



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



# House of Representatives

## Official Hansard

No. 46, 1964  
Monday, 9 November 1964

TWENTY-FIFTH PARLIAMENT  
FIRST SESSION—SECOND PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

# PARLIAMENT OF THE COMMONWEALTH.

TWENTY-FIFTH PARLIAMENT—FIRST SESSION: SECOND PERIOD.

## GOVERNOR-GENERAL.

His Excellency the Right Honorable Viscount De L'Isle, upon whom has been conferred the decoration of the Victoria Cross, a member of Her Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross of the Royal Victorian Order, Knight of the Venerable Order of Saint John of Jerusalem, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia from 3rd August, 1961.

## EIGHTH MENZIES GOVERNMENT.

(AS FROM 13TH JUNE 1964.)

Prime Minister .. ..	..	..	The Right Honorable Sir Robert Gordon Menzies, K.T., C.H., Q.C.
Minister for Trade and Industry .. ..	..	..	The Right Honorable John McEwen.
Treasurer .. ..	..	..	The Right Honorable Harold Edward Holt.
Minister for External Affairs .. ..	..	..	The Honorable Paul Meernaa Caedwalla Hasluck.
Minister for Labour and National Service; and Vice-President of the Executive Council .. ..	..	..	The Honorable William McMahon.
Minister for Primary Industry .. ..	..	..	The Honorable Charles Frederick Adermann.
Minister for Defence .. ..	..	..	Senator the Honorable Shane Dunne Paltridge.
Minister for Health .. ..	..	..	Senator the Honorable Harry Walter Wade.
Minister for Supply .. ..	..	..	The Honorable Allen Fairhall.
Minister for Civil Aviation .. ..	..	..	Senator the Honorable Norman Henry Denham Henty.
Postmaster-General .. ..	..	..	The Honorable Alan Shallcross Hulme.
Minister for National Development .. ..	..	..	The Honorable David Eric Fairbairn, D.F.C.

(The above Ministers constitute the Cabinet.)

Minister for Works; and under the Prime Minister, Minister-in-Charge, Commonwealth Activities in Education and Research .. ..	..	..	Senator the Honorable John Grey Gorton.
Minister for Shipping and Transport .. ..	..	..	The Honorable Gordon Freeth.
Minister for Immigration .. ..	..	..	The Honorable Hubert Ferdinand Opperman, O.B.E.
Minister for Social Services .. ..	..	..	The Honorable Hugh Stevenson Robertson.
Minister for Repatriation .. ..	..	..	The Honorable Reginald William Colin Swartz, M.B.E., E.D.
Attorney-General .. ..	..	..	The Honorable Billy Mackie Snedden, Q.C.
Minister for Territories .. ..	..	..	The Honorable Charles Edward Barnes.
Minister for Housing .. ..	..	..	The Honorable Leslie Harry Ernest Bury.
Minister for the Army; and Minister assisting the Treasurer .. ..	..	..	The Honorable Alexander James Forbes, M.C.
Minister for the Interior .. ..	..	..	The Honorable John Douglas Anthony.
Minister for the Navy .. ..	..	..	The Honorable Frederick Charles Chaney, A.F.C.
Minister for Air .. ..	..	..	The Honorable Peter Howson.
Minister for Customs and Excise .. ..	..	..	Senator the Honorable Kenneth McColl Anderson.

# THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

TWENTY-FIFTH PARLIAMENT—FIRST SESSION: SECOND PERIOD.

*Speaker*—The Honorable Sir John McLeay, K.C.M.G., M.M.

*Leader of the House*—The Right Honorable Harold Edward Holt.

*Chairman of Committees*—Philip Ernest Lucock.

*Temporary Chairmen of Committees*—Wilfred John Brimblecombe, Joseph James Clark, Edward Nigel Drury, Laurence John Failes, Charles William Jackson Falkinder, D.S.O., D.F.C., Hon. William Crawford Haworth, Charles Keith Jones, Ewen Daniel Mackinnon, Edward William Peters and Francis Eugene Stewart.

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

*Deputy Leader of the Opposition*—Edward Gough Whitlam, Q.C.

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

*Deputy Leader of the Australian Country Party*—The Honorable Charles Frederick Adermann.

Adermann, Hon. Charles Frederick	..	..	..	..	Fisher (Q.)
Allan, Archibald Ian	..	..	..	..	Gwydir (N.S.W.)
Anthony, Hon. John Douglas	..	..	..	..	Richmond (N.S.W.)
Aston, William John	..	..	..	..	Phillip (N.S.W.)
Barnard, Lance Herbert	..	..	..	..	Bass (T.)
Barnes, Hon. Charles Edward	..	..	..	..	McPherson (Q.)
(3) Barwick, Hon. Sir Garfield Edward John, Q.C.	..	..	..	..	Parramatta (N.S.W.)
Bate, Henry Jefferson	..	..	..	..	Macarthur (N.S.W.)
Beaton, Noel Lawrence	..	..	..	..	Bendigo (V.)
Beazley, Kim Edward	..	..	..	..	Fremantle (W.A.)
Benson, Samuel James, R. D.	..	..	..	..	Batman (V.)
Birrell, Frederick Ronald	..	..	..	..	Port Adelaide (S.A.)
Bosman, Leonard Lewis	..	..	..	..	St. George (N.S.W.)
(4) Bowen, Nigel Hubert, Q.C.	..	..	..	..	Parramatta (N.S.W.)
Brimblecombe, Wilfred John	..	..	..	..	Maranoa (Q.)
Bryant, Gordon Munro	..	..	..	..	Wills (V.)
Buchanan, Alexander Andrew	..	..	..	..	McMillan (V.)
Bury, Hon. Leslie Harry Ernest	..	..	..	..	Wentworth (N.S.W.)
Cairns, James Ford	..	..	..	..	Yarra (V.)
Cairns, Kevin Michael Kiernan	..	..	..	..	Lilley (Q.)
Calwell, Hon. Arthur Augustus	..	..	..	..	Melbourne (V.)
Cameron, Clyde Robert	..	..	..	..	Hindmarsh (S.A.)
Chaney, Hon. Frederick Charles, A.F.C.	..	..	..	..	Perth (W.A.)
Chipp, Donald Leslie	..	..	..	..	Higinbotham (V.)
Clark, Joseph James	..	..	..	..	Darling (N.S.W.)
Cleaver, Richard	..	..	..	..	Swan (W.A.)
Cockle, John Simon	..	..	..	..	Warringah (N.S.W.)
Collard, Frederick Walter	..	..	..	..	Kalgoorlie (W.A.)
Connor, Reginald Francis Xavier	..	..	..	..	Cunningham (N.S.W.)
Cope, James Francis	..	..	..	..	Watson (N.S.W.)
Costa, Dominic Eric	..	..	..	..	Banks (N.S.W.)
Courtney, Frank	..	..	..	..	Darebin (V.)
Coutts, Wilfred Charles	..	..	..	..	Griffith (Q.)
Cramer, Hon. Sir John Oscar	..	..	..	..	Bennelong (N.S.W.)
Crean, Frank	..	..	..	..	Melbourne Ports (V.)
Cross, Manfred Douglas	..	..	..	..	Brisbane (Q.)
Curtin, Daniel James	..	..	..	..	Kingsford-Smith (N.S.W.)
Daly, Frederick Michael	..	..	..	..	Grayndler (N.S.W.)
Davies, Ronald	..	..	..	..	Braddon (T.)
Davis, Francis John	..	..	..	..	Deakin (V.)
(5) Dean, Roger Levinge	..	..	..	..	Robertson (N.S.W.)
Devine, Leonard Thomas	..	..	..	..	East Sydney (N.S.W.)
(3) Downer, Hon. Alexander Russell	..	..	..	..	Angas (S.A.)
Drury, Edward Nigel	..	..	..	..	Ryan (Q.)
Duthie, Gilbert William Arthur	..	..	..	..	Wilmot (T.)
England, John Armstrong, E.D.	..	..	..	..	Calare (N.S.W.)
Erwin, George Dudley	..	..	..	..	Ballaarat (V.)
Failes, Laurence John	..	..	..	..	Lawson (N.S.W.)
Fairbairn, Hon. David Eric, D.F.C.	..	..	..	..	Farrer (N.S.W.)
Fairhall, Hon. Allen	..	..	..	..	Paterson (N.S.W.)
Falkinder, Charles William Jackson, D.S.O., D.F.C.	..	..	..	..	Franklin (T.)
Forbes, Hon. Alexander James, M.C.	..	..	..	..	Barker (S.A.)
Fox, Edmund Maxwell Cameron	..	..	..	..	Henty (V.)
Fraser, Allan Duncan	..	..	..	..	Eden-Monaro (N.S.W.)
Fraser, James Reay	..	..	..	..	(A.C.T.)
Fraser, John Malcolm	..	..	..	..	Wannon (V.)

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

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Freeth, Hon. Gordon	..	..	..	..	..	..	Forrest (W.A.)
Fulton, William John	..	..	..	..	..	..	Leichhardt (Q.)
Galvin, Patrick	..	..	..	..	..	..	Kingston (S.A.)
Gibbs, Wylie Talbot	..	..	..	..	..	..	Bowman (Q.)
(2) Gibson, Adrian	..	..	..	..	..	..	Denison (T.)
(4) Giles, Geoffrey O'Halloran	..	..	..	..	..	..	Angas (S.A.)
Gray, George Henry	..	..	..	..	..	..	Capricornia (Q.)
Griffiths, Charles Edward	..	..	..	..	..	..	Shortland (N.S.W.)
Hallett, John Mead	..	..	..	..	..	..	Canning (W.A.)
Hansen, Brendan Percival	..	..	..	..	..	..	Wide Bay (Q.)
Harding, Ernest William	..	..	..	..	..	..	Herbert (Q.)
Harrison, Eli James	..	..	..	..	..	..	Blaxland (N.S.W.)
Hasluck, Hon. Paul Meernaa Caedwalla	..	..	..	..	..	..	Curtin (W.A.)
Haworth, Hon. William Crawford	..	..	..	..	..	..	Isaacs (V.)
Hayden, William George	..	..	..	..	..	..	Oxley (Q.)
Holt, Rt. Hon. Harold Edward	..	..	..	..	..	..	Higgins (V.)
Holton, Rendle McNeilage	..	..	..	..	..	..	Indi (V.)
Howson, Hon. Peter	..	..	..	..	..	..	Fawkner (V.)
Hughes, Thomas Eyre Forrest, Q.C.	..	..	..	..	..	..	Parkes (N.S.W.)
Hulme, Hon. Alan Shallcross	..	..	..	..	..	..	Petrie (Q.)
Irwin, Leslie Herbert, M.B.E.	..	..	..	..	..	..	Mitchell (N.S.W.)
Jack, William Mathers	..	..	..	..	..	..	North Sydney (N.S.W.)
James, Albert William	..	..	..	..	..	..	Hunter (N.S.W.)
Jess, John David	..	..	..	..	..	..	La Trobe (V.)
Johnson, Leslie Royston	..	..	..	..	..	..	Hughes (N.S.W.)
Jones, Charles Keith	..	..	..	..	..	..	Newcastle (N.S.W.)
Kelly, Charles Robert	..	..	..	..	..	..	Wakefield (S.A.)
Kent Hughes, Hon. Sir Wilfrid Selwyn, K.B.E., M.V.O., M.C., E.D.	..	..	..	..	..	..	Chisholm (V.)
Killen, Denis James	..	..	..	..	..	..	Moreton (Q.)
King, Robert Shannon	..	..	..	..	..	..	Wimmera (V.)
Lindsay, Robert William Ludovic	..	..	..	..	..	..	Flinders (V.)
Luchetti, Anthony Sylvester	..	..	..	..	..	..	Macquarie (N.S.W.)
Lucock, Philip Ernest	..	..	..	..	..	..	Lyne (N.S.W.)
Mackay, Malcolm George	..	..	..	..	..	..	Evans (N.S.W.)
Mackinnon, Ewen Daniel	..	..	..	..	..	..	Corangamite (V.)
Maisey, Donald William	..	..	..	..	..	..	Moore (W.A.)
McEwen, Rt. Hon. John	..	..	..	..	..	..	Murray (V.)
McIvor, Hector James	..	..	..	..	..	..	Gellibrand (V.)
McLeay, Hon. Sir John, K.C.M.G., M.M.	..	..	..	..	..	..	Boothby (S.A.)
McMahon, Hon. William	..	..	..	..	..	..	Lowe (N.S.W.)
Menzies, Rt. Hon. Sir Robert Gordon, K.T., C.H., Q.C.	..	..	..	..	..	..	Kooyong (V.)
Minogue, Daniel	..	..	..	..	..	..	West Sydney (N.S.W.)
Mortimer, Jack	..	..	..	..	..	..	Grey (S.A.)
Nelson, John Norman	..	..	..	..	..	..	(N.T.)
Nicholls, Martin Henry	..	..	..	..	..	..	Bonython (S.A.)
Nixon, Peter James	..	..	..	..	..	..	Gippsland (V.)
O'Connor, William Paul	..	..	..	..	..	..	Dalley (N.S.W.)
Opperman, Hon. Hubert Ferdinand, O.B.E.	..	..	..	..	..	..	Corio (V.)
Peters, Edward William	..	..	..	..	..	..	Scullin (V.)
Pettitt, John Alexander	..	..	..	..	..	..	Hume (N.S.W.)
Pollard, Hon. Reginald Thomas	..	..	..	..	..	..	Lalor (V.)
Reynolds, Leonard James	..	..	..	..	..	..	Barton (N.S.W.)
Riordan, Hon. William James Frederick	..	..	..	..	..	..	Kennedy (Q.)
Robertson, Hon. Hugh Stevenson	..	..	..	..	..	..	Riverina (N.S.W.)
Robinson, Ian Louis	..	..	..	..	..	..	Cowper (N.S.W.)
Sexton, Joseph Clement Leonard	..	..	..	..	..	..	Adelaide (S.A.)
Shaw, George William	..	..	..	..	..	..	Dawson (Q.)
Sinclair, Ian McCahon	..	..	..	..	..	..	New England (N.S.W.)
Snedden, Hon. Billy Mackie, Q.C.	..	..	..	..	..	..	Bruce (V.)
Stewart, Francis Eugene	..	..	..	..	..	..	Lang (N.S.W.)
Stokes, Philip William Clifford, E.D.	..	..	..	..	..	..	Maribyrnong (V.)
Swartz, Hon. Reginald William Colin, M.B.E., E.D.	..	..	..	..	..	..	Darling Downs (Q.)
(1) Townley, Hon. Athol Gordon	..	..	..	..	..	..	Denison (T.)
Turnbull, Winton George	..	..	..	..	..	..	Mallee (V.)
Turner, Henry Basil	..	..	..	..	..	..	Bradfield (N.S.W.)
Uren, Thomas	..	..	..	..	..	..	Reid (N.S.W.)
Webb, Charles Harry	..	..	..	..	..	..	Stirling (W.A.)
Wentworth, William Charles	..	..	..	..	..	..	Mackellar (N.S.W.)
Whitlam, Edward Gough, Q.C.	..	..	..	..	..	..	Werriwa (N.S.W.)
Whitton, Raymond Harold	..	..	..	..	..	..	Balaclava (V.)
Wilson, Keith Cameron	..	..	..	..	..	..	Sturt (S.A.)

(1) Death reported, 25th February, 1964. (2) Elected, 15th February, 1964. (3) Resigned, 23rd April 1964. (4) Elected, 20th June 1964. (5) Resigned, 30th September 1964.

# THE COMMITTEES OF THE SESSION.

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## JOINT.

**AUSTRALIAN CAPITAL TERRITORY.**—Senator Wood (Chairman), Senator Kendall, Senator Tangney, Senator Toohey; and Mr. Coutts, Mr. England, Mr. Fox and Mr. J. R. Fraser.

**BROADCASTING OF PARLIAMENTARY PROCEEDINGS.**—Mr. Speaker (Chairman), Mr. President, Senator Arnold, Senator Hannan; and Mr. Costa, Mr. Erwin, Mr. Falkinder, Mr. Luchetti and Mr. Turnbull.

**FOREIGN AFFAIRS.**—Mr. Turner (Chairman), Senator Cole, Senator Sir Walter Cooper, Senator Hannan, Senator Laught, Senator Maher, Senator Scott; and Mr. Aston, Mr. Chipp, Mr. England, Mr. Failes, Mr. Falkinder, Mr. J. M. Fraser, Mr. Haworth, Mr. Holten, Mr. Howson (to 20th August, 1964) Mr. Hughes, Mr. Jess, Mr. Kelly, and Mr. Killen (from 20th August 1964).

**HOUSE.**—The President, Mr. Speaker, Senator Arnold, Senator Drake-Brockman, Senator Hannaford, Senator Hendrickson, Senator Marriott, Senator Sandford; and Mr. Benson, Mr. Failes, Mr. J. R. Fraser, Mr. Harding, Mr. Mackinnon and Mr. Stokes.

**LIBRARY.**—The President, Mr. Speaker, Senator Arnold, Senator Bishop, Senator Breen, Senator Cant, Senator Kendall, Senator Maher; and Mr. Ian Allan, Mr. Bryant, Mr. L. R. Johnson, Mr. Peters, Mr. Turner and Mr. Wentworth.

**PARLIAMENTARY AND GOVERNMENT PUBLICATIONS.**—Mr. Erwin (Chairman), Senator Breen, Senator Marriott, Senator Murphy, Senator Toohey; and Mr. L. R. Johnson, Mr. King, Mr. Stewart and Mr. Wilson.

**PRINTING.**—Mr. Erwin (Chairman), Senator Breen, Senator Sir Walter Cooper, Senator Marriott, Senator Ormonde, Senator Ridley, Senator Sandford, Senator Sherrington; and Mr. Cleaver, Mr. Cockle, Mr. Jones, Mr. King, Mr. Stewart and Mr. Uren.

**PUBLIC ACCOUNTS.**—Mr. Cleaver (Chairman), Senator Drake-Brockman, Senator Fitzgerald, Senator Wedgwood; and Mr. Cockle, Mr. Cope, Mr. Costa, Mr. Nixon, Mr. Sexton and Mr. Whittorn.

**PUBLIC WORKS.**—Mr. Brimblecombe (Chairman), Senator Anderson (to 18th August 1964), Senator Dittmer, Senator Marriott (from 18th August 1964), Senator Prowse; and Mr. Bosman (from 14th October 1964), Mr. Buchanan, Mr. Dean (to 30th September 1964), Mr. Fulton, Mr. Griffiths and Mr. O'Connor.

## HOUSE OF REPRESENTATIVES.

**Privileges.**—Mr. Clark, Mr. Cleaver, Mr. Drury, Mr. A. D. Fraser, Mr. J. R. Fraser, Mr. Galvin, Mr. Gibson (from 20th August 1964), Mr. Howson (to 20th August, 1964), Mr. Killen 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. Clark, Mr. Drury, Mr. Duthie, Mr. Fulton, Mr. E. James Harrison and Mr. McEwen.

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## PARLIAMENTARY DEPARTMENTS.

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### SENATE.

*Clerk*.—R. H. C. Loof, C.B.E.

*Deputy Clerk*.—J. R. Odgers.

*Clerk-Assistant*.—R. E. Bullock.

*Principal Parliamentary Officer*.—K. O. Bradshaw.

*Usher of the Black Rod*.—A. R. Cumming Thom.

### HOUSE OF REPRESENTATIVES.

*Clerk*.—A. G. Turner.

*Deputy Clerk*.—N. J. Parkes, O.B.E.

*Clerk-Assistant*.—J. A. Pettifer.

*Principal Parliamentary Officer*.—D. M. Blake.

*Serjeant-at-Arms*.—A. R. Browning.

### PARLIAMENTARY REPORTING STAFF.

*Principal Parliamentary Reporter*.—A. K. Healy.

*Second Reporter*.—W. J. Bridgman.

*Third Reporter*.—K. R. Ingram.

### LIBRARY.

*Librarian*.—H. L. White, C.B.E.

*Assistant Librarian*.—L. C. Key.

### JOINT HOUSE.

*Secretary*.—W. I. Emerton.

*Chief Executive Officer*.—R. W. Hillyer.

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# THE ACTS OF THE SESSION.

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## (FIRST SESSION: SECOND PERIOD.)

Air Force Act 1964 (Act No. 94 of 1964)—

An Act relating to the Air Force of the Commonwealth.

Air Navigation Charges Act (Act No. 95 of 1964)—

An Act relating to Charges in respect of Commonwealth Air Navigation Facilities and Services.

Appropriation Act 1964–65 (Act No. 73 of 1964)—

An Act to appropriate a sum out of the Consolidated Revenue Fund for expenditure in respect of the year ending on the thirtieth day of June, One thousand nine hundred and sixty-five, being expenditure for the ordinary annual services of the Government.

Appropriation Act (No. 2) 1964–65 (Act No. 122 of 1964)—

An Act to appropriate additional sums out of the Consolidated Revenue Fund for the Salaries of Certain Officers of the Public Service of the Commonwealth for the year ending on the thirtieth day of June, One thousand nine hundred and sixty-five.

Appropriation (Special Expenditure) Act 1964–65 (Act No. 74 of 1964)—

An Act to appropriate a sum out of the Consolidated Revenue Fund for expenditure in respect of the year ending on the thirtieth day of June, One thousand nine hundred and sixty-five, not being expenditure for the ordinary annual services of the Government.

