draw the attention of the House, and the Ministers concerned, to the injustice that is being done by merely waiting for time to pass. I suggest that the departments concerned should take some firm action to obtain quickly the money that these particular wool-growers are entitled to. Although wool-growers generally are in a fairly prosperous position to-day, those who are concerned in this matter were, at the time they sold their wool, in

a fairly small way of business. Many of them have handed over their properties to their sons, and have retired on a fairly small amount of capital which is rapidly dwindling. They have ear-marked this Joint Organization money for specific purposes, and have waited for years for it. It is highly desirable that the Government should closely examine this matter, and ascertain whether it can take action in one of the three ways that I have suggested.

**Mr. CLYDE CAMERON** (Hindmarsh) [10.39].—The matter to which I desire to draw the attention of the House concerns the production of components for the Canberra jet bomber. In South Australia there is a company known as Chrysler Australia Limited, which has a contract for the manufacture of component parts for the Canberra jet bomber. That company is guilty of a practice which requires immediate attention from the highest level. I refer to its system of releasing, as correct, items which are later rejected by the Aeronautical Inspection Directorate. In order to give an example of what is happening, I have here a note concerning a particular part, the serial number of which is CAL/WB/CF/31. On the 9th July last, that part was rejected by an Aeronautical Inspection Directorate inspector, the note on the check slip being—

Not acceptable. Workmanship and spot welding rough.

In spite of the fact that this part had been rejected by the inspector, Chrysler Australia Limited continued to produce it. It is a component of such an important character that every phase of its manufacture must be checked and a history card made out for the whole of the process from the first moulding until its final machining for installation. Yet, I have here proof that on the 13th July, four days after it had been rejected by the Aeronautical Inspection Directorate inspector, this component was still being worked without rectification of the faults that had been referred to on the first inspection. The next inspection report stated—

This assembly is not acceptable to A.I.D. and is rejected. Workmanship and spot welding too rough for acceptance.

Some components are of such a vital nature that a Canberra jet bomber which was fitted with a faulty part could explode in mid-air. The Aeronautical Inspection Directorate has no means of rejecting them. All it can say is that, from a supervisory point of view, they are acceptable. Under the regulations, however, the company still has the right to send the component parts which have not been individually inspected by the Aeronautical Inspection Directorate to Fishermen's Bend where they may be made up and installed in Canberra bombers.

**Mr. WARD.**—That is, the faulty parts?

**Mr. CLYDE CAMERON.**—Yes, those that have not been inspected by the Aeronautical Inspection Directorate. They are sent by the company to Fishermen's Bend to be installed there. It is true that at Fishermen's Bend some of the defects are noted and some components returned to Adelaide as rejects.

**Mr. HASLUCK.**—Has the honorable member first-hand knowledge of all of this?

**Mr. CLYDE CAMERON.**—Of course, I have. I have referred to the serial number of the component.

**Mr. BEALE.**—What is the name of the component?

**Mr. CLYDE GAMERON.**—I shall come to that. I now wish to refer to another report that was made concerning this company.

**Mr. HASLUCK.**—To whom was the report presented?

**Mr. CLYDE CAMERON.**—That is my business. I propose to inform the House of the contents of the report. It is for the Government to look into this matter. If it is found that anything I have said is incorrect, I shall apologize for giving false information to the House, which is more than a lot of other people would be prepared to do. This is an extract from the report concerning the manufacture—

**Mr. OSBORNE.**—Did the honorable member write the report himself?

**Mr. CLYDE CAMERON.**—What a foolish question!

**Mr. SPEAKER.**—Order! I do not intend to allow the debate to proceed on

these lines. The honorable member for Hindmarsh (Mr. Clyde Cameron) has the call, and I insist that he be heard in silence.

**Mr. CLYDE CAMERON.**—One of these Canberra bombers has crashed already. We all know what has happened with the Comet jet aircraft overseas, and I do not wish to see any life destroyed because of apathy on the part of the Government in permitting such practices to continue. If, in twelve months' time, a Canberra bomber should crash because of the use of faulty components which had been manufactured by Chrysler Australia Limited and released after being rejected by the Aeronautical Inspection Directorate, sole responsibility would rest on this Government for having failed to take appropriate action.