Australian Capital Territory Supreme Court Act 1964 (Act No. 109 of 1964)—

An Act to amend the *Australian Capital Territory Supreme Court Act 1933–1960*.

Australian Coastal Shipping Commission Act 1964 (Act No. 88 of 1964)—

An Act to amend the *Australian Coastal Shipping Commission Act 1956–1962*.

Broadcasting and Television Act 1964 (Act No. 67 of 1964)—

An Act to amend the *Broadcasting and Television Act 1942–1963* in relation to licences for Broadcast Receivers and Television Receivers.

Broadcasting and Television Act (No. 2) 1964 (Act No. 121 of 1964)—

An Act to amend the *Broadcasting and Television Act 1942–1963*, as amended by the *Broadcasting and Television Act 1964*.

Broadcasting and Television Stations Licence Fees Repeal Act 1964 (Act No. 120 of 1964)—

An Act to repeal the *Broadcasting and Television Stations Licence Fees Act 1956*.

Broadcasting Stations Licence Fees Act 1964 (Act No. 119 of 1964)—

An Act to provide for the payment of Fees in respect of Licences for Commercial Broadcasting Stations.

Cellulose Acetate Flake Bounty Act (No. 2) 1964 (Act No. 114 of 1964)—

An Act relating to the Bounty on the Production of certain Cellulose Acetate Flake.

Commonwealth Bureau of Roads Act 1964 (Act No. 65 of 1964)—

An Act to establish a Commonwealth Bureau of Roads.

Commonwealth Employees' Compensation Act 1964 (Act No. 101 of 1964)—

An Act to amend the *Commonwealth Employees' Compensation Act 1930–1962*.

Conciliation and Arbitration Act 1964 (Act No. 99 of 1964)—

An Act relating to the Judges of the Commonwealth Industrial Court.

Copper and Brass Strip Bounty Act 1964 (Act No. 96 of 1964)—

An Act to amend the *Copper and Brass Strip Bounty Act 1962*.

Crimes (Overseas) Act 1964 (Act No. 116 of 1964)—

An Act relating to Offences committed by certain Persons outside Australia.

Customs Tariff (No. 3) 1964 (Act No. 58 of 1964)—

An Act relating to Duties of Customs.

Customs Tariff (No. 4) 1964 (Act No. 123 of 1964)—

An Act relating to Duties of Customs.

Customs Tariff (Canada Preference) (No. 3) 1964 (Act No. 59 of 1964)—

An Act to amend the *Customs Tariff (Canada Preference) 1960–1963*, as amended by the *Customs Tariff (Canada Preference) 1964* and by the *Customs Tariff (Canada Preference) (No. 2) 1964*.

Customs Tariff (New Zealand Preference) (No. 3) 1964 (Act No. 60 of 1964)—

An Act to amend the *Customs Tariff (New Zealand Preference) 1933–1963*, as amended by the *Customs Tariff (New Zealand Preference) (No. 1) 1964*.

Customs Tariff (New Zealand Preference) (No. 4) 1964 (Act No. 124 of 1964)—

An Act to amend the *Customs Tariff (New Zealand Preference) 1933–1963*, as amended by the *Customs Tariff (New Zealand Preference) (No. 1) 1964*, by the *Customs Tariff (New Zealand Preference) (No. 2) 1964* and by the *Customs Tariff (New Zealand Preference) (No. 3) 1964*.

Customs Tariff (Papua and New Guinea Preference) (No. 2) 1964 (Act No. 61 of 1964)—

An Act to amend the *Customs Tariff (Papua and New Guinea Preference) 1936–1959*, as amended by the *Customs Tariff (Papua and New Guinea Preference) 1964*.

- Customs Tariff Validation Act 1964 (Act No. 128 of 1964)—**  
 An Act to provide for the Validation of Collections of Duties of Customs under Customs Tariff Proposals.
- Defence Act 1964 (Act No. 92 of 1964)—**  
 An Act Relating to the Defence Force.
- Dried Fruits Export Charges Act 1964 (Act No. 90 of 1964)—**  
 An Act to amend the *Dried Fruits Export Charges Act 1924–1929*.
- Dried Fruits Export Control Act 1964 (Act No. 89 of 1964)—**  
 An Act to amend the *Dried Fruits Export Control Act 1924–1953*.
- Excise Tariff 1964 (Act No. 125 of 1964)—**  
 An Act relating to Duties of Excise.
- Export Payments Insurance Corporation Act 1964 (Act No. 104 of 1964)—**  
 An Act to amend the *Export Payments Insurance Corporation Act 1956–1961*.
- Income Tax and Social Services Contribution Act 1964 (Act No. 69 of 1964)—**  
 An Act to impose upon Incomes a Tax by the name of Income Tax and Social Services Contribution.
- Income Tax and Social Services Contribution Act (No. 2) 1964 (Act No. 111 of 1964)—**  
 An Act to amend the *Income Tax and Social Services Contribution Act 1964*.
- Income Tax and Social Services Contribution Assessment Act (No. 2) 1964 (Act No. 68 of 1964)—**  
 An Act relating to Income Tax.
- Income Tax and Social Services Contribution Assessment Act (No. 3) 1964 (Act No. 110 of 1964)—**  
 An Act relating to Income Tax.
- Income Tax (International Agreements) Act 1964 (Act No. 112 of 1964)—**  
 An Act to amend section sixteen of the *Income Tax (International Agreements) Act 1953–1963*.
- Interim Forces Benefits Act 1964 (Act No. 106 of 1964)—**  
 An Act to amend section nine of the *Interim Forces Benefits Act 1947–1950*.
- Law Officers Act 1964 (Act No. 91 of 1964)—**  
 An Act relating to the Law Officers of the Commonwealth.
- Loan (Airlines Equipment) Act 1964 (Act No. 117 of 1964)—**  
 An Act to approve the raising by way of Loan of Moneys in the Currency of the United States of America to be lent to the Australian National Airlines Commission and to Qantas Empire Airways Limited, and for purposes connected therewith.
- Loan (Housing) Act 1964 (Act No. 85 of 1964)—**  
 An Act to Authorize the Raising and Expending of a sum not exceeding Fifty-one million three hundred and fifty thousand pounds for the purposes of Housing.
- Loan (War Service Land Settlement) Act 1964 (Act No. 86 of 1964)—**  
 An Act to authorize the Raising and Expending of a sum not exceeding Four million five hundred thousand pounds for a Defence Purpose, namely Financial Assistance to the States of South Australia, Western Australia and Tasmania in connexion with War Service Land Settlement.
- Meat Inspection Arrangements Act 1964 (Act No. 100 of 1964)—**  
 An Act providing for Arrangements with the States and State Meat Authorities with respect to Meat Inspection.
- Migration Act 1964 (Act No. 87 of 1964)—**  
 An Act to amend the *Migration Act 1958*.
- Ministers of State Act (No. 2) 1964 (Act No. 71 of 1964)—**  
 An Act relating to the Salaries and Allowances of the Ministers of State.
- National Service Act 1964 (Act No. 126 of 1964)—**  
 An Act to amend the *National Service Act 1951–1957*.
- Naval Defence Act 1964 (Act No. 93 of 1964)—**  
 An Act relating to Naval Defence.
- Papua and New Guinea Act 1964 (Act No. 103 of 1964)—**  
 An Act to provide for the appointment of a Senior Puisne Judge of the Supreme Court of the Territory of Papua and New Guinea.
- Parliamentary Allowances Act 1964 (Act No. 70 of 1964)—**  
 An Act relating to Parliamentary Allowances.
- Parliamentary Retiring Allowances Act 1964 (Act No. 72 of 1964)—**  
 An Act relating to Parliamentary Retiring Allowances.
- Post and Telegraph Rates Act 1964 (Act No. 66 of 1964)—**  
 An Act to amend the *Post and Telegraph Rates Act 1902–1959*.
- Repatriation Act 1964 (Act No. 62 of 1964)—**  
 An Act to amend the *Repatriation Act 1920–1963*.
- Repatriation Act (No. 2) 1964 (Act No. 105 of 1964)—**  
 An Act to amend the *Repatriation Act 1920–1963*, as amended by the *Repatriation Act 1964*.  
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- Repatriation (Far East Strategic Reserve) Act 1964 (Act No. 107 of 1964)—  
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- Repatriation (Special Overseas Service) Act 1964 (Act No. 108 of 1964)—  
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- Representation Act 1964 (Act No. 97 of 1964)—  
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- Salaries (Statutory Offices) Adjustment Act 1964 (Act No. 75 of 1964)—  
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- Salaries (Statutory Offices) Adjustment Act (No. 2) 1964 (Act No. 115 of 1964)—  
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- Sales Tax Act (No. 1) 1964 (Act No. 76 of 1964)—  
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- Seamen's War Pensions and Allowances Act 1964 (Act No. 64 of 1964)—  
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- Social Services Act 1964 (Act No. 63 of 1964)—  
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- States Grants (Special Assistance) Act 1964 (Act No. 98 of 1964)—  
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- States Grants (Universities) Act 1964 (Act No. 130 of 1964)—  
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- States Grants (Water Resources) Act 1964 (Act No. 127 of 1964)—  
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- Television Stations Licence Fees Act 1964 (Act No. 118 of 1964)—  
An Act to provide for the payment of Fees in respect of Licences for Commercial Television Stations.
- Universities (Financial Assistance) Act 1964 (Act No. 129 of 1964)—  
An Act to amend the *Universities (Financial Assistance) Act 1963.*

## THE BILLS OF THE SESSION.

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**Constitution Alteration (Aborigines) Bill 1964—**

Initiated in the House of Representatives. Second reading.

**Designs Bill 1964—**

Initiated in the House of Representatives. First reading.

**Housing Loans Insurance Bill 1964—**

Initiated in the House of Representatives. Second reading.

**Indus Basin Development Fund Supplemental Agreement Bill 1964—**

Initiated in the House of Representatives. Second reading.

**Navigation Bill 1964—**

Initiated in the House of Representatives. Second reading.

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**Monday, 9th November 1964.**

**Mr. SPEAKER** (Hon. Sir John McLeay) took the chair at 2.30 p.m., and read prayers.

#### MINISTERIAL ARRANGEMENTS.

**Sir ROBERT MENZIES** (Kooyong—Prime Minister).—I wish to inform the House that the Minister for Air, Mr. Howson, left Australia on Friday last, 6th November, to lead the Australian Delegation to the Commonwealth Parliamentary Association Conference at Kingston, Jamaica, and to undertake government business in various other centres. He will be away until 14th December. During his absence, the Minister for Supply, Mr. Fairhall, will act as Minister for Air.

#### TELEVISION.

**Mr. BEATON**.—In addressing a question to the Postmaster-General, I refer to the recent transfer of certain Australian Broadcasting Commission television personnel from their work with the popular and objective "Four Corners" programme. I ask the Minister whether he is aware that there is a strong feeling within the community that the Australian Broadcasting Commission and his Government have something to hide. If he already does not know them, will he ascertain, and state, the reasons for the transfer of the officers? Will he also state whether there are qualified personnel to replace them? If so, who are they?

**Mr. HULME**.—I think that in my earlier clear to the House in the past that neither the Government, nor I, as the responsible Minister, interferes with the control of the Australian Broadcasting Commission. The Commission is granted its authority and charter by the Broadcasting and Television Act, which was passed by this Parliament.

I did inquire into the origin of the current controversy and discovered that it arises from a question asked by a Labour member of the Western Australian Parliament who asked the Premier of Western Australia to make representations to the Australian Broadcasting Commission. The Premier of Western Australia promised to do so, but he merely sent to the Australian Broadcasting Commission the relevant issue

of the Western Australian "Hansard". That was the beginning of this matter, and the first I knew of it was when I read about it in the Press. In the same way, the first I knew of any staff adjustments by the Australian Broadcasting Commission was when I read about them in the Press.

It is the responsibility of the Australian Broadcasting Commission to create, abolish or reclassify positions. As the responsible Minister, I have no intention of interfering with the Australian Broadcasting Commission, and I hope that no other Minister or member of the House will interfere with it.

**Mr. TURNER**.—I wish to ask the Postmaster-General a question supplementary to that asked of him by the honorable member for Bendigo. In doing so, I refer to a letter purporting to be signed by 112 persons, expressing disapproval of alleged attempts by the Government to stifle controversial television programmes, and advocating free discussion of issues as vital to the nation's welfare. In terms of the letter, I ask the Postmaster-General whether, by reason of its charter or otherwise, the British Broadcasting Corporation is freer of governmental interference than the Australian Broadcasting Commission. I ask also whether the staff of the Australian Broadcasting Commission is under the jurisdiction of the Public Service Board, and, if so, how or in what ways, if at all, this could facilitate governmental interference in the Australian Broadcasting Commission. Finally, I ask whether the Minister has given any direction to the Australian Broadcasting Commission regarding the "Four Corners" programme and whether he will indicate the nature and substance of any communication that he may have had with the Commission, its Chairman, or any of its officers in relation to this programme.

**Mr. HULME**.—I think that in my earlier comments I answered most of the questions that are now asked by the honorable member for Bradfield. Perhaps the one matter remaining unanswered is that concerning the comparison of the British Broadcasting Corporation with the Australian Broadcasting Commission. I believe that as to appointment of staff and programming there is no difference between the two bodies. I

have had a copy of the letter to which the honorable member has referred, but I think the answers I have given to this and the previous question would cover the points raised by the honorable member.

### CANBERRA SCHOOLS.

**Mr. J. R. FRASER.**—I ask the Minister for the Interior: Is he aware that from causes not entirely within the control of the Department of the Interior or the National Capital Development Commission the school age population in the new outer suburbs of Canberra is increasing far beyond the estimates of the demographers and other experts? Will he examine the pressures that this increase of population is exerting on school facilities in the newer suburbs? In particular, will he have an examination made of the situation in Hackett where, I understand, the kindergarten population has increased by 50 per cent. in the past four months? Having in mind that in the planning of new suburban areas it is now proposed to establish neighbourhood centres to cater for an estimated population of 4,000, instead of 5,000 as was envisaged under the earlier plan, will the Minister consider retaining in the neighbourhood centres catering for 4,000 people the school facilities planned for neighbourhoods of 5,000 people?

**Mr. ANTHONY.**—I will take note of the many points raised by the honorable member. It is true that there is a growing pressure in Canberra for new schools. I doubt that there is any other area in Australia where a greater proportion of the population is attending primary and secondary schools. In Canberra 25 per cent. of the population attends these schools. In fact, 40 per cent. of the people in Canberra are 18 years of age or under. This shows that the pressure for new schools will continue to increase. I think everybody must admit that the standard of schools in Canberra is as good as it is anywhere else in Australia. This is something we should be proud of. The National Capital should have schools of a high standard so that people in other parts of Australia may learn from a study of our schools and techniques and may aspire towards schools of the kind that we have in Canberra. I cannot envisage the problem abating quickly, because Canberra also has the highest birth rate in Australia.

### CEPORAN.

**Dr. GIBBS.**—I direct a question to the Acting Minister for Health. Is he aware of favorable reports of a new antibiotic drug, ceporan, which have been published in the Press? Does he intend to request an early opinion from the Pharmaceutical Benefits Advisory Committee as to the effectiveness of the drug, with a view to having the drug made available in this country as a pharmaceutical benefit?

**Mr. SWARTZ.**—I have seen reports regarding this drug called ceporan, which I understand will be known officially as cephalopirin. We have already taken action to get information regarding the drug from the manufacturers in the United Kingdom. In fact, I have had a report from the manufacturing company and have sent it to the Australian Drug Evaluation Committee. We expect to receive a report from the Drug Evaluation Committee within the next few weeks. If the drug is suitable for use in Australia and the manufacturers apply to have it included in the pharmaceutical benefits list, we will refer the matter to the Pharmaceutical Benefits Advisory Committee for consideration and advice.

### TELEVISION.

**Mr. LUCHETTI.**—My question is directed to the Postmaster-General. I ask: How much has been spent by the Australian Broadcasting Commission on television installations and equipment in each centre other than State capitals where a station, transmitter or other equipment has been established? If the Minister is unable to provide the information at this time, will he let me have the figures as soon as possible? Finally, will the Minister say when he expects the work of the Australian Broadcasting Commission in providing satisfactory television reception to country viewers to be completed?

**Mr. HULME.**—Mr. Speaker, I am sure the honorable member will appreciate that I just could not carry in my mind the answer to the first part of the question he asked and I would ask him to put that section on the notice paper. As to the second part of his question, stage 4 of the introduction of television will be completed, I hope, in approximately 1966 or 1967 because there are a few local difficulties connected with

some of the stations. If the honorable member meant his question to relate to the broader context of television being made available to the whole of the country, then I regret to inform him that it will probably be many years before that could be a possibility. He will appreciate that Australia is a vast country and that in many areas the population is very sparse.

### WOOL TAX.

**Mr. MAISEY.**—My question is addressed to the Minister for Primary Industry. Considerable publicity is being directed to wool growers advising them to notify their brokers that in the event of the challenge to the validity of the Wool Tax (Administration) Act 1964 and the Wool Tax Act (No. 1) 1964 being upheld they will be claiming a refund of tax collected, and that unless the growers do this their ability to obtain a refund may be prejudiced. In order to avoid the possible writing of many unnecessary letters by growers to brokers, will the Minister make a statement clarifying the position?

**Mr. ADERMANN.**—Mr. Speaker, all I can say is that when the decision is taken with respect to this matter no rights will be prejudiced in any way. The Government will ensure that so far as any collections made in good faith by the wool brokers are concerned, they will not lose. As a consequence, no grower will lose should the decision be adverse.

### TELEVISION.

**Mr. STEWART.**—My question is addressed to the Postmaster-General. How long is it since John Fairfax Ltd. informed the Minister that the company had purchased the Australian investments, including those in commercial television services, of Associated Television Ltd., London, held through its wholly owned subsidiary A.T.V. (Aus.) Pty. Ltd.? Has John Fairfax Ltd. submitted full details of the transaction? Is it a fact that A.T.V. (Aus.) Pty. Ltd. had interests in no less than nine commercial television licences? Has the Minister yet decided whether this transaction infringes the provisions of the Broadcasting and Television Act?

**Mr. HULME.**—I am afraid that I cannot remember precisely all the details associated with this transaction. It is several weeks

since a notice appeared in the newspapers and a copy was sent to me indicating that John Fairfax Ltd. intended to buy the interests of A.T.V. (Aus.) Pty. Ltd. in Australia. A formal request in relation to approval has not yet come before me.

### TELEPHONE CHARGES.

**Mr. STOKES.**—My question is directed to the Postmaster-General. I refer to the Press statement which he issued recently and which sets out the eligibility of pensioners and other people for the recently announced concessions in telephone rentals. The statement, in setting out the eligibility for television licence fee concessions, which is the criterion for the telephone rental concessions, referred to other people being in the home of the pensioner and the limitation of the earnings of those people within a ceiling prescribed by regulation. As many people in my electorate have been asking for some clarification of this matter, I ask the Minister whether he will issue a more detailed and explicit statement which can be understood by the general public more readily than his recent statement.

**Mr. HULME.**—I will be pleased to have a look at this matter. As I understand the situation, if there is a person, not being a pensioner, in the home who receives an income greater than the amount paid to the pensioner plus the permissible income, then the pensioner is not entitled to a concession in relation to a television viewer's licence or a broadcast listener's licence, and will not be entitled to a telephone rental concession.

### PAPUA AND NEW GUINEA.

**Mr. DEVINE.**—I direct a question to the Minister for Territories. Is it a fact that in West Irian there is a university which has a faculty of law and administration, a faculty of education, a faculty of forestry and a faculty of animal husbandry and a faculty of agriculture? Can the Minister tell the House when the Government will implement the report of the Currie Commission and establish a university in Port Moresby?

**Mr. BARNES.**—I have answered questions similar to this one repeatedly. I have pointed out that the establishment of a university in Papua and New Guinea has

to be considered in the light of many other factors. The Currie Commission made recommendations concerning primary, secondary, tertiary and technical education and teacher training. The Government has recognised the importance of going ahead with higher technical training. Before a university can be considered, all these other matters must be considered in relation to it. The Currie Commission intimated that in the first six years an expenditure of more than £15 million would be required. The honorable member mentioned a university in West Irian and its various faculties. What he said is true, but I am not in a position to make any comment on the standard of that university.

#### **QUARANTINE.**

**Mr. FALKINDER.**—Is the Acting Minister for Health aware that the main animal quarantine station for southern Tasmania is situated in the middle of the modern and growing Hobart suburb of Taroona, which is on the banks of the Derwent River? Is he aware that the area of land involved is the only flat land at Taroona which is suitable for a sports and civic centre? Will he consider asking his colleague in another place to hand over this land to the Kingborough Commission and to transfer the station from its present undesirable position to a much more suitable and practical position adjacent to the Hobart airport where land which is unsuitable for housing is available? Can the Minister ascertain for me the number of animals actually quarantined at the station in each of the last five years?

**Mr. SWARTZ.**—This matter has been raised by the honorable member on a number of occasions. In fact, it was brought up only recently, so I had an opportunity to look at the file and I understand the problem that exists. However, I understand that on two previous occasions consideration was given to this matter. Certain land was handed over to the State by the Commonwealth. The area which is retained at present is the smallest area that can possibly be used for a quarantine station. The point regarding the number of animals that are handled by the quarantine station is not really relevant to the importance of maintaining a station there. Although the total number of animals each year amounts only to about 12 head of cattle from the main-

land and a few dogs from overseas, that is not related to the importance of maintaining a station in the event of normal quarantine problems arising or in the event of an emergency in the future. However, I understand the honorable member's interest in this problem and I will certainly arrange for the matter to be investigated again.