Another report which I have in my possession contains the following statement:—

From the foregoing, it can be seen that assemblies built in jigs which have not been cleared by A.I.D. are suspect. It is impossible for A.I.D. to certify the assemblies as complying with requirements. In many cases, details could be in a dangerous condition due to the excessive amount of hand setting going on which, at the present time, is uncontrollable. Assemblies which are being built in jigs fully cleared by A.I.D. are very satisfactory. It is agreed now by C.A.L. that the production of these assemblies is excellent, and that the time required for manufacture is considerably less than on jigs that are not cleared by A.I.D.

Let us take an example concerning the manufacture of another component. The report states:—

Let us, firstly, take the case of plastic block C.T.91214, used as a media for trimming drop tank clearance between tank and wing tip. The block was checked against Loft LL1058 and LL43 Lines Loft and assembly Loft respectively, and it was rejected due to errors in contour and twist to the tune of up to .125. Explosive bolt location centres—Errors of .048 and runs of up to .020 per inch in location pins, the errors being so outstanding that inquiries were made covering the methods adopted to produce such results, as the job has been in progress since June at least.

That is, June, 1953. The report continues—

It was found that a drop tank was fitted to a wing tip, and then the plastic block fitted to the tank, no attempt being made to correlate the wing datum and cord lines. (It must be borne in mind that a correct wing tip has not yet been produced and, incidentally, variation has been noted between components.)

I have plenty of other information on this matter, but I do not propose to weary the House with it at present. I think that I have given sufficient details to satisfy even the most casual person that the Chrysler organization has been guilty of serious negligence in the manufacture of parts for Canberra jet bombers and that that negligence has resulted in an excessive number of rejects. The organization is working on a cost-plus system. Accordingly, it does not care how many rejects are made, because it is paid for rejects and time spent in producing them. Already £60,000 has been expended.—

**Mr. SPEAKER.**—Order! The honorable gentleman's time has expired.

**Mr. TURNBULL (Mallee) [10.47].**—I wish to obtain clarification of the position concerning the future of the services training centre at Mildura. I am indebted to the managing director of the *Sunraysia Daily* for up-to-date information in this connexion, and I propose to read the following leading article from that newspaper:—

An auction sale at the Services Training Centre at Mildura on Thursday week could be the beginning of the end for the centre which Sunraysia has known as a R.A.A.F. camp, a university branch, a migrant camp, W.R.A.A.C.'S. school and cadet camp.

The sale will be that of thousands of pounds worth of surplus migrants camp equipment which the Government says it no longer requires. The goods include blankets, mattresses, beds, dressing tables, chairs and a host of other things.

There has been nothing but silence from all attempts made in Canberra to find out what the Government intends to do with the centre. Various suggestions for its use have been made, but always there has been the same answer. That the centre is not suitable for that particular thing.

Does this sale mean that the Government has decided the camp has no further use? Will the next step be the sale of the buildings and everything else there that goes to make an excellent camp?

These are questions which Mildura would like answered. They are questions which Mildura had hoped would never have to be asked. Sunraysia realizes it has an asset in the centre. It wants that asset made use of—and made use of in one piece, not scattered as single buildings all over the Commonwealth.

Not only is Mildura concerned with this matter. It goes much further, because the Government is considering the question of defence and the training of Royal

Australian Air Force personnel. This is a ready-made and ideally situated camp of which the Government should make some use. I am very pleased to see the Minister for Supply (Mr. Beale) in the chamber because the sale is being conducted by the Department of Supply. I am very pleased to see the Minister for the Army (Mr. Francis) because I am hopeful that the Department of the Army will be able to utilize the camp. The camp, which was an air force training station during World War II., and which is situated near the borders of South Australia, Victoria and New South Wales, has all the equipment and runways that are necessary for the training of air force personnel. Climatic conditions in that part of Australia are excellent for flying.

Some of the items of equipment that are being sold may be quite unserviceable. I am not complaining so much about the sale of equipment, but I should like to be informed whether it is being sold because it is unserviceable. Some people have the idea that probably this is the first step in the dismantling of the camp. I protest against any such proposal. Last week I asked the Minister for the Interior (Mr. Kent Hughes) whether the camp could be used for the civil defence school. He said that he would investigate the matter, but that it did not seem to him to be suitable for that purpose. I ask why it is not suitable. Is it not suitable for that purpose because it is too far from Sydney and Melbourne and Adelaide? We want decentralized training because it is the best kind of training. Decentralized training is being provided at the jungle training centre in Queensland, and I compliment the Minister for the Army upon the establishment of the centre. Some honorable members have had experience of such camps, and they know that the further a camp is located from the city the better it is.