#### **INTERNATIONAL AFFAIRS.**

**Mr. CALWELL.**—I ask the Prime Minister: Does he recall the statement by the Minister for External Affairs on 16th October, which was after China had exploded an atomic device, to the effect that China's possession of the atomic bomb would make no difference to the world balance of power for at least ten years? Has he seen reports that the Minister stated in Bonn last week that China's possession of the atomic bomb called for a drastic reassessment of the world power situation? Which statement represents the Government's view? Does the Prime Minister accept the statement by the Minister for External Affairs that some form of detente with China would have to be reached, as meaning that China must be brought into the field of international negotiations and obligations through the United Nations? If the statement does not mean that, what does it mean?

**Sir ROBERT MENZIES.**—The honorable gentleman well knows that these questions relate to matters of policy. He asked me about something that I am told the Minister for External Affairs has said. I would much prefer to see the full text of the statements before dealing with them. I can very well understand that it might be said that the explosion of the first nuclear weapon by China did not in itself alter the world balance of nuclear power. I have no doubt whatever that this explosion has the most tremendous consequence in terms of morale and prestige right through eastern and south eastern Asia and will, if the development continues, lead to some disturbance of the balance of nuclear power in the world. The fact that China has exploded an atomic device, a fact which I think was anticipated by all of us quite some time ago, no doubt will influence some people to believe that they ought to be on side with China because China looks like the big battalions. I hope that it will not

have this effect in South East Asia. It will depend to a very great deal on the effectiveness of such treaty organisations as S.E.A.T.O. and A.N.Z.U.S. as to whether this has a great and damaging effect or not.

### DECIMAL CURRENCY.

**Mr. TURNBULL.**—My question is addressed to the Treasurer and relates to the collection of subscriptions by organisations on the well known bank order system. I ask: Will it be necessary, before decimal currency is introduced, for these bank orders to be renewed or will they automatically be converted to decimal currency?

**Mr. HAROLD HOLT.**—Generally speaking the answer would be, "No, it would not be necessary for any change to be made". The banks would take such action as might be necessary procedurally to convert into decimal terms the bank orders lodged with them previously.

### UNIVERSITY SALARIES.

**Mr. WHITLAM.**—I ask the Prime Minister a question. Now that Mr. Justice Eggleston has delivered his report on the standard professorial salaries on which the Commonwealth should make grants for the universities in this and the next two years, how soon will the Government publish the report so that the universities can take full advantage of it in recruiting staff for next year?

**Sir ROBERT MENZIES.**—I understand from those arranging the Cabinet business that the report of His Honour will be considered by the Government this week and an immediate announcement will be made.

### COMMUNIST CHINA.

**Mr. WENTWORTH.**—My question is supplementary to that asked recently by the Leader of the Opposition. I ask: Will the Prime Minister seek an immediate audience with Her Majesty the Queen, as the proper means of communication between the Governments of her dominions on matters of the highest importance, to ask her to suggest to her United Kingdom advisers, on behalf of her Australian advisers, the crass folly of supporting the admission of Communist China to the United Nations while that regime pursues its present policy of

nuclear aggression? Will he further suggest that such admission might be worthy of support if Communist China gave guarantees of nuclear disarmament accompanied by appropriate international inspection and allowed self determination to the people of Formosa?

**Sir ROBERT MENZIES.**—I hope my friend will not misunderstand me if I say that the answer to the first part of that question must be: "No". I am the last person to want to involve Her Majesty in matters of differences of policy between one Commonwealth country and another. We have our own means of communication. We have a High Commissioner in London and Great Britain has a High Commissioner here. The Prime Ministers of each country freely exchange their ideas in other ways and from time to time there are conferences. I really do not propose to invite Her Majesty to become involved in these matters. I do want to make it clear, however, that our views on the recognition of Red China and the installation of Red China in the United Nations are well known. Far from being weakened by recent events, they are strengthened by recent events.

### EMPLOYMENT.

**Mr. CONNOR.**—My question is directed to the Minister for Labour and National Service. Has the Minister become aware of the results of an authoritative survey conducted by Mr. Steingeg of the Economics Faculty at Wollongong University College, into female unemployment in the Illawarra region in general and Wollongong in particular? Did that survey show that there is a 28 per cent. incidence of unemployment amongst women and girls who are available for employment? Is that percentage 10 times the national average? Did the survey further show that 70 per cent. of the unemployed women have some form of secondary or even tertiary education? Did the survey show also that 75 per cent. of the women were born either in Australia or the United Kingdom? Will the Minister reconsider his previous attitude to this matter, investigate the causes of the unemployment and devise appropriate remedies?

**Mr. McMAHON.**—It is true that during the course of the last few days a report was issued by a lecturer of the University College

who inquired into the incidence of unemployment of women in the Illawarra area. On several occasions I have stated in this House that the incidence of unemployment amongst women in that area is higher than in most other parts of Australia, and I willingly agreed that the officers of my Department should participate in and give the fullest possible support to a survey. The result of the survey was expected by the Department. The university investigator himself gave the reason for the problem. He said that, because of the tremendous growth that has taken place in the Illawarra area, particularly in the heavy industries, the metal industries and mining, it was not practicable quickly to find employment for females as well as for males. He added that unfortunately there had not been a parallel development of commercial interests and tertiary industries, such as the service industries, which could absorb large numbers of female employees. As far as I can understand the position, the honorable gentleman's statement about the educational standards of the women and their birth-places are correct. However, the investigator did point out that in some respects his survey could not be taken to be strictly accurate because it was taken over a very small part of the population—between 4 and 5 per cent. and might not therefore adequately reflect the overall position. The only other point I can make is that the survey did show that the number of males unemployed in the Illawarra area was less than one per cent. The Illawarra Regional Development Committee has stated that it was making recommendations to the Commonwealth Government and to the New South Wales Government to determine whether something more could be done to provide employment for women there.

#### **ROAD ACCIDENTS.**

**Mr. JESS.**—I direct my question to the Acting Minister for Health and refer him to a statement made by him, after a recent medical advisory conference, concerning driving licences for people who were subject to epilepsy and diabetes. Has the Minister any details of how many accidents have been caused by such people as compared with people who suffer from heart disabilities, asthma, hay fever, ulcers, alcoholism and many other such disabilities not specifically mentioned for special treat-

ment? If the Minister does not have this information available can he have inquiries made to provide the answer?

**Mr. SWARTZ.**—I am afraid that on this occasion I have not the information, but the particular aspect to which I referred was only one matter on the agenda which was discussed at the last meeting of the National Health and Medical Research Council, which made certain recommendations in relation to it. However, I will see what information I can obtain regarding the other matters mentioned, and I will let the honorable member know.

#### **INDONESIAN GUERRILLAS.**

**Mr. JAMES.**—In the absence of the Minister for Supply I direct my question to the Prime Minister. Is the Prime Minister aware of a report broadcast in an Australian Broadcasting Commission news service about a week ago to the effect that Indonesian guerrillas captured in Malaya were in possession of Australian made Owen guns? If so, can he say how these captives came to be in possession of these weapons, seeing that these weapons can be used against Australian servicemen serving in Malaya?

**Sir ROBERT MENZIES.**—I did not read or hear of this report but I will have a look into it.

#### **ARTIFICIAL LIMBS.**

**Mr. TURNBULL.**—My question is addressed to the Minister for Repatriation. In view of the substantial advances being made in techniques for the manufacture of artificial limbs, will the Minister inform the House what steps the Repatriation Department has taken, or intends to take, to ensure that its employees are kept abreast of latest developments?

**Mr. SWARTZ.**—This matter has been raised in this House on several occasions. Indeed, I think the honorable member raised it once. It has some relationship to the study programme which we are now introducing for our staff in the repatriation artificial limb and appliances centres. On a number of occasions it has been suggested that we should have an apprenticeship system; but in view of the small

number of staff and the techniques involved a study group was set up last year to make recommendations on this subject. We are now introducing a special training system for our staff, and this system will extend over a period of three years because of the special techniques and skills that are involved in this specialised operation. We keep abreast of overseas developments primarily through personal contact by arranging for certain doctors on our staff to go overseas regularly and visit equivalent organisations in other countries. Within the last couple of months a senior medical officer from one of our centres went overseas. He brought back information which is of value in enabling us to keep abreast of changes. The honorable member will be pleased to know that in all that is being done here a high standard is being maintained, with the result that the artificial limbs and appliances manufactured in Australia are as good as those manufactured in any other country.

#### DEFENCE ESTABLISHMENTS IN NEW GUINEA.

**Mr. BENSON.**—My question, which is directed to the Minister for Territories, concerns the Trust Territory of New Guinea. I ask: Should Australia decide to build permanent defence establishments in the Trust Territory, would it be necessary first to obtain the permission of the United Nations? If this is not necessary, and if Australian defence establishments are built in this part of New Guinea, is Australia bound to inform the United Nations and to explain in detail the nature of such defence establishments and where they have been located?

**Mr. BARNES.**—I think that the question could be more appropriately addressed to the Minister for External Affairs. Obviously, it does not concern me.

#### INDUSTRIAL RELATIONS.

**Mr. WHITTORN.**—I address a question to the Minister for Labour and National Service. Is there any substance in the report that certain union officials are making a takeover bid for Darwin and are endeavouring to establish conditions that will not induce manufacturers to set up enterprises there? Does this union attitude on industrial relations permeate the Mount Isa area, and

is it largely responsible for the deterioration of conditions there?

**Mr. McMAHON.**—As to the first part of the question, which relates to Darwin, the position, as I understand it, is that the Victorian Chamber of Manufactures, on the assumption that there would be a boom in industrial activity and growth in Darwin, decided to send a delegation led by the General Manager of the Chamber to see what industries could be established there. I think it was hoped to provide opportunities for the employment of Australian Aborigines. Subsequently, the Secretary or the President of the North Australian Workers Union claimed that this was an attempt to exploit native labour. This, I believe, was denied by the General Manager of the Chamber, who, I know, went to Darwin on a goodwill mission. I think the proper course now is for the two parties to get together in an effort to understand one another's minds. I believe that the purpose of the Victorian Chamber of Manufactures should be carried out. I do not think that there has been an attempt, to use the honorable gentleman's own words, at a takeover by Mr. Carroll, the Secretary of the North Australian Workers Union.

The second part of the question related to Mount Isa. There we have an industrial dispute that is impossible for the average, sensible person to understand. There is little or no reason for it. A member of the Industrial Court of Queensland has described it as a go slow strike. The northern officials of the Australian Workers Union, including Mr. Costello, have urged the men to go back to work and to accept contract rates of payments. But a man at Mount Isa, who is no longer employed by Mount Isa Mines Ltd., and who is not a union official, is inducing the men to stay out and, up to the present time, they have not decided to go back on contract work. The Australian community is losing an enormous amount of overseas earnings as a result of this irresponsible action by this man who is not a union official. I hope that very soon common sense will prevail, because the Queensland Industrial Court has declared that it will not consider an appeal filed on behalf of the employees until the men return to contract work.

## DEFENCE.

**Mr. RIORDAN.**—I wish to address a question to the Prime Minister. In view of the Cabinet discussions on defence last week, when does the right honorable gentleman propose to make to the House his statement on defence, particularly the defence of northern Australia?

**Sir ROBERT MENZIES.**—I do not remember making any statement on defence last week, and I do not suppose that any other Minister has done so. It is true that last week we devoted quite a long time to the very complex and important problems of defence. I have devoted the whole of last weekend to working on them, and again this morning. I will have a further discussion with my colleagues this afternoon. As I have already informed the Leader of the Opposition, I hope to be in a position to make a complete statement on this subject in the House at 8 o'clock tomorrow evening. I would hope also that in the course of this week we will be able to have some debate on the subject, because I attach great importance to that.

## ENTRY OF ATHLETE.

**Mr. COCKLE.**—I ask the Acting Minister for Health a question. I refer to the Adelaide javelin thrower, Mr. Reg Spiers, who recently air freighted himself in a box from London to Australia under most hazardous but courageous circumstances. Has the Minister seen a report that Spiers may have contravened Commonwealth health regulations by the method of his illegal re-entry into Australia? Will the Minister advise the House whether Spiers has contravened any health regulations? What is the Department's attitude?

**Mr. SWARTZ.**—I did read the rather exciting story which appeared in the Press about this incident. While it was an interesting story, it must be appreciated that Mr. Spiers' action could have created a health problem. As soon as information was received about this matter action was taken to arrange for the Commonwealth Director of Health in Adelaide to contact Mr. Spiers, who agreed to a medical examination which proved that he was fit and healthy. Also, he held an up-to-date certificate for smallpox vaccination. In view of all the circumstances, and despite

the fact that the quarantine law has been breached, I have decided that no further action should be taken in this case.

## SUGAR.

**Mr. COLLARD.**—I ask the Minister for National Development a question. Does the Colonial Sugar Refining Co. Ltd. support the proposal to establish a sugar industry on the Ord River? Is the proper establishment of such an industry dependent largely on the main dam being ready to store water in the 1967-68 season? If so, has the Government decided whether it will finance the construction of the main dam? When will a decision in this regard be made known? If no decision has yet been reached, will the Minister give the reason for the Government's delay in this very important matter?

**Mr. FAIRBAIRN.**—I have received a report from the Colonial Sugar Refining Co. Ltd. of its investigation into sugar growing on the Ord River. The company has not recommended the immediate establishment of a sugar industry in the area. It has said that it requires additional time to consider the matter. This is a matter that relates to Government policy and is not a matter for discussion at question time.

## ENTRY OF ATHLETE.

**Mr. KELLY.**—Will the Minister for Trade and Industry consider referring to the Tariff Board the problems posed by the entry of people into Australia in packing cases?

[Question not answered.]

## INTERNATIONAL AFFAIRS.

**Dr. J. F. CAIRNS.**—Has the Prime Minister's attention been drawn to a report of a statement made by the Prime Minister of Malaysia, Tunku Abdul Rahman, that he welcomed the explosion by China of an atom bomb and considered that this event was in the interests of peace? If the report is accurate, will the right honorable gentleman say whether he feels in any way disturbed about the statement? In view of the answer that he gave recently to the Leader of the Opposition, does he think that the Tunku's

statement has any bearing on the effectiveness of the A.N.Z.U.S. Treaty?

**Sir ROBERT MENZIES.**—This is a very old gambit. Somebody says that so-and-so said something. Whether he said it I do not know. I stand responsible for what I say, and what I have to say on this matter I said earlier this afternoon.

### ATOMIC ENERGY.

**Mr. TURNBULL.**—I ask the Minister for National Development whether he is aware that in California, United States of America, tests known as Operation Plowshare are being made in a five year programme with a view to ascertaining the full value of nuclear power in blasting craters in which water can be conserved. Does the Minister know that experts in this field have stated that nuclear power will play a significant role in the future of water conservation? Will he keep in close communication with those conducting this project, the success of which may be of inestimable value to Australia?

**Mr. FAIRBAIRN.**—I am aware that the United States Atomic Energy Commission is conducting Operation Plowshare in connection with the peaceful use of atomic energy. In fact, last year, the Australian Government sent an officer from the Bureau of Mineral Resources, an officer from the Snowy Mountains Hydro Electric Authority and an officer from the Australian Atomic Energy Commission to the United States of America to watch the work being done by the United States Atomic Energy Commission. Those officers spent some months watching the work. They have now returned and have submitted a report. Mention was made of this matter in the report of the Australian Atomic Energy Commission which I tabled in this House recently. All I can say now is that we are watching Operation Plowshare with interest.

### BILLS RETURNED FROM THE SENATE.

The following Bills were returned from the Senate without amendment—

- Australian Coastal Shipping Commission Bill 1964.
- Dried Fruits Export Control Bill 1964.
- Dried Fruits Export Charges Bill 1964.
- Law Officers Bill 1964.

### ASSENT TO BILLS.

Assent to the following Bills reported—

- Parliamentary Allowances Bill 1964.
- Ministers of State Bill (No. 2) 1964.
- Parliamentary Retiring Allowances Bill 1964.
- Appropriation Bill 1964-65.
- Appropriation (Special Expenditure) Bill 1964-65.
- Salaries (Statutory Offices) Adjustment Bill 1964.
- Sales Tax Bills (Nos. 1 to 9) 1964.
- Loan (Housing) Bill 1964.
- Loan (War Service Land Settlement) Bill 1964.
- Migration Bill 1964.
- Australian Coastal Shipping Commission Bill 1964.
- Dried Fruits Export Control Bill 1964.
- Dried Fruits Export Charges Bill 1964.
- Law Officers Bill 1964.
- Defence Bill 1964.
- Naval Defence Bill 1964.
- Air Force Bill 1964.

### STATES GRANTS (SPECIAL ASSISTANCE) BILL 1964.

#### Second Reading.

Debate resumed from 14th October (vide page 1890), on motion by Mr. Harold Holt—

That the Bill be now read a second time.

**Mr. CREAN** (Melbourne Ports) [4.19].—The presentation of the States Grants (Special Assistance) Bill is an annual event. This measure is brought before us in accordance with the provisions of section 96 of the Commonwealth Constitution, and its purpose is to grant additional financial assistance to what are known as the claimant States. At the moment, Western Australia and Tasmania are the only two claimant States remaining. Some years ago, Queensland and South Australia also sought assistance through the Commonwealth Grants Commission but, because their economies have grown, they have passed off the scene, as it were. The position now is that only two States are supplicants for assistance through the Commission.

This year, it is intended to provide a total of £15,860,000 for those two States. As I have said, this is an annual procedure and, as the Treasurer (Mr. Harold Holt) has pointed out, no-one has yet opposed these measures. Nevertheless, there are one or two things that ought to be said. Each year, just prior to the presentation of this legislation to the Parliament, the Commonwealth Grants Commission submits its very

informative and extremely comprehensive report. The latest report to be presented is the thirty-first, which relates to the year 1963-64. As usual, it gives reasons for the Commission's determinations. It also contains comprehensive analyses of certain aspects of State and Commonwealth financial relationships. The analysis of statistics is particularly comprehensive. On page 17, the Commission states—

It is to be noted that, before the Commission presents its next Report in 1965, the present system of Commonwealth financial assistance grants to the States which has been in existence since 1959 will have been the subject of further discussion between the Commonwealth and the States.

We all know that within the next six months or so consultations on taxation reimbursements and other payments made available to the States must take place between the States and the Commonwealth. Recently, we had an indication from the Premier of Victoria that that State desired to re-enter the field of income taxation. Fortunately, it looks as though that will not happen because the Commonwealth Government, through the Prime Minister (Sir Robert Menzies), has indicated in no uncertain way that it is not very favorably disposed towards the scheme. Nevertheless, it ought to be recognised that the States are short of money with which to carry out certain of the important responsibilities imposed upon them by their constitutions. The Bill before us is at least a recognition of the fact that conditions vary as between the States. For instance, differences in the dates when they became States, differences in population, differences in average standards and, probably most significantly, geographical and climatic disparities, can make some States poorer economically than others. As we know, it is not the biggest States of Australia which are the wealthiest. In fact, there are, unfortunately, large sections of Australia in which very little can be done. We still have a great deal of argument as to whether, if future economic development is to take place, that development should be in one particular State as against another.

There are some who argue that we should develop the north, and the reasons they offer are sometimes social and strategic rather than economic, but, in essence, the argument generally boils down to whether a better return will be obtained from

spending, say, £1 million in the south of Victoria, for instance, than from spending it in the north of Australia. Often, if the larger and relatively poorer States are to function at the same level as the other States do, it is necessary to make additional grants to them. Virtually, the purpose of the Commonwealth Grants Commission at the present time is to determine whether such additional assistance should be given and, if so, the extent to which it should be given. The Grants Commission operates under section 96 of the Constitution which confers particularly wide powers in respect of the granting by the Commonwealth of assistance to the States for one purpose or another. I have held for a long time that in the years ahead section 96 will prove one of the most valuable and significant sections in the Constitution, and that it will enable us to do certain things in granting financial assistance which we could not now do directly under our constitutional powers.

Let me now direct attention briefly to certain statistics contained in the report of the Grants Commission. I refer, first to page 19, table 2, headed "Secondary Industry". That table shows the differences in levels of economic development in different States. One useful index in this regard is the set of figures showing the proportion of factory employees to mean population in the various States; in other words the number in factories as against the total number of the population. In New South Wales the proportion is 11.8 per cent. and in Victoria it is 13.1 per cent. In Queensland it is as low as 6.8 per cent. Strangely enough, Queensland is still the least industrialised State, considering total population, of all. In South Australia the proportion is somewhat higher, being 10.5 per cent. In Western Australia the proportion is comparatively low, being only slightly higher than Queensland, at 7 per cent. In Tasmania the proportion is slightly higher again, 8.5 per cent.

Apparently the reason why Tasmania shows a higher index of industrial development at this point of time than Western Australia or Queensland springs from the very sensible use made by Tasmania of its resources of hydro-electric power. That State has harnessed its relatively abundant resources of hydro-electric power and so has attracted industries that might not otherwise have established themselves there.