*Opposition members interjecting.*

Mr. TURNBULL.—I know that honorable members who represent metropolitan electorates in New South Wales do not like that kind of talk, but I support the establishment of decentralized training centres. This camp was once used as a university centre, but because

it was too far from the cities the students and professors went back to Melbourne.

There is no need for the Government to spend thousands of pounds on the erection of camps when it can utilize a camp such as the one to which I have referred. I ask the Minister for Supply to state whether the equipment at this camp is surplus and unserviceable, and also to indicate the future of the centre. It has been used as an immigrant holding centre, but when its use for that purpose was discontinued it was placed under the control of the Minister for the Interior (Mr. Kent Hughes) in the hope that it would be used again for the purpose. It is all right if the Government, in view of its plan to bring more immigrants into the country, intends to retain the camp as a holding centre, but the people of Sunraysia are concerned about the possibility of its being dismantled. Such a step would mean an economic loss to the country because new camps could not be built on better locations and better buildings could not be provided. I ask the Minister for Supply and the Minister for the Army to give the House some information on the matter. In fact, I have written down the names of the Ministers who are affected. They are the Minister for Immigration, the Minister for Defence, the Minister for the Army, the Minister for Air, the Minister for Supply, and the Minister for the Interior. I do not expect all of those Ministers to answer the question, but the Minister for Supply has assured me that two of them will do so.

Mr. BEALE (Parramatta—Minister for Supply) [10.57].—Two of them, in the person of myself as Minister for Supply and the Minister acting for the Minister for Immigration, are now in the process of answering the question. The honorable member was kind enough to mention the matter to me. I can well understand the anxiety of the people of Mildura in relation to the future of this camp. The equipment that will be sold is not military equipment but is surplus equipment from the Department of Immigration. The centre is at present under the care of a caretaker, but it is expected that, with an expanded

immigration programme, it will be used again. For that reason, it is not intended to sell the buildings. The centre provides accommodation for approximately 2,000 persons. The Department of the Army is using parts of it as a Women's Royal Australian Army Corps school and also part as a cadet training camp. The honorable member need not be concerned about the future of the buildings, as it is not intended to dismantle them and take them away.

**Mr. FRANCIS** (Moreton—Minister for the Army) [11.0].—The honorable member for Mallee (Mr. Turnbull) and other persons wrote me a letter about the Mildura camp, but as I received the communication only this morning it was not possible for me to answer it earlier. I give the honorable member an assurance that there is no intention of interfering with the Women's Royal Australian Army Corps training centre at Mildura. Part of the camp is the head-quarters of the 3rd Cadet Brigade, 1,200 members of which are moving into camp to-night. That portion of the establishment will regularly be occupied by cadets.

Question resolved in the affirmative.

#### PAPER.

The following paper was presented:—  
Public Service Act—Appointment—Department of Health—E. R. Manson.

House adjourned at 11.1 p.m.

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#### ANSWERS TO QUESTIONS.

*The following answers to questions were circulated:—*

##### AUSTRALIAN PRISONERS OF WAR.

**Mr. WARD** asked the Prime Minister, upon notice—

1. What amount of money has been obtained by the Government up to date from the proceeds of the sale of pre-war Japanese assets in Australia?

2. Has the sale of these assets been finalized; if not, what sum is it expected will be realized from the disposal of the remainder?

3. What are the individual and the total amounts involved in payments to ex-Japanese prisoners of war from this source, up to the present time?

4. What progress has been made with respect to the disposal of pre-war Japanese assets in neutral countries, and what amount of money has been received by the Commonwealth Government from this source?

5. Will the moneys received from both the above-mentioned sources constitute the total amount to be distributed amongst former prisoners of war?

6. Upon what date was it decided to distribute these moneys amongst the men concerned, and when was the first payment made?

7. When is it intended by the Government to make the next payment, and what is the estimated total amount which each individual ex-prisoner of war will receive?

**Mr. MENZIES**.—The answers to the honorable member's questions are as follows:—

1. £431,159.

2. The sale of the assets is not complete. The remaining Japanese assets in Australia are estimated to realize £290,000 or thereabouts.