Honorable members from Tasmania are well aware of what happened in the past. Unfortunately it seems that this trend is not proceeding at the same favorable rate in 1964 as was the case in earlier years. Apparently power does not now represent as high a proportion of total cost in many industries as it did in earlier years, and Tasmania may face some difficulty in the future in finding employment within the State for all the young people that are now living there. Some of the younger people, and from the point of view of future development some of the best material, show a tendency to drift out of the State because of inadequate employment opportunities within it.

These indices to which I refer reflect disparities that continue to exist. New South Wales and Victoria are still the two most highly industrialised States. One gets some idea of the relative economic significance of factory undertakings to the whole economy when one looks at the figures given in this same table for net value of factory production per capita in each State. These figures are derived from relating the total value of factory output in each State to the population of the State. The figures are as follows—

	£
New South Wales .. ..	258.4
Victoria .. ..	265.2
Queensland .. ..	122.8
South Australia .. ..	189.8
Western Australia .. ..	141.6
Tasmania .. ..	196.1

On a per capita basis there is a greater factory output, which also means indirectly, of course, more intensive use of machinery, in the two major States, New South Wales and Victoria. Again it seems that this imbalance is increasing in favour of the wealthier States. The trend is again apparent when one looks at another index, which is given on page 23 under table 6, headed "Personal Income Per Capita". The figures here are derived from relating the total gross national product of a State to the total population of that State. The figures are as follows—

	£
New South Wales .. ..	599
Victoria .. ..	606
Queensland .. ..	513
South Australia .. ..	547
Western Australia .. ..	505
Tasmania .. ..	492

In terms of wealth per capita there is a difference of £114 between the State with

the lowest figure, Tasmania, and the wealthiest State, Victoria. There is a differential of more than 20 per cent. Another reason why the smaller States have difficulty in catching up is that in terms of their population it costs them more to provide the amenities that governments are called upon to provide through public works expenditure. Again the table is interesting. On page 24 we find table 8 headed "Total Net Loan Expenditure Per Capita to 30th June 1963 on Works and Services". The figures are as follows—

	£
New South Wales .. ..	280.8
Victoria .. ..	265.6
Queensland .. ..	271.8
South Australia .. ..	449.1
Western Australia .. ..	424.0
Tasmania .. ..	602.3

The ratios are almost reversed. The poorest States, or the States with the least capacity to pay, are saddled with the heaviest burdens relative to loan expenditure in providing services and amenities at levels anywhere near those provided in other States. This gives some idea of the kinds of tasks that must be undertaken by the Commonwealth Grants Commission in trying to make up for the imbalance between one State and another. The Commission finds very real economic differences reflected in many ways. It finds relatively less industrial development in the smaller States than in the larger ones. It finds relatively higher costs of providing capital equipment in the States that are least able to afford such costs.

The Grants Commission points out that in Queensland and Western Australia, for instance, there are large areas that call for unduly high expenditure on railway construction. It points out that South Australia and Western Australia, which are relatively barren States because of the low rainfall, have to pay more to provide water supplies. Tasmania has put its economic eggs in the basket of hydro-electric development and it has a high level of capital expenditure for roads, particularly in connection with forestry development, about which my colleague the honorable member for Braddon (Mr. Davies), will have something to say later. All these facts can be ascertained from the Grants Commission's report. But I think there are one or two other matters that are worthy at least of comment. I refer to the change this year in the method by which the Grants Commission has assessed the amounts that Tasmania and Western Australia should get to enable

them to function at a level somewhere near that operating in the other States. The Commission has gone for what it calls a new appraisal of the costs of social services in these two States. It has tried to assess what it calls a "unit cost" of social service in Tasmania and Western Australia as against what previously had been a per capita assessment with some sort of rather flexible adjustments made over and above that. The social services in respect of which the Commission has tried to assess unit costs are education excluding universities and libraries—that is education mainly at the primary and secondary levels—health, hospitals and charities, and, finally, law, order and public safety. The Commission has endeavoured to arrive at unit costs in the various States for the provision of social services and it has found that in Tasmania, for instance, there are more children going to State schools in given age groups relative to total population than in some other States.

Again, I would point to this rather peculiar conflict of view, to my mind, as between the Commonwealth authorities on the one hand—meaning the Commonwealth Treasury—and the State Treasuries. I would draw the attention of honorable members to paragraph 65 of the current report of the Commission which states—

The Commonwealth contended that a claimant State should not gain any advantage because less use was made of private schools in that State than in the standard States.

That seems to me to be a rather peculiar stand to be taken by the Commonwealth. There are less private schools relatively in Tasmania than in other States. There are two reasons why there are private schools in the community because there are two kinds of private schools. There is one type of private school that is the preserve of the wealthy sections of the community and there is the other private school that is mainly confined to one religious denomination which has chosen, for its own good reasons, to establish its own schools. But there can be, of course, disparities between one State and another in wealth, and I have indicated that Tasmania is one of the poorest of the States, which would imply that there should certainly be less private schools of the wealthy kind in Tasmania than there are, say, in Victoria. A second possible reason for disparities is that the proportion of adherents of a particular

religious denomination in one State may be different to the proportion in another State. I do not know what the proportion is in Tasmania, but it would seem to me, and to those who come from Tasmania at least, that this is a point worthy of consideration. The State Treasury officials have tried to convince the Commonwealth Grants Commission that Tasmania's needs for government schools are relatively greater than the needs of other States on a per capita basis. The Commonwealth has contended, apparently, that Tasmania should have more children in private schools than it has. That seems to me to be a most peculiar piece of logic, to say the least. Perhaps the Commonwealth, through the responsible Minister, might give some reason why the Commonwealth Treasury contends, as it does, that a claimant State should not gain any advantage because less use is made of private schools in that State than in the standard State. Fortunately, the Grants Commission was not impressed by the argument of the Commonwealth Treasury on this particular occasion.

I think there are some other matters that are worthy of comment finally. At one stage, the Commission gave attention to what might be called "functions of the Grants Commission in terms of our constitutional framework". These remarks appear at page 61 of its report, leading on to the middle of page 63—

The Statute under which the Commission operates—

That is the Act under which, by section 96, the Grants Commission was established—

requires it to recommend the appropriate grants to be made by the Commonwealth regularly as provision for the normal government services of the claimant States. There is nothing in the Statute to indicate that the grant should be limited to such an amount as is measured by a process of comparison between the claimant States and the standard States. For many years and with regard to certain selected fields of government expenditure it has been found convenient to adopt a process of comparison.

That, again, is what the Commission chose to do on this occasion. It chose to make a comparative unit cost assessment of social services. The report goes on to say—The Commission accepts the emphatic view of the claimant States—

that is Tasmania and Western Australia—that it has the over-all duty to assess the annual needs of the claimant States unaffected by any doctrines or particular methods of measurement.

Then the Commission reflected at some length about the proposition that, in the final analysis, if this annual comparison is to be made, then the Commission has to make some sort of relative assessment as to whether a State is being niggardly in one direction or perhaps over-prodigal in another. I think it is here that we are getting to the point where, if we are not careful, a body that has been set up primarily only to do a relatively limited task can invade the field of what might be called "State sovereignty". I think it is here that we are getting to the burden of difficulties that lie at the basis of adjudicating fairly between the Commonwealth, which is now the principal recipient and custodian of the main source of revenue—the income tax on individuals and companies—and the needs of the States, at the other extreme. I have said before in the course of this debate that what we are suffering from in Australia at the moment is a process of marginal starvation as far as the States are concerned and that for the sake, often, of a few million pounds in the smaller States and perhaps no more than £5 million to £10 million in the bigger States, the States are not able to embark on a new source of development which, in the final analysis, might promote the better overall economic development of the Commonwealth.

In this report the Commission deals at considerable length with the difficulty of trying, let us say, to get a standard unit of expenditure on agriculture, by an agricultural department in one State as compared with another. It very well points out that in some States, after all, agriculture is relatively more significant than is non-agriculture. The figures that I cited earlier show that in the poorer States, in the overall sense, agriculture is relatively more significant and, in order to obtain the best return, they might need to spend far more per capita on agricultural development and research than the richer States spend. Why should the States not have certain sums over and above formula grants that they can play around with? I use that term in not too free a sense. Why should the States not have amounts to be expended in ways which are within the sovereign province of the States to determine?

For instance, Tasmania might embark on a large scheme of vine fruit growing improvement, afforestation or research in another field. Western Australia might do the same. Victoria might like to become the cultural garden of Australia. It might want to spend more on library development, adult education or improving its already magnificent art collection. But at the moment the State Treasurers can say very rightly: "We have not the additional few hundred thousand pounds or few million pounds that we need". At the moment, worthy causes in the States are starving for the want of sums as ridiculous as £50,000 in a country with a gross national product of nearly £10,000 million. When such causes are starving, being denied money or being given reduced allocations, we have the situation that I have called marginal starvation.

I do not believe that the overcoming of marginal starvation should lie in the discretion of relatively independent bodies such as the Commonwealth Grants Commission. I am not reflecting in any way on the job that the Commission does. Over the years it has done a very fine job. Now, when there are only two claimant States instead of four, it is going into finer detail on some of the problems within its province. Nevertheless, in my view, the achievement of proper Commonwealth-State financial relations lies in a more tolerant appraisal of the difficulties of the States by the Commonwealth than is made at present.

I hope that when this Parliament re-assembles for the autumn session in 1965 and the formula comes up for review there will be much greater contemplation of this matter by the House and also a much more considerate, realistic and tolerant approach by the Commonwealth to these problems which inevitably beset a federal system in which there are considerable disparities between one part of the federation and another in economic resources and in which the principal receiver of revenue is the Commonwealth. I hope that the Commonwealth remains the principal receiver of revenue; but the revenue has to be disbursed much more equitably than it is now.

Debate (on motion by Mr. Davies) adjourned.

## TARIFF PROPOSALS 1964.

Customs Tariff Proposals (No. 25); Customs Tariff Proposals (No. 26); Customs Tariff (New Zealand Preference) Proposals (No. 8).

Mr. BURY (Wentworth—Minister for Housing) [3.48].—I move—

[Customs Tariff Proposals (No. 25).]

1. That the Schedule to the Customs Tariff 1933–1964, as proposed to be amended by Customs Tariff Proposals, be further amended as set out in the Schedule to these Proposals and that, on and after the tenth day of November, One thousand nine hundred and sixty-four, Duties of Customs be collected accordingly.

2. That in these Proposals, "Customs Tariff Proposals" mean the Customs Tariff Proposals introduced into the House of Representatives on the following dates:—

11th August, 1964;  
16th September, 1964;  
1st October, 1964; and  
29th October, 1964.

## THE SCHEDULE.

## IMPORT DUTIES.

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

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

11. By inserting in sub-item (n) after the words "flavouring extracts" the words and letter ", not covered by sub-item (o)".			
By inserting after sub-item (c) a new sub-item as follows:— " (d) Oleoresin of ginger - - - per lb. less ad val. with a minimum of ad val.	£2 9s. 75 per cent. Free	£2 9s. 62½ per cent. 12½ per cent.	£2 9s. 62½ per cent. 12½ per cent."

## DIVISION IV.—AGRICULTURAL PRODUCTS AND GROCERIES.

54. By omitting from the heading to sub-item (a) the words and letters, "including ginger, n.c.i.".			
56. By omitting the item and inserting in its stead the following item:— " 56. Ginger— (a) Green - - - per lb. and ad val. (b) Ground - - - per lb. less ad val. with a minimum of per lb. (c) Preserved (not in liquid) - - - per lb. less ad val. (d) In brine, syrup or other liquid— (1) Quarter-pints and smaller sizes per dozen (2) Half-pints and over quarter-pints per dozen (3) Pints and over half-pints per dozen (4) Quarts and over pints per dozen (5) In vessels exceeding a quart on the total weight of contents - per lb. less ad val. (e) Dry, unground— (1) As prescribed by Departmental By-laws ad val. (2) Other - - - per lb. less ad val. with a minimum of ad val.	4d. .. 3s. 5d. 67½ per cent. Free 2s. 6d. 50 per cent. 11d. 1s. 10½d. 3s. 9d. 7s. 7s. 1s. 9d. 50 per cent. Free 3s. 6d. 75 per cent. Free	4d. 10 per cent. 3s. 6d. 62½ per cent. 1d. 2s. 6d. 50 per cent. 1s. 9d. 3s. 6d. 7s. 14s. 1s. 9d. 50 per cent. 12½ per cent. 3s. 6d. 62½ per cent. 12½ per cent.	4d. 30 per cent. 3s. 6d. 62½ per cent. 1d. 2s. 6d. 30 per cent. 1s. 9d. 3s. 6d. 7s. 14s. 1s. 9d. 30 per cent. 12½ per cent. 3s. 6d. 62½ per cent. 12½ per cent."

Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
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## DIVISION IX.—DRUGS AND CHEMICALS.

287. By inserting after sub-item (c) a new sub-item as follows:— " (v) Oil of ginger - - - per lb. less ad val. 75 per cent. with a minimum of ad val. Free	£8 15s.	£8 15s. 62½ per cent. 12½ per cent."	£8 15s. 62½ per cent. 12½ per cent."
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## DIVISION XVI—MISCELLANEOUS.

419. By omitting subitems (g) and (h) and inserting in their stead the following subitems:— " (g) Dental chairs : : : - ad val. " (h) Dental units : : : - ad val.	Free	7½ per cent. 7½ per cent.	7½ per cent. 7½ per cent."
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## [Customs Tariff Proposals (No. 26).]

1. That the Schedule to the *Customs Tariff* 1933–1964, as proposed to be amended by Customs Tariff Proposals, be further amended as set out in the Schedule to these Proposals and that, on and after the tenth day of November, One thousand nine hundred and sixty-four, Duties of Customs be collected accordingly.

2. That in these Proposals, "Customs Tariff Proposals" mean the Customs Tariff Proposals introduced into the House of Representatives on the following dates:—

11th August, 1964;  
16th September, 1964;  
1st October, 1964; and  
29th October, 1964.

## THE SCHEDULE.

## IMPORT DUTIES.

Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
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## DIVISION V.—TEXTILES, FELTS AND FURS, AND MANUFACTURES THEREOF, AND ATTIRE.

10. By inserting after sub-item (o) a new sub-item as follows:— " (p) Adjustable shoulder straps of the types used for female underclothing - - - per gross pairs less ad val.	£1 4s. 10 per cent.	£1 4s. ..	£1 16s. ..
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## DIVISION XVI—MISCELLANEOUS.

482. By omitting sub-item (a) and inserting in its stead the following sub-item:— " (a) Other narrow woven fabrics including bias binding— (1) Having hooks or eyes attached, of the types used on brassieres or corsets - - - ad val. (2) Of jute or of hemp or of jute and hemp - - - (3) Other— (a) Of man-made fibres or having a textile fibre content in chief part by weight of man-made fibres - - - ad val. or { per gross yards less ad val., whichever rate returns the higher duty. (b) Other - - - ad val. and per gross yards	Free	7½ per cent. Free	7½ per cent. Free
	22½ per cent. 12s.	40 per cent. 12s.	40 per cent. 12s.
	30 per cent. 12½ per cent.	12½ per cent.	12½ per cent.

## [Customs Tariff (New Zealand Preference) Proposals (No. 8).]

That the Schedule to the Customs Tariff (New Zealand Preference) 1933-1964, as proposed to be amended by Customs Tariff (New Zealand Preference) Proposals introduced into the House of Representatives on the twenty-ninth day of October, One thousand nine hundred and sixty-four, be further amended as set out in the Schedule to these Proposals and that, on and after the tenth day of November, One thousand nine hundred and sixty-four, Duties of Customs be collected accordingly.

## THE SCHEDULE.

Consecutive No.	Tariff Item.	Tariff Rates on Goods the Produce or Manufacture of New Zealand.
7	54 (A) Fruits and vegetables, n.e.i. (preserved in liquid, or partly preserved, or pulped)— (1) Quarter-pints and smaller sizes - - - - - (2) Half-pints and over-quarter-pints - - - - - (3) Pints and over half-pints - - - - - (4) Quarts and over pints - - - - - (5) Exceeding a quart - - - - - (6) When preserved in spirituous liquid, additional duty to be paid on the liquid - - - - - 56 (B) Ginger, in brine, syrup or other liquid, in vessels not exceeding ten gallons - - - - -	30 per cent. ad val. 30 per cent. ad val. 30 per cent. ad val. 30 per cent. ad val. 30 per cent. ad val. 30s. per gal. 30 per cent. ad val."

Customs Tariff Proposals Nos. 25 and 26 which I have just tabled relate to proposed amendments of the Customs Tariff 1933-1964, and, in the main, give effect to the Government's decisions in respect of the Tariff Board reports on ginger, oil of ginger, oleoresin of ginger; dental chairs and units; and narrow woven fabrics and adjustable shoulder straps. At a later stage I shall table the relevant reports.

The new duties proposed for various forms of ginger will provide Australian ginger growers and processors with increased assistance against competition from imports. On ginger in syrup, for example, an increase from 9d. per lb. to 1s. 9d. per lb. less 50 per cent. ad valorem is proposed. Some very minor departures from the Tariff Board's recommendations are proposed in order to comply with international commitments.

The recommendation of the Tariff Board for removal of the protective duties on dental chairs and dental units has been accepted by the Government. Free entry is

proposed under the British preferential tariff, with a most favoured nation rate of 7½ per cent. ad valorem.

On narrow fabrics of cotton, increased duties of 32½ per cent. ad valorem plus 2s. per gross yards British preferential tariff and 50 per cent. ad valorem plus 2s. per gross yards most favoured nation are proposed. However, no change is being made in the duties on fabrics of man-made fibres. Higher duties, based on a most favoured nation rate of 2d. per pair, are also proposed for adjustable shoulder straps of the type used for female underclothing. On hook and eye tape and on narrow fabrics of jute and hemp, however, the existing protective duties are being removed in accordance with the Tariff Board's recommendations.

The alterations proposed by Customs Tariff (New Zealand Preference) Proposals No. 8 are complementary to those in Customs Tariff Proposals No. 25 in respect of ginger in liquid. The preferential tariff treatment now being accorded to New

Zealand is being continued. I commend the proposals to honorable members.

Debate (on motion by Dr. J. F. Cairns) adjourned.

### TARIFF BOARD.

#### Reports on Items.

Mr. BURY (Wentworth—Minister for Housing).—I present reports by the Tariff Board on the following subjects—

D.C. electrical generators exceeding 250 kW.  
Dental chairs and units.  
Ginger, oil of ginger, oleoresin of ginger.  
Narrow woven fabrics and adjustable shoulder straps.

The report on D.C. electrical generators does not call for any legislative action.

Ordered to be printed.

### STATES GRANTS (SPECIAL ASSISTANCE) BILL 1964.

#### Second Reading.

Debate resumed (vide page 2617).

Mr. DAVIES (Braddon) [3.53].—This Bill makes provision for the payment of £8,560,000 to the State of Western Australia and £7,300,000 to the State of Tasmania during the current financial year. The payments are based on the recommendations of the Commonwealth Grants Commission in its thirty-first report, which was released recently. The Commission, in its 31 years of operation, has made an invaluable contribution on the important question of Commonwealth-State financial relations. The fact that the National Parliament has, without exception, adopted the annual recommendations of the Commission is a tribute to its work. Throughout the years, whilst the Commission has adhered to one broad principle it has varied its methods of calculating the amounts that it recommends should be paid.

The Commission's thirty-first report, like its predecessors, is a veritable mine of useful information on the complex question of Commonwealth-State financial relations. As was pointed out by the honorable member for Melbourne Ports (Mr. Crean), these grants are made under the provisions of section 96 of the Constitution. Today there are only two claimant States—my home State of Tasmania and the State of Western Australia. South Australia

emerged from the category of a claimant State some years ago. The broad aim of the Commonwealth Grants Commission is to bring the Budgets of the claimant States approximately into line with those of the standard States. Under existing conditions it treats Victoria and New South Wales as being the standard States and it seeks to keep the Budgets of the claimant States at approximately the same level as the average of the two standard States. In other words, if the standard States have achieved balanced Budgets, or show deficits, that is the standard selected for determining the grants to be recommended for Tasmania and Western Australia. The Commission is not concerned to bring the claimant States to the same standard as the standard States if the latter achieve a surplus in their budgetary results. It is reasonable, of course—this must be pointed out—that the claimant States should not be entitled to expect to be put in a better position than that of the standard States.

As a member from one of the claimant States, Tasmania, I express appreciation for the ready acceptance at all times by honorable members from other States of the recommendations of the Commonwealth Grants Commission. As honorable members know, each grant is made up of two parts. One part is based on the Commission's consideration of the audited Budget results of both the standard States and the claimant States for the year under review—in this case 1962-63. The second part consists of a broad judgment of the amount required to give to the claimant States in the current financial year the anticipated budgetary results achieved jointly by the standard States of Victoria and New South Wales. The amount so determined will, of course, be subject to final review two years later.

In determining the first part of the grant for this year the Commission fixed a deficit standard of 5s. 6d. per capita for the standard States. Tasmania had a considerably greater per capita deficit than that. After making the necessary adjustments the Commission's recommendation was that a payment of £491,000 should be made to Tasmania to bring the Tasmanian budgetary position for 1962-63 to the level of a deficit of 5s. 6d. per capita. In arriving at this figure the Commission allowed for a surplus in

Tasmania of net favourable adjustments over the deficit standard of an amount of £215,000. It also generously made a favourable adjustment for this year alone of £56,000 in respect of activities of the Hydro-Electric Commission for power extensions to rural areas.

I should like to refer to the new method adopted by the Commission of calculating the adjustment of expenditure in the claimant states of Western Australia and Tasmania for the provision of social services. As pointed out by the honorable member for Melbourne Ports (Mr. Crean), social services for the purpose of the study by the Commonwealth Grants Commission come under three headings: Education; health, hospitals and charities; and law, order and public safety. This field of expenditure is very important in Tasmania, because about one third of our total Budget expenditure is devoted to these three categories. The table at page 158 of the Commission's report sets out our expenditure on education per head of population and reveals that it is the highest in Australia. For expenditure on the Education Department and its schools, for administration and general expenses, for the transportation of children and the training of teachers, Tasmania's expenditure per head of population is £15 16s. 6d. For these purposes New South Wales spends £13 8s. 10d., Victoria spends £12 10s. 10d., Queensland spends £10 13s. 7d., South Australia spends £12 12s. 1d. and Western Australia spends £14 3s. 9d. The average expenditure for all States is £12 16s 10d., so Tasmania has by far the highest, with an expenditure of £15 16s. 6d.

The Commission previously arrived at the per capita cost in the standard States—Victoria and New South Wales—and then added a percentage allowance, which included a provision for difficulties faced by the claimant States in providing educational facilities because of the geographical and topographical difficulties within the boundaries of the States concerned. In its report the Commission draws attention to the fact that percentage allowances have steadily increased. Back in 1937 the allowances were 7 per cent. for Western Australia and 3 per cent. for Tasmania; in 1962 they had risen to 14 per cent. for Western Australia and 17 per cent. for Tasmania. In its 29th

Report—two reports before the current one—the Commission drew attention to the desirability, in its opinion, of altering the method of measuring the adjustments for expenditure on social services. Various meetings have been held to discuss this and a report was considered and prepared by a combined meeting of officers of the Commonwealth Treasury with officers of the treasuries of the claimant States—Western Australia and Tasmania—and the staff of the Commission. Following this report the Commission decided to adopt the unit cost method of calculating adjustments in respect of expenditure on education and hospitals.

In the field of education the Commission takes first the net expenditure by the standard and the claimant States in the whole field of education, including administration and general expenses and the training of teachers for primary, secondary, technical and agricultural education. Here I want to emphasise that two fields of expenditure are excluded and dealt with separately by the Commission. They are the expenditure on school transport for children and expenditure on libraries. Later I shall deal particularly with the expenditure on the transport of school children. The Commission's report goes on to state, referring to the unit cost method of calculating adjustments—

These net expenditures are converted into a single item of cost per child calculated upon the number of children actually attending Government schools as disclosed by statistics available for 1962-63.

That is the year of review.

Allowance is made in these calculations for the higher school commencing age in Western Australia and the higher school leaving age in Tasmania.

As I stated, school transport costs are dealt with separately. For the year under review, school transport costs in Tasmania were the highest of any State. The figure for Tasmania was £1 15s. 6d. per head. Figures for the other States were well below this figure for Tasmania and are interesting. The cost in New South Wales was 13s. 2d.; in Victoria it was 17s. 9d.; in Queensland, 11s. 8d.; South Australia, 11s. 9d.; and Western Australia, £1 8s. 5d. The average for all States was 15s. 11d. So it can be

seen that Tasmania has the highest expenditure in this field and is almost £1 a head above the average for all States.

In its report the Commission recognises that there may be some very good reasons for the seemingly high expenditure in the two claimant States. School transport in Western Australia costs £1 8s. 5d. a head and in Tasmania £1 15s. 6d. a head. Although the Commission recognises that there are very good reasons for this high expenditure, it nevertheless penalises Tasmania to the extent of £158,000 out of a total of £294,000. This arises in the following manner. Our school transport charges for the year amounted to £642,000. The Commission estimates that this amount is £294,000 above the amount in the standard States, and has decided to penalise us to the extent of £158,000. I remind honorable members that in New South Wales the Education Department makes a charge on pupils for school transport whereas no charge is levied in Tasmania. If only for this reason, we feel that we should not be penalised by the Grants Commission. There can be no doubting that there is a higher density of population in the cities and towns of the two main States and, with the public transport facilities available, there is less drain on State finances for the provision of school bus transport. The Commission does draw attention to the fact that longer distances travelled in Western Australia may result in higher costs and that circuitous and hilly routes which are unavoidable in Tasmania could be the cause of the higher expenditure on school transport.

In penalising us, it appears that the Commission weighs on the credit side the economics that have resulted to the Department of Education from consolidating smaller country schools into area schools, as we know them in Tasmania. I strongly doubt whether the economies to which the Commission refers have been effected. I have had some experience in this field. Some years ago, I was in charge of a one teacher school with eight grades and later I was the headmaster of one of the area schools. We closed six country one and two teacher schools and transported the children by bus to the area school. I would like to mention just briefly some of the extra expenditure the Department of Education had to

meet in consolidating the country schools. We had domestic arts teachers, trade teachers and physical education teachers who were not required in the system of the one teacher country school. Then, because of the larger set up, both from the point of view of the buildings themselves and the grounds and school farms, we also had extra salaried people in the way of canteen staff, cleaners, groundsmen and farm managers. Apart from all these, there were the additional costs because of extra equipment, teaching aids, farm machinery, tractors, milking plant and so on, that are necessary and go with the wider and expanding curriculum that is to be found in the area school system as against that of the one or two teacher schools.

I know from personal experience, also, that the departmental officers do all they can to keep school transport costs down to a minimum. In fact, they are constantly subjected to criticism for not extending bus routes to cater for all children. In view of this, I sincerely hope that the Commission next year will lift the penalty from the States of Western Australia and Tasmania. We know that it has adopted this attitude this year under pressure from the Commonwealth Treasury, and I appeal to the Treasurer (Mr. Harold Holt) to ask his officers to make a detailed examination of the whole position. I feel sure that they will then get away from the idea that can be expressed in this way: "Well, you have made some economies from centralising education, so you will have to bear the penalty for the higher transport costs". I was pleased to see that the Commission describes the penalty this year as a provisional estimate and says that the details of the calculations have been communicated to all parties concerned so that further research can be conducted into this matter. For the sake of expansion of educational facilities and opportunities to all children in Western Australia and Tasmania, no matter how isolated they may be, I only hope that there will be no penalties on these States for high transport costs of school children in the future. Another factor in the cost of the provision of education services is the relatively large number of school children in the two claimant States of Western Australia and Tasmania. For the year under review, 1962-63, Western Australia had the second highest rate of natural increase and the

highest rate of immigration. Tasmania, with 1.64 per cent., had the highest rate of natural increase in population growth.

I mentioned before that about one-third of the total State Budget is devoted to expenditure in the three fields of education, health and the provision of law and order. The Commission can provide a convenient yardstick, so to speak, for comparisons between the States, because in these fields the objectives are much the same. The Commission has a task to see that more or less equal standards exist in these three fields in the claimant States of Western Australia and Tasmania and in the standard States. The task is much more difficult in the unadjusted group which covers expenditure by the various departments, such as agriculture, mining, lands and surveys, public works and labour and industry. Due to geographical features and climatic conditions, there is a difference in emphasis within the States placed on matters coming under the control of these various departments. The Commission gives as an example of this the production of apples and pears and points out that the Department of Agriculture is involved in certain expenditure in overcoming problems related to grading, packing and handling so that we can maintain our share of the overseas market and, if possible, expand into other markets. In 1960, for example, Tasmania's share of the export market was 77 per cent. The remaining 23 per cent. of Australia's exports was supplied by the mainland States. From these figures alone it can be seen how much Tasmania depends on its fruit exports, and the Department of Agriculture is obliged continually to carry out research into improved methods of presentation, grading, packing and so on, so that we can compete with exports and hold our place in overseas markets despite the very fierce competition from South Africa and the Argentine.

I could go on and give numerous examples of further expenditure incurred in this group, which is included in the survey of the Commonwealth Grants Commission. This is the group we call the unadjusted group, as distinct from the social services group. Expenditure in this group, of course, differs from State to State. We all incur expenditure on roads, but just at present we in Tasmania have a very special problem which involves

the widening and the strengthening of all sealed surfaces to cope with the heavy interstate trailers that now use the roll-on roll-off ferries and the container ships, such as the "Bass Trader", the "Princess of Tasmania", the "Seaway King", the "Seaway Queen" and, from 5th December, the "Empress of Australia".

I would also refer briefly to a point raised by the honorable member for Melbourne Ports, who mentioned the considerable expenditure we must meet in the expansion and the maintenance of roads to our forests. This is a very important part of the development of Tasmania. In addition, in the road around Tasmania we have recently completed the link known as the Murchison Highway. It runs now from Rosebery, through the town of Tullah northward to the Finger Post and out on to the north-west coast near Burnie. This road cost the State a tremendous amount of money. It is a magnificent highway, passing through country that provides magnificent scenery, and we hope that it will open up more of our mineral resources. This month, the Department of Public Works in Tasmania will commence the sealing of the highway. This, of course, added to the cost of roads opening up new forests, such as the one into the Mersey valley, and the cost of strengthening and widening the sealed surfaces to take the heavy trailers that come on the roll-on roll-off ferries and the container ships, places a heavy burden on the Tasmanian Government. This is part of the price that we must pay for progress and we are pleased to receive any assistance that the Commonwealth Grants Commission can give us.

The report of the Commission deals with war service land settlement losses and reveals that the Commonwealth Treasury intends to submit some recommendations on this matter next year. At page 53 of the report, the following passage appears—

This matter—

Referring to losses on war service land settlement—

was again discussed at the Canberra hearings this year. The Commonwealth Treasury stated that no satisfactory arrangement had yet been made between the Commonwealth and the claimant States for the proper treatment of losses in the claimant States. It stated that the amounts involved would not become of great significance

until 1965-66 and, consequently, it would not be necessary to settle the issue this year. In these circumstances, the Commonwealth Treasury preferred to reserve its recommendations on this matter but contemplated including some more definite proposal in the submission to be made next year.

Briefly, the position in Tasmania is that the scheme has cost approximately £20 million and so far 525 farms have been allotted. The interest accruing to the Commonwealth on this money was estimated to be £3,180,000 in June of this year. The total contribution from the State of Tasmania to the writing off of excess costs, excluding payment of interest, at the completion of the scheme is now estimated to be £4,300,000. This amount could be even greater if we added to the interest burden that we owe the Commonwealth on this £20 million expended on war service the estimated cost of the write-off to Tasmania. The total debt to Tasmania to date is about £7½ million. I point out that we have an average annual Budget in Tasmania of only £30 million. A fortnight ago when speaking on war service land settlement I said that this debt is causing the Tasmanian authorities some concern. Indeed, it has been for some time. How, when the scheme is wound up, can Tasmania meet this bill which, in June, was estimated to be about £7½ million?

The Grants Commission report mentions that these losses will be discussed next year, and for this reason I am pleased to note that the Commission has arranged to visit King Island in two weeks' time to have a look at the progress and problems of war service land settlement there, because we have had great difficulties there. It is important for everyone to bear in mind that losses in such a scheme are inevitable. I think we would all agree with that. We should also recognise the benefits of the scheme from the national viewpoint, in that vast areas of country have been brought into production. This would not have been possible through private enterprise. The Government has been responsible for this and we recognise that it is a great thing from a national viewpoint. Over the years the Commonwealth will reap the benefit from these areas through the increased productivity to serve expanding overseas markets. The Commonwealth Treasury will reap the benefit also through income tax, sales tax and other

returns from the various war service land settlement communities. I only hope that all of these matters will be borne in mind when the Commonwealth Treasury officials submit their recommendations for the treatment of the losses on war service land settlement in the claimant States.

I strongly support the Bill. The claimant States are very pleased that every year the recommendations of the Grants Commission are unanimously adopted by the Commonwealth Parliament, because the benefits given are of great importance to them. However, in supporting the Bill I express the hope that Tasmania will never be penalised again, as it been penalised this year to the extent of about £150,000, in respect of school bus transport. I think that the penalty is unjust, and I have given my reasons for so thinking. If we are to encourage the extension of school bus services into country areas so that all youngsters, no matter how isolated the districts they live in and no matter how far they live from schools, can be catered for, it is important that the claimant States should not again be penalised for providing this important service. I express my appreciation of the invaluable contribution made by the Commonwealth Grants Commission on the important question of Commonwealth-State financial relations and of the financial assistance to be provided to the claimant States.

**Mr. HALLETT (Canning)** [4.18].—I support the Bill, which grants financial assistance to the States of Western Australia and Tasmania. Being a Western Australian I realise the importance of this measure, which makes available in total an advance of £15,860,000 to the States of Western Australia and Tasmania. Western Australia's share will be £8,560,000. As far as I can see Australia has developed along similar lines to the way the United States of America developed many years ago, that is, from east to west. As a result, Western Australia has encountered some disadvantages. However, I have great faith in Australia as a whole and also in the future development of the great State of Western Australia—a State of 1 million square miles. In a State of this size, with a small population, tremendous difficulties are associated with a developmental programme.

The natural resources of Western Australia are, in many respects, just coming to the surface. We are familiar with the tremendous agricultural possibilities ahead of us, but some of these have become known to us only in the last few years, thanks to the work of our scientists. We are only just finding out the extent of our iron ore supplies and other mineral deposits, primarily in the north and to a lesser extent in the south. As recently as last week another oil supply was found. This is really heartening not only to Western Australia but to Australia as a whole. These resources are only just being discovered, but we are moving ahead with great confidence. The finance made available by the Commonwealth Government through the Commonwealth Grants Commission is heartening, and I am sure it will be well and truly invested.

Western Australia has problems peculiar to that State because of its vast area. Over the years we have been pressing on with the provision of country water supplies which have been of great benefit to the State and to the Commonwealth as a whole. They have resulted in increased productivity and, consequently, increased exports from which we all benefit. We will continue to push on with taking water from the coastal areas to the inland areas. Such water supplies not only increase the production of raw materials but also make the living conditions of the people more satisfactory and so assist the great work of decentralisation. The provision of railway services is another very important aspect of the development of Western Australia. We have the special grants which are being made available by the Commonwealth Government to enable the wide gauge railway line to be taken from Kalgoorlie to Kwinana. This is a big and important project for Western Australia, but we have other transport difficulties and problems to be solved. Because of the vastness of Western Australia its railways are long and expensive. With the expanding development of the State we find some areas without railway systems, and here reliance must be placed on road systems. Completely new areas are being opened up and these require complete networks of roads. The southern areas are being developed at the rate of 1 million acres a year and in the north mineral deposits and cattle country

are being developed. In this respect the Commonwealth Government has come to our assistance in providing finance for roads in the north. This is much appreciated. This sort of work must continue, because it is important not only to Western Australia but to the Commonwealth to make the best use of our natural resources.

Another expense which Western Australia has, and which I do not think any other State has to the same extent, is related to the provision of port facilities. With our vast coastline we in Western Australia have endeavoured over the years to decentralise port facilities. I think this will pay handsome dividends in the future, but such activity is very expensive. In Victoria practically all the wheat produced is handled through one port, Geelong. I believe that some of the grain produced in southern New South Wales also moves through this port. However, in Western Australia we find it perhaps more convenient and certainly necessary to have several port outlets for our grain. For instance, special facilities have been established at Geraldton. At Fremantle special facilities have been completed. Port equipment has been modernised. This is important in the turn round of ships. We have port facilities also at Bunbury, Albany and Esperance through which grain is also exported. Right round our coastline we have this tremendous expense of not only maintaining ports but of bringing them up to date. This is important for Australia, because it is important to have good port facilities, particularly in the north.

The port of Fremantle, which is the western gateway to this great nation, is the third largest port in Australia. Its present capacity is about 10 million tons of cargo a year. A lot of money is required for the complete development of this port to meet future needs. We have already done a lot. Considerable sums have been spent on it. I think that honorable members will find that the turn round of ships there is equal to if not better than that at any other port in Australia today. This is only because money has been spent on modernising the port and its facilities so that it can turn round as rapidly as possible the ships that call there. This need to modernise ports and improve the turn round of shipping is something that I consider should be looked at in some of the other States at the present

time, because it has an important bearing on the cost structure. A high percentage of our present overseas transport costs is incurred in the actual handling of goods, and these costs are increasing every year. We can bring down our freight costs only by improving our port facilities to keep pace with the improvement in the types of ships used. This is just another aspect of the additional expense incurred by Western Australia with its great length of coastline stretching for thousands of miles.

As I mentioned earlier, the people of the northern areas can be properly serviced from the south only by shipping, except for the carriage of a limited volume of certain perishables by air and the use of road transport over relatively short distances. In the main, the people of the northern part of Western Australia have to rely on coastal shipping services. These are not a paying proposition. Many things have been done in an effort to make them pay. Among other things, charges have been increased. However, the provision of adequate services is not only a State obligation. I believe that it is also a Commonwealth obligation. The Commonwealth must see that the people of the northern areas have the benefit of shipping services and other transport services adequate to develop the north.

Considerable sums have been spent by the State on schools and hospitals. Western Australia, with its vast area, incurs considerable expense in getting children to school. The honorable member for Braddon (Mr. Davies) mentioned the expense of getting children to school. I do not believe that anybody would begrudge anything that is done to get children to school, no matter how great may be the distance that they have to be taken. Everything possible should be done to get all children to school, regardless of expense. Education is of the utmost importance. We need in Australia today the people who are prepared to move out into these outback areas, as we commonly describe them, develop the country and bring it into production. We do not want to see everybody flocking around the cities and large towns. We have to develop this country, and those people who are willing to go out and develop it, and take their families into the outback to live under trying conditions, should not be debarred from having their children educated. This is something that we must face up to. I am sure

that the Commonwealth Grants Commission acknowledges the situation and will do what it can to meet the requirements. Queensland, perhaps, to a degree, encounters problems similar to those met with in Western Australia in transporting children to school over vast distances, but Western Australia, I suggest, has the greatest problem of all in this respect.

As I mentioned earlier, Mr. Deputy Speaker, we in Western Australia have done much work in the development of agriculture. The Commonwealth Grants Commission has mentioned this over the years and has directed attention to the sums being spent by Western Australia on agricultural research and the extension of agricultural services. I point out to the House that agricultural research and extension services are extremely important in Western Australia, where we face tremendous problems. We have a great programme of development ahead of us. We have to open up many millions of acres of country that has not been touched before. The Western Australian Department of Agriculture must move in first and undertake research and practical development work. This work is, in the main, a job for the Department. On previous occasions, I have mentioned these agricultural development programmes. Perhaps the ideal one for the purposes of illustration is the programme for the development of the Esperance area. There, the Department of Agriculture moved in and established a research station and appointed officers to undertake research and experimental work. All this was done before blocks of land were actually opened up. As a result, many problems that were previously unheard of were brought to light and have now been dealt with.

Money invested in such activities represents good investment. Figures indicate that that is so. Western Australia has had to spend more money on activities such as these than other more advanced States have perhaps found necessary. We hope to continue to spend more money on agricultural education and research in Western Australia. We have many more fields to move into yet. We are nowhere near the end of the line in dealing with research needs. I hope that the Grants Commission will recognise that funds spent on these activities are a sound

investment and not just the mere spending of money to get rid of it. I think I have previously given the House figures which indicate just how sound this investment is. I believe that the Commonwealth ought to know something of the effort that is being made, and this House particularly should know something of this investment in agricultural research and extension.

I have here some figures which indicate the increase in the gross and net value of agricultural and other primary production and of manufacturing output in Western Australia between 1947-48 and 1960-61. Let me deal first with agriculture. The gross value of production at farm gate was £52.4 million in 1947-48 and £119 million in 1960-61. Materials used represented a total of £6.7 million in 1947-48 and £27 million in 1960-61. So the gross value less materials used came to £45.7 million in 1947-48 and £92 million in 1960-61. These figures are now about three years out of date. Nevertheless, Mr. Deputy Speaker, they serve to show how we are moving forward in Western Australia. We are lagging behind the other States in manufacturing production, but we are nevertheless moving forward quite rapidly in this field, too. As we continue to develop our agricultural and other industries in the years to come, we shall, I am sure, catch up in the field of manufacturing also. The gross value of production at factory door was £45.6 million in 1947-48 and £240.5 million in 1960-61. The value of materials used came to £27.2 million in 1947-48 and £143.9 million in 1960-61. The gross value less materials used totalled £18.4 million in 1947-48 and £96.6 million in 1960-61. So honorable members can see that Western Australia, given a reasonable opportunity to move ahead, will continue to advance. Indeed, I believe that in the future the rate of progress will be much greater than it is now.

But we must have capital. We must have loan funds and we must have Commonwealth grants to enable us to progress. We recognise that it will be impossible for us to make progress in many fields if we are starved of funds. We have particular problems in Western Australia because we do not get the same rate of turnover of money as is achieved in the eastern States. I have previously pointed out in this House that the adverse balance of payments of Western Aus-

tralia with the eastern States is well over £100 million per annum. This represents a lot of money for Western Australia to be sending to the eastern States. However, we are not grizzling about that. We know that our stage of development is somewhat behind that of the eastern States, but we realise that when our level of production reaches a certain stage our position compared to that of the other States will improve. As I said earlier, our factory output will increase very rapidly in the future. A steel mill is now being constructed in Western Australia and this will make a tremendous difference to the State. I have no doubt that oil will be found there. From time to time, the prospects appear brighter. The agricultural situation is improving very rapidly each year. All these developments, within a few years, will put Western Australia in a much stronger position than it is in at present. I strongly support the Bill.