3. Each former prisoner of war of the Japanese has, or the dependants of those who died while captive have, received a sum of £32. The total amount distributed in this way was £693,000. This distribution was made possible by the provision of a Treasury advance of approximately £400,000 pending realization of the assets. This advance will be recouped as the assets in Australia are realized.

4. The progress made with respect to the disposal of Japanese assets in ex-enemy and neutral countries has not been satisfactory. With the other governments concerned, we have made approaches to the Japanese Government which has not been entirely helpful in the matter. We are, however, hopeful that some finality will soon be reached. No moneys have yet been received from this source but an amount of £75,396 sterling has been received representing the Australians' share in the proceeds of the sale of the Burma-Siam railway.

5 and 7. It is not known what additional amounts will be received. However, when the Government's decision was announced I indicated that if further funds were made available from the International Red Cross from Japanese assets in neutral countries or from any other Japanese source, the position will be given further consideration both in relation to payments to former prisoners of war and to civilians.

6. The Government took the decision to distribute the proceeds of the sale of Japanese assets in Australia on the 15th February, 1952. The first payment was made in November of that year.

## DEPARTMENT OF EXTERNAL AFFAIRS.

Mr. KEON asked the Minister for External Affairs, upon notice—

What are the names, status, and date of appointment both to the Department and to their present position of the members of the

staff of the Department of External Affairs stationed in the South-East Asia area.

Mr. CASTRY.—The answers to the honorable member's questions are as follows:—

Following are the members of the staff of the Department stationed in the South-East Asia area:—

Name.	Designation.	Date of Appointment to Department.	Arrived Present Post.
<b>Bangkok—</b>			
B. C. Ballard ..	Minister ..	31.8.40	14.4.52
P. N. B. Hutton ..	E.A. Officer, Grade 1 ..	14.3.49	29.10.52
Miss H. Noakes ..	Secretary-Typist ..	1.5.51	28.6.54
<b>Djakarta—</b>			
J. C. O. Kevin ..	Minister ..	23.6.45	11.3.52
C. Q. F. Lee ..	E.A. Officer, Grade 3 ..	19.5.41	22.1.54
W. A. Vawdrey ..	E.A. Officer, Grade 2 ..	8.7.46	16.9.53
R. R. Fernandez ..	E.A. Officer, Grade 1 ..	30.1.51	21.1.53
D. R. White ..	E.A. Officer, Grade B ..	24.4.50	30.12.53
Miss J. Hawcroft ..	Secretary-Typist ..	30.11.53	4.4.54
Miss M. M. Barry ..	Secretary-Typist ..	7.1.54	18.6.54
<b>Manila—</b>			
Rear-Admiral G. D. Moore ..	Minister ..	10.6.50	14.7.50
L. E. Phillips ..	E.A. Officer, Grade 2 ..	9.9.46	21.11.53
T. V. Holland ..	E.A. Officer, Grade 1 ..	13.3.50	29.6.52
<b>Rangoon—</b>			
C. T. Moodie ..	Minister ..	8.8.37	11.6.54
F. W. Truelove ..	E.A. Officer, Grade 2 ..	6.9.54	8.7.54
E. S. Roberts ..	E.A. Officer, Grade B ..	24.4.44	7.8.54
Miss D. Letoher ..	Secretary-Typist ..	8.6.52	1.9.52
<b>Saigon—</b>			
J. P. Quinn (at present en route to Australia on leave)	Minister ..	17.5.40	12.11.52
J. R. Rowland ..	Charge d'Affaires ..	3.6.44	10.8.54
I. G. Bowdon ..	E.A. Officer, Grade 1 ..	30.1.51	7.11.52
R. Gardner ..	E.A. Officer, Grade 1 ..	29.1.52	7.4.54
Miss V. O'Neill ..	Secretary-Typist ..	29.7.52	17.4.53
<b>Singapore—</b>			
Sir Alan Watt ..	Commissioner ..	26.4.37	23.3.54
R. W. Furlonger ..	E.A. Officer, Grade 3 ..	24.4.45	11.4.54
K. Desmond ..	E.A. Officer, Grade 2 ..	10.6.46	23.3.53
P. H. O'Connor ..	E.A. Officer, Grade 2 ..	15.7.48	18.7.53
B. T. Kaye ..	E.A. Officer, Grade A ..	16.3.44	29.3.53