Mr. DUTHIE (Wilmot) [4.35].—I was most interested in the historical account of Western Australia given by the honorable member for Canning (Mr. Hallett). I was in Western Australia last year and was deeply impressed by the expansion that has taken place there. If development in Western Australia continues to proceed at the rate at which it has proceeded in the last 12 months or 2 years, by 1975 Western Australia will have ceased to be a claimant State. I am sure that Western Australia is rapidly heading towards that happy position.

I cannot say the same for Tasmania. I do not think Tasmania will cease to be a claimant State in the next 10 years, and I think all honorable members know why this is so. Being an island with a population of only 360,000, Tasmania has great difficulty in maintaining the desired standards in every field of our economic life and the State needs the assistance of the Commonwealth Grants Commission to keep it afloat. Tasmania deserves to be kept afloat. The State contributes much to the economy of Australia. I hope that the grant which this House will approve this afternoon will continue to be paid to Tasmania in the future with the same generosity with which it has been paid in the past. Tasmania uses wisely all moneys granted to it. The honorable member for Melbourne Ports (Mr. Crean) and the honorable member for Braddon (Mr. Davies) indicated how Tasmania was

using money granted to it for the advancement of the State and the enlightenment of its people. The return last May of the Labour Government, with a majority greater than it has had since 1948, shows that it is administering the affairs of Tasmania to the satisfaction of the island's people. The money that is granted to Tasmania under this Bill is spent by that administration for Tasmania's good.

The Commonwealth Grants Commission has been in existence for about 30 years. I congratulate it on its achievements. It has worked long and hard in its unenviable task of delving into the financial affairs of the two States which are still claimant States. The Commission deserves praise for the thoroughness of its investigations. Its report, which is published annually for the use of honorable members, is far and away the best of its kind in the Commonwealth. It is a veritable encyclopaedia of statistics concerning all States. It is a most comprehensive document and is a credit to its creators. In 1963-64 the grant for Tasmania under this legislation amounted to £5,378,000. The Grants Commission has recommended a grant this year of £7,300,000—an increase of £1,922,000 over last year's grant. Last year Western Australia received a grant of £6,072,000. The Commission has recommended a grant this year of £8,560,000, which is an increase of £2,488,000 over last year's grant. The total grant this year for the two States of Tasmania and Western Australia is £15,860,000.

I now propose to say something by way of criticism. The honorable member for Melbourne Ports touched on one or two of these matters. By the very nature of its charter the Grants Commission tends to become an economic dictator to claimant States. The Commission's method of assessing the needs of claimant States is too involved. The Commission becomes critical of expenditure in certain fields. It advises that less should be spent in one direction or that more should be spent in another direction. This situation has reacted to the disadvantage of Tasmania in its social services programme and in its expenditure on transporting children to school. Tasmania spends more than £600,000 a year on transport for school children. The Grants Commission virtually tells us not to spend too

much on social welfare otherwise it will deal with us. In this respect the Commission becomes a kind of big bad wolf. In view of the nature of its charter perhaps we are fortunate that the Commission does not take a more dictatorial attitude concerning the economies of the claimant States. Of course, the grants recommended by the Commission do not represent the major part of the incomes of those States, but the way in which the Commission carries out its investigations leads the States to think that perhaps the Commission is invading State economic sovereignty. The States are made to feel that they are mendicant States. This is unfortunate. The charter of the Commission should be reviewed and simplified.

In its last report the Commission, dealing with the standards of claimant States compared with those of non-claimant States, made this pertinent comment—

The Commission is of the opinion that the standards of government services are not in general higher in the claimant States than in the standard States—

#### Victoria and New South Wales—

with some exceptions, e.g., the higher school-leaving age in Tasmania. Furthermore it has arrived at the conclusion that the economy of administration in the claimant States is not less than in the standard States, except in limited spheres such as some areas of public hospital services. If the conviction of the Commission is well founded in these two respects, the conclusion is inescapable that the cost of providing standard services is greater in the claimant States principally because the number of units served is relatively greater, as for instance the greater relative number of school children.

The total assistance to the claimant States has increased at a rate in excess of that indicated by the formula which relates the Financial Assistance Grants to population growth and average wages. To some extent this is because of the Commission's adoption in this report of the "unit-cost" basis for calculating the adjustment for social services expenditure in respect of 1962-63 and subsequent years. The former system of "percentage allowances" did not adequately measure the funds required to bring the claimant States to equality with the standard States.

That is where the Labour Party quarrelled with the Commission in past years. I am glad to see this change. I hope that the new system will prove more equitable than the old system. The Commission's report continued—

The increase in the number of school children and other units to be served in the claimant States at a higher rate than in the standard States is an important factor.

It is no wonder that the cost of getting our country children to schools is creeping up each year. We believe in the decentralisation of education. Tasmania was the first State to establish area schools. Our system has been copied by other States; but we are to be penalised to the extent of well over £100,000 this year for doing that work. The State is trying to economise on bringing the children to the schools, but, as the honorable member for Canning (Mr. Hallett) said, the country children deserve every consideration. In past years they were taught in little back country schools with enrolments of 20 to 30 children. There, they enjoyed no amenities and were taught mainly in the three r's. Tasmania decided in 1938 that that system must go. We want to give the children in the country equal opportunities with the city children to get to the top of the educational ladder. That is only fundamental educational justice. Our scheme has cost a good deal of money in that we have had to build big area schools. In fact, many of these area schools have now been made high schools in order to give the children in the country areas yet more of the advantages enjoyed by city children. With these high schools spread throughout Tasmania, our standard of education is as high as, if not higher than, that of any other State.

To get our country children to these schools, buses are needed and this means money. We hear a great deal about decentralisation. If there is one subject that is talked about frequently in this House but about which very little is done, it is decentralisation. It is a word that has come to mean nothing in this Parliament.

**Mr. Luchetti.**—It means nothing to the Government.

**Mr. DUTHIE.**—As the honorable member for Macquarie (Mr. Luchetti) has said, it means nothing at all to the Government. To the Government it is merely one of those superfluous vaporous subjects that can be discussed interminably without producing any result. In Tasmania, we are trying to keep the people in the country on their farms. We realise that the farmers are desirous of giving their children the best possible education. They want for their children educational opportunities at least as good as those available to the children in

the cities, and now, because we have provided educational opportunities in an effort to keep the children in the country districts, the Commonwealth Grants Commission penalises us.

Education has now become so important in the country areas of Tasmania that any grazier or farmer who is seeking to attract employees includes in his advertisements a statement to the effect that a school bus service is available for the children. Unless a school bus service is available, the grazier or farmer will be very lucky indeed if he attracts any employees. He might attract a single man, but he will never attract a married man with children.

It is no wonder that the Tasmanian Government spent £620,000 last financial year on providing services to get country children to school. Every penny of that money was well spent. I should say that we could well spend another £100,000 on this wonderful work of keeping families in the country by giving to the children all the advantages of a centralised educational system. But we should not be penalised for doing that, as we are, under this Bill. The same arguments apply to other States that are endeavouring to give the children in country areas the same education as is available to the children in the cities. City people enjoy all the amenities. They have bus services, electricity, sewerage and telephones. On the other hand rural dwellers have to fight for everything, and sometimes they have to fight for many years. If decentralisation is to mean anything, we must help our country children with education, and if we are to do that we must provide adequate bus services to central schools. Further, those schools must be of the highest possible standard and staffed with teachers possessing the highest possible qualifications. This is being done in Tasmania.

As the honorable member for Melbourne Ports has pointed out, Tasmania has also spent a good deal of money on hydro-electric schemes, and rightly so. One big scheme in my electorate is nearing completion. The fifth turbine is just being installed in an underground power station. It is situated at Poatina, which is Aboriginal for "cavern". The power station there is bigger than the T1 station of the Snowy River scheme. It is

500 feet below the surface. The whole scheme, bringing water from the Great Lake, cost £28 million. The State Government has also embarked upon another scheme to cost £60 million in the Mersey Valley. Under that scheme, two rivers—the Mersey and the Wilmot—will be brought together into the Forth River. Six power stations will then be built on the one stream. As I have said, the scheme is to cost £60 million and will take 12 years to complete. We make no apologies for spending money on hydro-electric power, for it is of the greatest importance in our State. At the moment, 98 per cent. of Tasmania is linked with hydro-electric power. Thus, a great advantage is given to both rural and city areas alike.

Another item on which we are spending a great deal of money is forestry. The Commission mentions this on page 124 of its report; but I was amazed to note that it makes no mention of the great pine planting project now being carried out in the Fingal Valley to give employment to the miners who were formerly employed in the coal mining industry. The coal mining population of the area has dropped from 280 to about 60 in the last five years. This has created a tremendous problem for the State Government. We battled for the establishment of a thermal power station in the Fingal Valley with a view to helping the situation. The Labour Party's fuel and power committee of which the honorable member for Macquarie is chairman and of which I am a member took this matter up with a view to giving these men some work in the future. Finally, the Tasmanian Premier put the proposal before the Prime Minister who rejected it on the ground that it was not economic. It looked as though the Fingal Valley settlement which was dependent almost entirely upon coal for its existence was to be abandoned. There is a little farming carried out there and some timber is exported from the area, but coal was the main product upon which it relied.

However, the Tasmanian Government decided to embark upon a planting project extending over 50 years. The object is to clear and plant 1,000 acres a year for the next 50 years and I suppose 96 per cent. of those who were formerly coal

miners are now working on this scheme. They have come out from underground and are working on this gigantic forestry scheme which is costing Tasmania a good deal of money. This money has had to be spent because the economy of the Valley depended upon the coal miners staying there and finding jobs. The State Government is deserving of congratulations from everyone for the way in which it has saved both the Valley and the men in it by embarking upon this tremendous forestry project.

In its report, the Commonwealth Grants Commission says that the cost of forestry work to the Western Australian budget was £53,000 while the cost of similar work to the Tasmanian budget was £360,000. It goes on to say—

The cost to the Tasmanian budget, as compared with New South Wales and Victoria, was relatively larger on a per capita measure than either of these States. This matter has been discussed in recent years with the Tasmanian representatives, who claim that the level of forestry revenue which can be obtained is insufficient to meet debt charges as well as develop the forest potential. The State is faced with the particular problem of having to meet heavy expenditure on access road construction. I remind honorable members that these roads have to be constructed in mountainous country and the heavy cost eats up a good deal of State's revenue. But these forest roads are a credit to the Department in that they have opened up huge areas of land and, in addition to making it possible for loggers to get the timber out of the forest, they have made the areas accessible to tourists. I hope that many mainland tourists will travel on some of these roads when they come to my State.

Finally, I want to mention an irrigation project that is now under consideration. Irrigation is mentioned in the thirty-first report of the Commonwealth Grants Commission on page 121. The reference is mainly to the North Esk Regional Water Supply Scheme and the West Tamar Scheme, but I want to mention the Poatina irrigation scheme which has been investigated by the Rivers and Water Supply Commission in Tasmania during the last twelve months, and which was supported by a farmers' committee in this Poatina-Cressy-Longford-Bishopsbourne-Bracknell-Liffey area of my electorate. It is an area that has never been irrigated before but will be irrigated if the

Commonwealth Government is prepared to assist with the capital expenditure.

The Prime Minister (Sir Robert Menzies) saw this committee in 1962, as did the Leader of the Opposition (Mr. Calwell) a fortnight later. The details of the project were outlined by the committee, which did a wonderful job in the early stages of investigation. The Prime Minister said that he would be prepared to assist the scheme if it were economically sound; in other words, he would assist irrigation projects in Australia if the export income of primary industries could be increased. With that assurance in mind I can say that this is one scheme that the Government would be quite justified in assisting.

The State Government got to work and the Rivers and Water Supply Commission drew up plans and made tests, and during the last twelve months it has prepared a very intricate and detailed report on the cost of the scheme, the number of farms to be irrigated, the kind of irrigation and the area involved. The State Government also had an aerial photographic survey made of the area of 10,000 acres and the Premier asked the Prime Minister to have the Bureau of Agricultural Economics make an economic survey of the Poatina irrigation scheme and also other projects in Tasmania. I understand that the Hydro-Electric Commission has assured the State Government that 12 per cent. of the water coming from the Poatina tailrace—that is, after the water has been used to drive the turbines—will be available for irrigation of this area of 10,000 acres.

At this stage the project is blueprinted and the plans have been tabled in the Tasmanian House of Assembly by the Minister for Lands and Works, Mr. D. A. Cashion, M.H.A., who is now seeking the opinion of farmers in the area. Some tidying up will be necessary before the scheme is presented to the Prime Minister for analysis by the Government and a decision on financing the scheme. The area covered by the scheme will be 10,000 acres and the cost will be approximately £375,000. It will be a gravitation project in the early stages, without spray irrigation. A total of 78 farms will be irrigated by channels, and the cost will include bridges over roads and bridges over channels on properties.

Let me give the House some reasons why Tasmania should be assisted in this way. First, the Commonwealth Government has provided assistance to other States to the extent of £464 million since 1951. This money has been given either by way of loan or by way of straight-out grants for all kinds of national developmental projects, especially irrigation projects. Western Australia in particular has benefited from this assistance. Tasmania has received only £2 million, spread over the next two to three years, for the Gordon River hydro-electric scheme in the southern part of my electorate, touching on the electorate of the honorable member for Franklin (Mr. Falkinder).

**Mr. Gibson.**—That is because Tasmania has not put up any other decent schemes.

**Mr. DUTHIE.**—This is a decent scheme I am talking about now.

**Mr. Gibson.**—The honorable member is talking about the past.

**Mr. DUTHIE.**—Well, we put up a scheme for a thermal power station and that was knocked overboard together with other good schemes. Of course the Commonwealth has helped Tasmania in respect of shipping. We gratefully acknowledge the assistance given by the Australian National Line with the "Princess of Tasmania", the "Bass Trader" and the "Empress of Australia". But only £2 million by way of straight-out grant over a period of 30 years is not a great deal compared with what has been given to the other States. I might also mention that the Government sold out the Bell Bay aluminium undertaking to private enterprise for about £10 million, and we are simply asking that some of this money be reinvested in our State in the kind of development I have outlined and which will be put before the Government in a few weeks time. The Prime Minister has made the statement about helping with irrigation schemes if export production can be increased, and I am sure that we will be able to prove with this scheme that our export income can be so increased.

The second reason why Tasmania should be assisted is that in Tasmania we have our dry years. Not many people on the mainland would believe this, but I can assure the House that we have very dry summers. Fodder crops were almost unheard

of before 1947, but in that year there was a semi-drought which necessitated the importation of fodder from the mainland. Shocked farmers decided to grow fodder crops for conservation so that fodder would be available in the late summer and late autumn months and in the winter months as well. The growing of fodder crops has now become a priority feature of farming in Tasmania, and competitions involving the growing of fodder crops are held annually. Irrigation in the area of 10,000 acres between Poatina and Carrick will boost production of fodder crops enormously. This area enjoys a 24 to 26 inch rainfall. It is clay loam country, subject to crusting after heavy rains followed by dry weather. Forage crops such as millet, kale, rape, turnip and ordinary pasture grasses will be greatly boosted by irrigation in the November-February period. Cash cropping will be improved also by irrigation. Crops of barley and peas in particular will be increased.

The long-term economic advantage of irrigation to this area, in which intensive mixed farming is undertaken, would be terrific. The people in the area are good farmers. The district is economically sound but can be made more so by irrigation. One can envisage vegetable growing in the area at a later stage and perhaps a vegetable processing factory at either Cressy or Longford. It is a long-established district. In the 1850's thousands of bushels of wheat were grown in this area. Mr. Edward Murfet, whose relatives are still farming in the district, as are the relatives of Ivan Reid, Trevor Brooks and others, was growing wheat in the district in 1850 for export to the Victorian gold fields, and was getting £1 1s. a bushel for it. Mr. Edward Murfet settled in the district in 1836 only two years after Melbourne was founded.

The principal primary industries in the districts bordered by the projected irrigation area of 10,000 acres, in order of importance are, first, wool and lamb production. On the best properties there are five wool wethers to the acre, and yields 60 or 70 lb. of wool per sheep are common. The second primary industry is dairying. Many herds have 55 cows and more, and whole milk production predominates.

**Mr. Turnbull.**—How many pounds of wool did the honorable member say?

**Mr. DUTHIE.**—I should have said 16 lb. to 17 lb. per sheep. This is not something I have invented. This is the information I have been given.

**Mr. Turnbull.**—The average for the whole of Australia is just over 9 lb. per sheep.

**Mr. DUTHIE.**—Well, I have been told that the producers in the district have had 16 to 17 lb. from the best sheep. Thirdly there is cash cropping of peas, wheat, oats and barley. These crops are very popular, but the risks are very great without early summer irrigation, especially in the case of peas. Irrigation would therefore take the risk out of cash cropping. Fourthly, we have fat cattle. The proposed irrigation will serve all the main dairying and fat cattle properties in the area. Nearly every farmer varies his production and therefore nearly all of them are mixed farmers with 300 to 400 acres.

This would be the biggest irrigation project Tasmania has ever undertaken. I believe it would be economically sound because there is such a variety of export production that would be assisted. At first it would be a gravitation scheme. Later a pumping unit could be added at Poatina. Spray irrigation could be introduced but this, of course, is much more costly. Therefore I commend this scheme to the Government when it comes officially from the State Government of Tasmania. I mentioned it today because this will be the last time this Parliament will meet before February and honorable members will not have a chance to speak on this matter when it is introduced to the Prime Minister from the State Government.

Question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading.

Leave granted for third reading to be moved forthwith.

Bill (on motion by Mr. Opperman) read a third time.

**COPPER AND BRASS STRIP BOUNTY BILL 1964.**

Bill returned from the Senate without amendment.

**INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ASSESSMENT BILL (No. 3) 1964.****Second Reading.**

Debate resumed from 22nd October (vide page 2219), on motion by Mr. Harold Holt—

That the Bill be now read a second time.

**Mr. Swartz.**—Mr. Deputy Speaker, before the debate is proceeded with I should like to explain that this Bill and the Income Tax and Social Services Contribution Bill (No. 2) 1964 and the Income Tax (International Agreements) Bill 1964 are all associated measures. It would no doubt suit the convenience of the House if honorable members were permitted to make reference to these other measures while debating this one. They are all very much the same subject matter. I suggest that the three Bills be discussed in this debate.

**Mr. DEPUTY SPEAKER (Mr. Mackinnon).**—Is it the wish of the House to discuss the subject matter of the three Bills together? There being no objection this course will be followed.

**Mr. CREAN (Melbourne Ports) [5.8].**—The three matters that are now before the House, of course, arose out of a document presented some three years ago, the Report of the Commonwealth Committee on Taxation, known as the Ligertwood Report. That report was presented in June 1961. Now, in November 1964, the House is contemplating the really substantial parts of that report. One of the ironies now is that, whereas the Government has taken so long in presenting the legislation, some people are criticising it for presenting to Parliament a document such as this for consideration in the haste with which it has to be treated. I would suggest that from a parliamentary point of view that is fair enough comment. The question that ought to be asked, of course, is this: Why was not something done more immediately upon the presentation of the report? I think that the Committee had in mind that, whilst there might be a reasonable space of time between the presentation of the report and consequent legislation,

nevertheless it would be only a few months. I would draw the attention of the House to paragraph 335 of the report in which it is stated—

We think that it is important that our recommendations should not operate retrospectively to the detriment of taxpayers who, in good faith, have entered into arrangements based on the existing law. On the other hand, it is possible that a relatively long period may elapse between the time the Committee's recommendations are made public and, if enacted by the legislature, the date of their enactment. We do not consider it reasonable that during this period taxpayers should be afforded the opportunity of entering into arrangements in order to avoid the proposed alterations in the law. Consequently, we think that the operative date should be the date on which the Committee's recommendations are made public.

In other words, I think the Committee had in mind that at least legislation would have been brought down within the same financial year as the report, which would have been the year ended June 1962, and that most of the onerous provisions—onerous so far as certain taxpayers are concerned—would operate in respect of returns that were lodged for the year ended 30th June 1962.

Now, as we know, it has taken three years to introduce the legislation and it is not retrospective except in one or two matters. It is retrospective to the date of the introduction of the legislation but not to the date of the report. I would concede that, as the Government has not acted for nearly three years, there would be some obvious difficulties in now making legislation retrospective, let us say, back to the year ended 30th June 1962, when the next lot of returns will be those based on the year ending 30th June 1965. But at least it ought to be pointed out that in those three years the sort of evasions or avoidances—avoidances seems to be the more popular word in this connection—that were pointed to in the Ligertwood Report have been allowed to continue. On the basis of the Report, it can be estimated that an annual loss of revenue of £15 million has continued for a period of three years.

That is criticism which I think ought to be made. The other ground of criticism is that from the point of proper parliamentary consideration it is, of course, absurd to suggest that you can readily encompass the complexities and the technicalities that are involved in an amendment of this kind.

I have seen frequently quoted quite precisely in financial papers the length of this Bill, 62 pages, and the length of the supplementary memorandum, 116 pages, as indications, and I would think substantial indications, of the difficulty of intelligently appraising legislation of this kind. We would surely be foolish to think, in circumstances like this, surrounding legislation of this kind, that all the knowledge that needs to be consulted on these matters is contained in a parliament. I would think that in normal circumstances when measures of this complexity are brought to a parliament for consideration they should be given at least some weeks, and probably months, before they are finally passed. The Treasurer (Mr. Harold Holt)—and I think with some force—has suggested that having introduced the legislation he should not now delay its passage. He has said that he is prepared, if those people who are expert in this matter can draw his attention to any deficiencies in the legislation between now and March or April of next year, to consider amendments. Whether that is a satisfactory way of dealing with these matters I will leave it to honorable members to contemplate.

I must confess that in this matter I, as a layman—I use that word to refer to anyone who is not a lawyer—find some difficulty in comprehending satisfactorily either the Bill or even the memorandum which is supposed to be explanatory of the Bill. For reasons that I will indicate shortly, for the most part the clauses are drawn the way they are drawn because they are intended to cover contingencies and technicalities which legal skill has exploited in recent times. My sympathy is all on the side of what the Treasurer is trying to do.

One of the difficulties for the ordinary person is to get the legislation into perspective and determine in whose favour it will operate and in whose disfavour it is intended to operate. I will now give a picture of the tax-paying public of Australia today and, with particular reference to those fields in which the Government is trying to close loopholes—the field of companies, particularly private companies; the field of partnerships as they operate for taxation purposes; the field of trusts as they are called in the law; and to some extent the comparatively new field of superannuation funds.

The best place to begin is with the very comprehensive statistics which have been quoted quite often in this House and which are contained in the document published with the annual report of the Commissioner of Taxation. That document was tabled in the House only a fortnight ago. It deals with the situation at the end of June 1962, which is comparatively recently. I will round off the figures because that makes the exposition more simple. The latest available figures show that in the year ended 30th June 1962 there were 4,400,000 individual taxpayers in Australia; 3,000,000 of those taxpayers were males and 1,400,000 of them were females.

The next group of figures is of some significance. They are the figures for what are called non-provisional taxpayers. Basically, non-provisional taxpayers are people whose sole source of income is wages and salaries. They are allowed to have up to £100 of other income, but in a moment I will show how insignificant that other income is. The statistics show that of the total of 4,400,000 taxpayers, 3,350,000 were non-provisional taxpayers. So, not many more than 1,000,000 taxpayers are in what is called the provisional field. In the non-provisional field, which is essentially the wage earning sections of the Australian community, 2,300,000 of the taxpayers were males and 1,050,000 of them were females. The total income received by those male taxpayers was £2,700 million. Only £8 million of that amount was received from sources other than wages and salaries. Somewhat similar proportions apply in respect of females. The first point that needs to be noted is that the legislation that we are discussing has very little to do with three out of four individual taxpayers. The majority of taxpayers are outside the clever devices—I almost used the word "dodges"—that the Treasurer is endeavouring to encompass in this legislation.

The first field into which this legislation reaches is the partnership. I think the House ought to note the kind of activity that is performed in the form of partnerships. From the income tax assessment point of view, most partnership taxpayers would be in the provisional field. In the year ended 30th June 1962 there were 254,000 partnerships, representing 584,000 partners, and the total net income in the partnership

field was £502 million. The most representative partnership was the one with only two partners. I think the husband and wife partnership would be dominant. There were 211,000 partnerships with only two partners. They represented 422,000 partners in a total of 584,000. Their aggregate net income was £341 million, or two-thirds of the total income derived in the partnership field. Partnerships with an income exceeding £4,000 per annum numbered 36,000 represented 93,000 partners, and had an aggregate income of £254 million. They represented only one-sixth of the total number of partners, but they received half of the total partnership income.

Strangely enough only £2 million of dividend income was derived by partnerships. The typical form of partnership income is not property income. I think it will be of some significance to members of the Country Party to know that there were 101,000 primary production partnerships, representing 235,000 partners, and that they had a net income of £196 million. If we relate that partnership income to the total income from primary production we can see that in the field of primary production the partnership is the dominant form of activity. The partnership form of activity represents nearly one-half of the total activity in the primary production field.

One of the difficulties that I have in assessing the force of some of the clauses in this Bill is in determining where their impact falls. There were 31,400 property owning partnerships, representing 73,000 partners, and they had a net income of £22 million. There were 58,000 partnerships in wholesale and retail trade, representing 127,000 partners, and they had a net income of £111 million. So those three groups—primary production, property owning and wholesale and retail trade—represented 196,000 partnerships in a total of 254,000 partnerships and 435,000 partners in a total of 584,000 partners. That is one set of figures. I will lay them to one side for the moment.

The next group of figures relates to trusts, which the Treasurer is endeavouring to cover in this legislation. For the year ended 30th June 1962 there were 94,000 trusts with 164,000 beneficiaries and £72 million of net income. In that year there were 59,000 trusts with only one bene-

ficiary each and £38 million of net income. Also there were 42,000 trusts with 76,000 beneficiaries and an aggregate income of £5 million where the income of each trust was between £1 and £299. These are trusts of the sort that the Treasurer says have been deliberately created to free from taxes some £200 or £300 of somebody else's income. In that year there were 2,500 trusts with 8,500 beneficiaries and an aggregate income of £24 million where the income of each trust exceeded £4,000. But by far the most dominant trust was the property owning trust. Of these there were 79,000—that is, four-fifths of all the trusts—with 140,000 beneficiaries—that is, six-sevenths of all beneficiaries—and a net income of £54 million—or three-quarters of all the income. Of the £54 million, £27 million came from dividends. That again shows the sort of device that has been deliberately created within the scope of the law at the moment to take amounts from what would be somebody's income taxable at a higher rate and put them into these little trusts. The Ligertwood Committee cited an example of two brothers in a partnership who created 17 sets of trusts to cover about 34 children. That kind of device ought, in my view, to be struck at, and ought to be struck at very heavily, by legislation.

I want to refer next to figures for companies. I doubt whether anybody who was asked offhand how many companies there were in Australia that had to lodge returns for taxation purposes would guess that there was about one company for every 100 people in Australia. One may have the idea that a company is necessarily a large scale organisation, but many of the companies that have been created have deliberately been created on a small scale to avoid taxation. I have to be careful not to use the word "evade" because people are sensitive about these avoiding devices. They say that they are not evading devices but merely avoiding devices. For the year ended 30th June 1962 there were 57,000 taxable companies, both public and private companies, with an aggregate taxable income of £889 million and 38,000 non-taxable companies with £59 million of taxable income. There were 44,000 private companies—it is at private companies that much of this legislation is aimed—with £232 million of taxable income. Of the private companies

39,000—nearly 90 per cent.—had individual incomes of less than £10,000 and an aggregate income of £100 million, or 40 per cent. of the total.

What I am trying to do here is to put in perspective what it is that we are endeavouring to do by this legislation. In many respects the amendments proposed by the Bill give us little clue. To get the original clue one has to go to the Ligertwood report and examine its purpose. I commend the view expressed in the Report at page xiii where it is stated—

. . . if, by the ingenious use of the provisions of the Act, and of the general law, a significant number of taxpayers are able to diminish their tax liability or avoid it altogether, it follows that the consequential loss of Revenue must be made good by the remaining body of taxpayers who either have not the same knowledge or opportunity of avoiding tax or are unwilling to lend themselves to schemes to thwart the apparent intention of the legislature.

To begin with, it is a shameful thing that in a society such as ours we have to take these steps at all. The fact that we have to amend the legislation does not point to a very high moral code in a form of activity that likes to laud itself as private enterprise. The matters that we seek to eliminate by this Bill are the sorts of things that the average person, unless he is an expert in the field, knows nothing about. Although three quarters of the taxpayers are immune from this sort of activity they are not immune from its effects, for inasmuch as tax is evaded the burden falls on those who cannot or do not use similar methods of evasion. That is why the question of tax avoidance is a very difficult one. Where we try to write into the law provisions which will at least deter the skill of lawyers, accountants and other people who try to get round it, we face the prospect that as well as injuring the guilty we may sometimes be doing harm to some of the innocents.

I should think that in the field of partnerships, to begin with, a large number of partnerships are quite legitimate. The typical partnership is the two-partner undertaking, and the most prevalent example is in the field of primary production. One of the difficulties today in carrying on primary production comes from the large scale capital involved in starting a farm. The tendency is for most farming to be done on a family basis and the partnership pro-

vision has been of some assistance in bringing in members of families, at proper ages, to take their share in the farm. There is at least some social purpose served by those partnerships. Is that social purpose in any way to be infringed by the provisions of the Bill? I, for one, confess that I have no means of assessing that. I would simply say that some of the things that the Ligertwood Committee pointed to as being done ought to be stopped. But how wide has the net gone? I think that is one reason why so much power has been left with the Commissioner of Taxation to exercise a discretion. I have had a certain amount of correspondence on this matter and I find that some people refer to the haste in which the proposed legislation has been drawn and to matters of that kind. But then they seem to imply that because the Commissioner is to be given a discretion in certain matters, somehow that infringes the rule of law.

I am not a lawyer, as I said before, but it seems to me that if we give people discretion, as is given at the moment, to decide on the pure basis of cold calculation whether they will operate as a sole trader, as a partnership, as a private company or as a public company, we must give the Commissioner of Taxation some discretion to counter their moves. Discretion in the hands of the Commissioner is not new. I refer to the seventh edition of "Gunn's Commonwealth Income Tax Law and Practice", sometimes called the tax accountant's bible, which states at page 175—

The operation of many provisions of the Act—

That is, the Act prior to this amendment—depends upon the Commissioner forming a certain opinion or making a specified determination.

For example under section 109—that is the present section in the Act—

the Commissioner is empowered to disallow a deduction to a private company of remuneration paid to its directors or shareholders which, *in his opinion*,—

The author has put that expression in italics—

exceeds an amount which is reasonable.

In the case of an Australian business controlled abroad, the person carrying on the business shall in the circumstances specified in section 136 be liable to pay income tax on a taxable income of such amount of the total receipts of the business as the Commissioner determines.

They are given as examples of the powers already contained in the Act. I am not suggesting that all exercise of such powers ought to be flexible in the hands of the Commissioner. I think, by and large, the community ought to have some certainty in its tax laws and again I simply point out that, for three-quarters of the taxpayers, the law is certain. All they are concerned about is their wage, and the deduction for taxation is generally taken out systematically week by week or fortnight by fortnight. The only concern of these taxpayers is the deductions permitted in the statutory enactments. The discretion operates in a field that is comparatively narrow in terms of total activity but significant enough as a means of avoiding tax. As I see it, many of these powers could not be exercised with equity to the innocent as against the guilty if the Commissioner did not have some of the powers that are now being given to him. That is my interpretation. I suppose that many others would avow that the Commissioner interprets his powers harshly. That has not been my experience and in my view action cannot be harsh enough for some of the devices that have been resorted to, particularly with private companies and trusts. In many respects, the guilty deserve all that they get; but I think there ought to be some protection for the innocent.

On the question of the avoidance of tax—as I say, I have been careful to use that phrase—I would draw the attention of the House to a chapter in the final report of the British Royal Commissioner on the taxation of profits and income, command 9474. This is sometimes described as the Millard Tucker report. Some very interesting remarks on tax avoidance are made in Chapter 32. A statement made in an English case in the House of Lords is quoted with approval. The Royal Commissioners referred to the remarks of Lord Tomlin in *Duke of Westminster v. the Commissioner of Inland Revenue*, who said—

Every man is entitled if he can to order his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be. If he succeeds in ordering them so as to secure this result, then, however unappreciative the Commissioners of Inland Revenue or his fellow taxpayers may be of his ingenuity, he cannot be compelled to pay an increased tax.

That is the interpretation of the law as it stands at any particular time. Any taxpayer is entitled to make his tax liability as low

as possible. But, of course, while in theory this right is available to everybody, it is denied to three-quarters of the community as an actuality, because they are wage and salary earners and it seems to be well enough established that an income from personal exertion cannot be split. I think the recent case here of the doctors who tried to do so reveals clearly enough that that is the law as it stands here. The Royal Commissioners go on to mention one thing that the statement they quote does not mean and one thing that it does mean. They say—

It does mean that the taxing authorities and the Courts of law, if appealed to, must take the law and the legal consequences of transactions as they find them . . . .

Of course, a lot of ingenious people in Australia have relied on this. They go on to say—

But it does not mean, on the other hand, that a man has any right violated or grievance inflicted if the statute law is so amended as to bring him within the tax nets.

I would suggest here that we are trying to bring within the tax net certain avoiding devices which have had considerable impact on the revenue and which for the most part have acted contrary to what I have called the spirit of the law, if one can use such a term, as against what the lawyers might call the legal interpretation of the law. Devices that can be helpful to certain sections of the community are now thrown into jeopardy for everybody because of the unscrupulous purposes to which they have been put. After all, the idea of a private company was democratic enough initially. The idea was that a few people should have the advantage of limited liability but need not go through all the processes necessary for a large company. In token of this, the tax laws recognised that the first £5,000 of taxable income ought to be taxed at a lower rate for a company than income in excess of this amount and that in addition proprietary companies should pay a lower rate of tax than public companies. That seemed to me to have been a laudable enough objective, but it has been whittled away in practice because certain people have formed strings of companies. The Ligertwood Committee referred to them as snake charmers, and it also used other expressions.

These devices can be appreciated only by those who are well versed in the intricacies of the law; they are almost incomprehensible to the ordinary person. But, as I see it, to try to justify them legally is a horrible social exercise. The efforts to control these devices has resulted in the complicated laws that we have here. Again, the words of the English Royal Commissioners are relevant. They said—

Even at this stage of development it is very difficult for anyone who does not belong to a small body of experts to say exactly what proceedings are within and what outside the scope of avoidance legislation.

That is the position that faces the layman here. He faces difficulties unless he happens to belong to this small body of experts. But this is not high finance; it is a very low form of finance, if we are to describe it at all. Only those who happen to move in the circles dealing with finance of this type are aware in essence of what the law is trying to do. This may mean in the future that the tax laws must be treated as we treat tariff matters. The law may initially have to be formulated by experts on both sides, as it were, and hammered out. Some sort of model law would then be brought to the Parliament.

Without trying to reflect on honorable members, I doubt whether the majority would have read the memorandum and I do not blame them. Whilst giving credit to the officials who compiled it, I would say definitely that it is not a layman's document. Perhaps in future, some of the examples given in the Ligertwood report could be used. They show the sorts of devices that are used and at least the ordinary person can see them. I would say with all respect to lawyers—I understand that we have in the House a lawyer who argued the case referred to in the Ligertwood report as the Keighery case—that nobody would regard this as an ethical dodge. Yet successful argument was presented to the Full High Court by the present Chief Justice of the High Court. This case concerned what was in essence not a public company but a private one. I ask the ordinary layman to read clause 21 on page 5 of the Ligertwood report and to ask whether that is a legitimate device or whether it is not what any layman without legal knowledge would see as a deliberate

attempt to get around the law of the country and to evade taxation. What perturbs me about this legislation at the moment is that several articles have appeared in some of our daily newspapers suggesting that the law will not achieve what the Treasurer is seeking to achieve by it.

**Mr. Harold Holt.**—That is not the view of my own officers who have read those reports.

**Mr. CREAN.**—I hope it is not the view of the Treasurer's officers. I have as much faith in the legal skill of his officers as I have in the abilities of people outside to get around the law. I hope it cannot be got around by what one writer described as a "Massachusetts Trust" or "Massachusetts Partnership". We have had enough Americanisation now without having jiggery-pokery like that in our law. The Ligertwood Committee seemed to imply that many people who could avail themselves of this device would not do so because they would be unwilling to lend themselves to schemes to thwart the apparent intention of the legislature. I think that in many of these matters the apparent intention of the legislature is clear enough. The law as drafted originally to cover the field of the private company was designed to help the small scale enterprise as against the large one, but it has got to the stage now where the Act is filled with sections dealing with taxation of undistributed profits. The net result of all the legislation is that now less than £1 million is collected in undistributed profits tax because people have been forced to make dividend declarations, and in order to try to escape some of the net they have formed chains of companies which an article in the "Nation" two or three years ago described in a heading as "The Snake Charmers". In essence it is the process whereby—and I am sure the ordinary layman is not aware that this can be done—a company is created and equity is taken from one show to another and the proper responsibility for taxation is evaded. The ordinary person would not know how to go about incorporating himself into a company. We have the ridiculous situation in Australia today where there is a company legally in existence for every 100 people in the community—men, women and children.

As for the other device—that of buying up a loss—I am glad to see it being prevented by this law. Who would want to buy a run-down show except as a means of getting out of some legitimate taxation payment? If an enterprise fails in making jam why should someone who makes tobacco be able to take it over as though it were part of his empire? Why should Colonial Sugar Refining Co. Ltd. be able to buy into the ready-mixed concrete business? Surely if people believe in private enterprise the time has come when some sort of stand ought to be taken in these matters. At least here we are doing something.

The field of the takeover, of course, was suggested as coming within the legislation concerning restrictive trade practices, but that legislation has not yet seen the light of day. As a nation we talk about economic growth, but surely economic growth will be of benefit to the community at large only if it is equitably shared. When there are devices whereby an equitable share is taken away and the majority of taxpayers have to pay more because through such devices others are paying less, then my sympathy is on the side of the law changer and not with the law breaker.

I hope that some of these matters will be touched on at the Committee stage. Many of the clauses of the Bill are provisions which can be dealt with better in Committee. They cannot very well be argued now. What I have sought to show this afternoon is that the majority of Australian taxpayers cannot evade their proper responsibility for taxation. They are assessed for tax, the sum is determined legally and the concessions to which they are entitled are determined legally.

**Mr. Harold Holt.**—The honorable member assumes that the majority cannot evade taxation.

**Mr. CREAN.**—I do not think that the majority do evade taxation and that is why I sometimes think there is force in the suggestion that innocent people may be hurt by this legislation. It is my personal opinion, and not necessarily an opinion shared by everyone in my party, that the discretion of the Commissioner is a necessary adjunct to this legislation at this stage. This legislation is feeling its way in a field that ought perhaps never to have been entered into

in the way it is being entered into now, because devices that once were occult have now, because of publicity and other factors, become more freely available.

I agree with the reasoning of the gentleman in the House of Lords that people are entitled, in consistency with the law, to pay as little taxation as they have to pay, but they are not entitled to coldly calculate and deliberately do something, and then imply that their intention was anything but what it was. I wish the measure well, and if those who know about these matters in detail can point to objections which are legitimate and which impede the innocent let them come forward. I hope that if some of the devices adopted to counter the legislation seem to be successful we will have further amendments to deal with them too.

**Mr. FOX (Henty) [5.53].**—I congratulate the Government on the introduction of this legislation. Broadly speaking, its objectives are to close up the loopholes which exist in the present legislation and which permit individuals and companies to avoid taxation. Probably very few people would quarrel with the objectives of this legislation. The Treasurer (Mr. Harold Holt) pointed out in his second reading speech that people who have not gone to the trouble of complicating their businesses or their family arrangements for taxation purposes will generally not be affected by the provisions of the Bill. As the last speaker said, the wage earner has not the opportunity of avoiding the payment of taxation. I do not believe that he should be at a disadvantage as against persons who are not in a strict sense wage earners, and I refer to the sole trader, the partner in a business or the shareholder.

I believe this legislation will also help dispel the myth which is often put forth by the Opposition that this Government represents big business and is not interested in the small man, because the measure is designed to help the small wage earner and the small taxpayer. I believe that if every taxpayer paid the full amount of taxation which he should pay most taxpayers would either pay less taxation or would receive greater benefits for the tax they did pay. I believe that the only individuals who have cause to be upset by this legislation are those who are avoiding taxation. In saying

that, I am not criticising people who either through their own ability or because they are able to employ smart lawyers or smart accountants are able to find loopholes in the existing legislation. It is my opinion that, as long as those loopholes exist, the taxpayer may take advantage of them perfectly legitimately. If we are to criticise any one, we should criticise ourselves for having passed loose legislation. But I do not believe that when the loopholes are closed the taxpayer has any right to complain. Nor am I naive enough to believe that these measures that we are now considering will eliminate all the loopholes and that they will not of themselves create anomalies.

It is reported in the "Taxpayers' Bulletin" of 7th November that the Treasurer assured a deputation led by the President of the New South Wales Taxpayers Association that, if it can be demonstrated that some amendment is necessary or desirable, the Government will take appropriate action in the autumn session of the Parliament. I consider that this attitude is not only very sensible but also very just. The Treasurer, in his second reading speech, said that the measures proposed by the Income Tax and Social Services Contribution Assessment Bill are complex. I believe that comment, therefore, should be a matter for experts. I do not claim to be one of them. But I should like to make some observations about some of the proposals contained in this measure, and I hope that my comments will be helpful.

First, I wish to discuss the provision relating to the carrying forward of losses and the writing off of these losses against future profits provided that the losses have not extended beyond seven years. There is no doubt at all that the existing section in the Income Tax and Social Services Contribution Assessment Act has been exploited in cases in which it was never intended to operate. Companies with accumulated losses have been taken over at figures which bear no relation at all to the value of the assets. This has happened because of the value placed on the shares under the terms of this provision in the Act. The section was designed to enable individuals and companies to become established even in the face of early losses. It was never intended to permit the avoidance of tax.

My thoughts on this provision turn first to the writing off of company losses. In the case of a company taken over by another company, these losses can be of two kinds. They can be either losses of shareholders' funds or losses borne by creditors because a deed of arrangement has been entered into and the company, instead of going into liquidation, is able to continue in business. The creditor, of course, quite rightly, in his assessment, claims a deduction for the bad debts that have been written off. Not being a legal expert, I am not sure that the amendment proposed in the Bill does not preclude such losses from being claimed as a legitimate deduction also by the takeover company and being written off against future profits. If the losses do not represent losses of shareholders' funds and are losses borne by creditors, it should not be possible for them to be claimed as a deduction under section 80 of the Act. As I have said, I am not sure whether the loopholes I have mentioned really exist. But I should like the Treasurer to look at this provision in the Bill and to ascertain whether these loopholes do exist and, if they do, to take appropriate action. It is my opinion that, now that the provision relating to the writing off of losses against future profits is being tightened up, the limit of seven years with respect to the period for which losses may be written off should be extended to assist the small trader or company that may have had a bad run in the early stages of its establishment, though, by dint of hard work, it has eventually made good.

**Sitting suspended from 5.59 to 8 p.m.**

**Mr. FOX.**—Before the suspension of the sitting I was referring to the provisions of the Bill relating to tax losses and the tax avoidance achieved by a successful company purchasing a company with accumulated losses and writing off those losses against its profits. This legislation will prevent losses of a previous year being allowed as deductions against the income of a year of income of any company unless there is found to be during both years a beneficial ownership by the same shareholders of shares in the company that carry at least 40 per cent. of the voting and dividend rights and 40 per cent. of entitlements to distributions of capital in the event of the company being wound up or reducing its

capital. I do not believe that provision to be sufficiently tough. I would like to see the 40 per cent. restriction increased to 60 per cent. In last Friday's issue of the "Financial Review" it is reported that the new provisions could be circumvented by the purchasing company acquiring debentures in lieu of shares. Not being of a legal mind I do not know whether those assertions are true, but I suggest that it would be worth while for the Treasurer (Mr. Harold Holt) to investigate this possibility of prospective tax avoidance. If a loophole exists it should be plugged properly.

Earlier in my remarks I said that if the loopholes in the present tax structure are plugged there is no reason why the genuine small trader or small company, which has been battling early in its career against losses but which has kept going because it felt there were real prospects of success, should not receive special consideration. If the existing provisions are tightened to prevent large companies avoiding the payment of tax by taking over companies with accumulated losses, it should be possible in the case of small traders and companies to extend the seven years limit.

While on the subject of losses I would like to refer to a provision which virtually compels a primary producer to claim 20 per cent. depreciation in respect of new plant or improvements to his property during each of the first five years following purchase of the plant or effecting of the improvements. This provision is, I believe, designed to help the primary producer but in some cases it reacts to his disadvantage. Let me instance the case of a small primary producer who is either losing money or making a very small profit during his first six or seven years. As honorable members are no doubt aware, concessional deductions may not be carried forward. If the primary producer has no assessable income, concessional deductions are of no help to him. If his margin of profit is small and he is compelled to claim the depreciation in the year of small profit, this situation may convert his profit to a loss and he would not receive any benefits from concessional deductions which would be otherwise available to him. If the spirit of the provision—to help the primary producer—is to be given effect, he should be able to elect whether to claim depreciation in the first five years. After all, the Commonwealth

would not allow more than 100 per cent. as depreciation and it would enable the primary producer to claim the benefit of the depreciation after he has become established.

I would like to see the Act amended to permit concessional deductions to be carried forward. Under the provisions that now exist a taxpayer may be denied the assistance of concessional deductions at a time when he most needs this help. Sickness may cause a loss of income as well as heavy expenditure on medical and hospital fees. I do not think it is altogether realistic to say that concessional deductions are designed to help taxpayers and that where no tax is paid, no concessions are warranted. Under the circumstances that I have outlined I think the very opposite is the case.

I want to refer now to an aspect of the provisions relating to lease premiums. To put this term into language that may be understood by a majority of people, lease premiums amount to key money. The provisions of the existing Act tax this money in the hands of the recipient and allow the amount as a deduction to the payer over the period of the lease. The Bill amends the law, for reasons which appear quite adequate and which are stated in the explanatory memorandum, so that in future lease premiums will be disregarded both in the returns of the payer and of the receiver. On the face of it this seems a reasonable provision, but its effect could be to enable the big man, speaking in a financial sense, to stand over the small man by refusing to grant a lease unless a lease premium is paid. Of course, he may reduce the amount of rent so that the prospective tenant pays no more than he would have paid otherwise, but to the extent that the lease premium reduces the rent the big man receives this amount free of income tax but the tenant obtains no deductions whatever for the money paid. This provision will benefit the wealthy at the expense of the not so well off and is in contrast to the spirit of the majority of the amendments.

The Ligertwood Committee made recommendations concerning taxation of a share of partnership income which a partner does not control. The Committee recommended that this income be assessed as though each of the other partners had received a share of it relative to his agreed share in the partnership profits. The Government saw fit to alter this recommendation because it

believed that if adopted it could bear inequitably on some partners. Instead the Government has provided that the partner lacking control of the share of partnership income shall be liable for tax on it. The Government has decided that this income will be taxed at the partner's personal rate or at 10s. in the £1, whichever is the higher. It seems somewhat anomalous to me that a person who, in the opinion of the Commissioner of Taxation, does not actually receive the income should have to pay tax on it. I would have thought that the Committee's recommendation should have been adopted and that it was the more sensible of the two proposals. Whilst on the subject of partnerships I would like to commend the Government for departing in this case from the Committee's recommendation concerning the age under which partners are deemed to lack control of income. The Committee suggested that partners under the age of 21 years should not be deemed to have control, but the Government—wisely in my opinion—altered the age limit to 16 years. I do not think the Committee's recommendation would have been fair to many people engaged in industry, not only those engaged in primary industry but also a very large number of persons engaged in family secondary industries.

I must confess that I cannot follow the reference in the second reading speech to interest on such partner's capital not being allowable because this would lead to the purpose of the legislation being defeated by the accumulation of uncontrolled income in the partnership to provide the relevant partner's share of the capital of the partnership. In one breath, if I may use that expression in this context, the legislation says that the partner is deemed to have control because we have changed the age limit from 21 years to 16 years, and then it says that interest will not be allowed on the same partner's capital because it may be built up by uncontrolled income. In any case, as interest on the partner's capital is of itself assessable in the hands of the receiver, I cannot follow the thinking of the Government in this instance. I may be entirely on the wrong track, but that is the position as it appears to me.

I want to refer now to clause 12 of the Bill which seeks to amend section 65 of the principal Act. The proposed amendment

states that where payments are made by a taxpayer to a relative those payments will be allowable as deductions only to the extent which, in the opinion of the Commissioner, is reasonable. It goes on to say that any amount which is not allowable as a deduction to the taxpayer will not be deemed to be income in the hands of the relative or associated person. I do not quarrel with that. That is very fair indeed, but, again, my understanding of section 65 of the principal Act is that it also provides that payments to a relative or associated person will be allowed as deductions only to the extent deemed by the Commissioner to be reasonable. As I see it, under the present legislation the receiver is actually being assessed on money which is paid to him or to her even though the full amount may not have been allowed to the taxpayer. When the Treasurer brings in his amending legislation in the new year—he has assured us that this will be done if it is shown to be necessary, and I have no doubt that between now and then all sorts of anomalies will crop up—I suggest that he give consideration to allowing the taxpayer who has not been allowed full deduction for the amount which he may have paid to a wife, a relative or associated person as a partner, but on which he or she was taxed to the full extent, the right to claim to be reassessed for a period dating back for three years. I do not believe that retrospectivity should be of benefit only to the Treasury.

The Taxpayers Association seems to be disturbed by the fact that the legislation will extend the discretionary power of the Commissioner of Taxation and that this will result in many decisions being made by subordinate officers of the Taxation Branch. I do not entirely share those fears. When dealing with trusts, the Treasurer pointed out in his second reading speech that discretion was given to the Commissioner so that if, in his view, the new provisions will react harshly where the trust is a genuine one, he may take into account certain other provisions and may disregard the new legislation. But there are some thoughts that I would like to voice on this subject, and I want to qualify them by saying at the beginning that, generally speaking, I have found the officers of the Taxation Branch both efficient and courteous. I have also found them helpful and fair at all times in their attitude towards the taxpayer. I

have been asked to make representations on behalf of quite a number of taxpayers, most of whom thought they had been unfairly treated, and I have received nothing but courtesy from the officers. I have found them to be helpful at all times. At the same time, these officers are only a cross section of the community and I suppose it is not unreasonable to expect some of them to be over zealous as guardians of our national revenue.

There is one matter that I should like to bring under the notice of the Commissioner. It relates to a taxpayer's right to appeal to a Board of Review. I have had brought to my attention two or three cases in which the taxpayer has objected to one particular aspect of his assessment. For obvious reasons, I cannot name the taxpayers, but they have complained that a particular claim has not been allowed. Under the Act when a taxpayer exercises his right of objection and his objection is over-ruled, he may lodge an appeal with the Board of Review. In the two or three instances which have been brought to my notice, the Board of Review has asked the taxpayer to support every deduction which he originally claimed on his return even though all this information was in the hands of the assessor at the time he made the assessment and allowed the deductions. To have to support these claims further, a taxpayer often has to employ either a solicitor or qualified accountant, and quite a number of complainants are frightened out of going on with an appeal because the amount of tax involved does not warrant undertaking the additional expenditure. But sometimes a principle which could affect other people is involved and I do not think it is altogether right for the Commissioner or a Board of Review to discourage taxpayers from exercising the right of appeal which is given to them under the legislation. I believe that is extremely unfair. It should be the objective of a Board of Review to deal only with the item in dispute. For it to want to review the whole assessment which had previously been passed is not only a waste of valuable time, especially when, as I am told, there is a very big backlog of cases waiting to be heard by the boards, but it also implies that the officer who made the original assessment was not doing his job because all the evidence was there when the return was

lodged. As I have said, the taxpayer should not be frightened out of exercising his right merely because the Commissioner has greater resources at his disposal than has the taxpayer. I make these suggestions constructively and without wishing to detract in any way from the excellent job being done by the majority of the officers of the Taxation Branch. Finally, let me say that I am fully in accord with the purpose of the Bill and I commend the Treasurer and the Government upon its introduction.

**Mr. CONNOR** (Cunningham) [8.17].—I listened with great interest to the honorable member for Henty (Mr. Fox), and I accept him at his own valuation; he is certainly not a lawyer. When he referred to interest on debentures, he touched on the very point on which the Government nearly founded at the 1961 elections because one of the fundamental weaknesses of the whole of the Income Tax and Social Services Contribution Assessment Act today is the unwillingness or inability of the Government to deal with the question of payment of interest on company borrowings. I will have a little more to say on that later.

**Mr. Fox**.—I did not refer to that subject.

**Mr. CONNOR**.—The honorable member referred to the question of debentures and the control of company debentures. He referred to the statement by certain taxation consultants that that would be one piece of machinery by which the operations of the present Act could be sidetracked.

The Income Tax and Social Services Contribution Assessment Act is possibly the most complicated piece of legislation on the statute book of this nation and the amendment before us is perhaps the most far-reaching amendment to be introduced in the last 28 years. To begin with, the Ligertwood Committee's report does not go far enough. That Committee was circumscribed by its terms of reference, which were very narrow. And one could anticipate that they would be narrow, knowing the sympathies and inhibitions of the present Government. The Act is outmoded. If I may use the simile, it is like an old pair of boots, the uppers of which have been so patched and clouted that very little of the original remains. There is an urgent need for a new, complete and scientific Income Tax and Social Services Contribution Assessment Act. The scales of taxation imposed under the present

Act relate to another age, to another era. They certainly do not relate to the present day habits of company controllers and company investors.

**Mr. Harold Holt.**—The honorable member is not saying that the legislation has no soul?

**Mr. CONNOR.**—The corporation has no soul. There has been a great deal of huffing and puffing and the Government is taking great merit to itself for having introduced this legislation. It is trampling on the corns of a few of its lesser supporters; but the greater supporters, the major supporters, the monopolies and oligopolies continue on their sweet way with the utmost fiscal impunity. The Ligertwood report has been before Parliament for exactly three years. On the Treasurer's say-so, the legislation under consideration will net the Government approximately another £15 million a year. We have already lost three years. On the Treasurer's own calculation, this alone means a loss of some £45 million in income tax.

The legislation is complex in the extreme. It is in parts almost incomprehensible. I have had the opportunity of discussing it with legal practitioners and accountants in my constituency. They are amazed at the complexity of the legislation. What will be the position of the ordinary man in the street? Let us consider the existing legislation, for a start. I have in my hand the tax practitioner's bible, Gunn's "Commonwealth Income Tax Law and Practice". It weights 5 lbs. 10 ozs. and contains 2,100 pages dealing with 500 separate items. It contains 500 separate sets of decisions on 5,000 separate matters arising under the Act. I invite honorable members to ask themselves what the taxation bible will finally look like when the various Taxation Boards of Review have at last resolved the differences between taxpayer and the Commissioner of Taxation.

This legislation is slovenly and is the product of a slothful Government which has not done its work of drafting. If one examines the various sections of the Act one finds that repeatedly the Government has made an attempt to grapple with the problem and then in desperation has halted and handed over final determination to the Commissioner of Taxation using his arbitrary discretion. I do not propose to pass any strictures on that gentleman or his staff.

They have a job to do, the job that we as legislators choose to give them. I have no doubt they will do that job with integrity and exactitude and in what they see to be the best interests of the finances of the Commonwealth. But we have today an unofficial body of taxation law, what we might call the common law of taxation, which represents the collected decisions of the Taxation Boards of Review over the period of years that the Income Tax Assessment Act has been in operation. I understand that in Australia today there are three Taxation Boards of Review in operation. I venture to suggest that when we feel the full impact of this legislation there will be a dozen or fifteen or perhaps even twenty of those Boards.

I have no sympathy for the tax evader, but I have every sympathy for the honest citizen who wants an exact definition of his legal rights and liabilities, of his rights of property and of his rights of income, and who wants to do the right thing as a fair and decent citizen. I say that this measure will create more confusion than any other piece of legislation that has ever been placed on the statute book since the inception of Federation. The Commissioner of Taxation cannot be omniscient and he certainly cannot be omnipresent. When we begin with entirely new principles embodying drastic changes there will be no body of precedents from which taxation advisers or citizens can draw appropriate inferences as to the liabilities of their clients or of themselves. This is a most unsatisfactory situation. Laboriously that body of decisions will have to be built up again because the legislation simply does not face up to realities.

Critics have already said, and justifiably, that this legislation is an attack on the rule of law. I do not suggest any ulterior motive on the part of the Treasurer (Mr. Harold Holt). I believe he is a conscientious gentleman, but that he is very much in the hands of his advisers. As I see the situation, in the words of the book of books; "The hand is the hand of Esau but the voice is the voice of Jacob". The public servants and the bureaucracy have sought to give themselves more power in this legislation than has ever been conferred by any other piece of legislation presented to this Parliament.

One of the outstanding characteristics of the English speaking people has been their observance of the rule of law. There has

been an exact definition of a person's rights as an individual, of his rights of property and his rights of income. This has been the subject of comment and amazement on the part of various legal commentators from other countries. From now on no person will know, in respect of any of the provisions of this amending legislation, exactly where he stands. I am assured by reputable accountants that there are nearly 100 cases in which the Commissioner will have absolute discretion. I have no doubt that he will attempt to exercise the discretion fairly, but he starts with new principles. One of the worst features of the system at the present time is that there can be a lag of two or even three years before a decision can be reached by the Taxation Board of Review. What will be the position of the Commissioner? His interpretations must vary because—let us get down to fundamentals—it will not be the Commissioner himself but his senior officials who will really make decisions. No doubt there will be some departmental manual of instructions, but human nature being fallible and human intellects being variable there will be various interpretations and a spate of appeals in relation to official income tax interpretations, without precedent in Australia.

A judge once said in relation to the Crown Lands Act of New South Wales that it was a legal jungle where people would venture at their peril. The same applies to this legislation. There are clauses and sub-clauses. There are paragraphs and sub-paragraphs. There are placita, and then at the end of the jungle is the fowler with his net, the Commissioner of Taxation.

Let me turn to the rule of law, and let me turn also to one of the most dangerous features of the legislation that I can see, which is the establishment of something which goes even beyond what Dicey, the constitutional authority, criticised in respect of France, when he referred to the growth of administrative law in that country. On page 336 of "The Law of the Constitution" Dicey said—

The first of these ideas is that the government—That is, the Government of France—and every servant of the government, possesses, as representative of the nation, a whole body of special rights, privileges or prerogatives as against private citizens, and that the extent of these rights, privileges or prerogatives is to be determined on

principles different from the considerations which fix the legal rights and duties of one citizen towards another.

But at least administrative law is defined in France. In the case of the legislation before us the discretion of the Commissioner is absolutely undefined. He is untrammelled and literally uncontrolled, unless, as a result of errors or difficulties, it is necessary for us to pass further legislation. But in the interregnum there will be within this country a fiscal authority who will be acting in his own interests—and his own paramount interests are those of a gatherer of taxes—who will have the responsibility of making decisions which are against his own official interest, and whose decisions will have to be challenged before appropriate tribunals. In the meantime the innocent taxpayer—and there are innocent ones as well as guilty ones—will have to pay tax, wait for two or three years, and then if he wins get a refund of the amount in dispute, without interest. Conceivably the Commissioner or his representative may, as a result of some quirk of his imagination, decide to enunciate a fresh principle or decision and the race will be re-run, with further consequential appeals.

Let me consider another angle of this legislation. Let me consider the things that are not in it. I speak as a Labour man representing a Labour constituency. I represent a constituency of workers—and underpaid workers at that. I have examined the latest reports of the Commissioner of Taxation and I find that there are 3,200,000 taxpayers whose individual incomes are below £25 a week. They represent 75 per cent. of the community and there is no relief in this Bill for them.

**Mr. Harold Holt.**—Is that their net taxable income or their actual income?

**Mr. CONNOR.**—Their actual income. These are the people below the £1,299 income bracket.

**Mr. Harold Holt.**—That is taxable income.

**Mr. CONNOR.**—No. I am referring to people whose actual income is less than about £25 a week. They represent 75 per cent. of a total of 4,300,000 taxpayers and not one of them would be accepted by any bank or lending authority for an orthodox loan with a 20 per cent. deposit because

it would be considered that their income would be inadequate. Those same people are expected to make their contribution to Consolidated Revenue, although they have not the financial competence to purchase a home for themselves. Those people are being given no relief. Again, we might reasonably ask—and I speak for the working man—for a reduction in the minimum amount of income on which tax is to be paid. There, again, £8 a week, £416 a year, would be quite a fair thing indeed. Today company directors, as usual, can get deductions for fares and travelling expenses and yet the working men who, with the urban sprawl and the development of the outer fringe areas of the major cities in this Commonwealth, are forced to travel 15, 20 and 25 miles a day each way to and from their work get no deduction. They are entitled to the concession if the company director is.

Let us take another aspect of fiscal injustice which is rampant in this country. In indirect taxation, in excise, £274 million was paid in 1962-63 and the major part of that was paid by the working man and the lower income groups. In respect of beer they paid £113 million, in respect of spirits £8 million, in respect of tobacco and cigarettes £69 million and in respect of petrol £60 million—a total of 274 million from the sub-standard income groups of this Commonwealth. Let us take the position with regard to company taxation. Let us take company taxation for the year 1961-62. All the companies of this Commonwealth paid £276 million. They paid little more in the aggregate than was paid by the lower income groups in excise on beer, spirits, tobacco and so forth.

There have been men of considerable foresight in the trade union movement who have predicted that we will gradually move into what is termed a working depression because today we have a situation where the 40-hour week is a joke. Any person who thinks he can live on award wages payable for a 40-hour week is taken for a fool by the general public. Unless he can work his 48 hours or 50 hours a week and get overtime, or unless he can send his wife out to supplement the family income, he has no chance of meeting even his ordinary obligations for the common necessities of everyday life. What relief is being given to that person? None whatever.

I come now to another group. Let us consider those people who will benefit most of all. Take the case of the companies. There is quite a new technique today. Twenty years ago company borrowings in the sense of debentures existed but they were quite a minimal amount of the total obligations of the company. Today the figures are most interesting and I will quote them without unduly wearying honorable members. I will quote the figures for the last eight years. In that period company borrowings by debentures, secured and unsecured notes and other similar forms of security, amounted to £643 million. In the same period the increase in company share capital was only half that figure. The reason for that is a very simple one and I am sorry the honorable member for Henty (Mr. Fox) is not here to hear me in answer to his criticism. It has suited the astute owners and controllers of companies, instead of letting in new capital, to have full participation in the control of the company, to pay a fixed but relatively low rate of interest in proportion to the profits they make by the use of the money borrowed and, above all, to avoid paying extra company tax. If that money had come in as share capital, profits made on it would have been liable to the ordinary tax rate of 8s. 6d. in the £1, and if that profit had been distributed to the individual shareholders, it would have been aggregated with their other income and they would have paid tax proportionately on the assessment scale. But by this subterfuge scores of millions of pounds have been lost to revenue. I am sorry the Treasurer (Mr. Harold Holt) has left the chamber. Apparently he cannot take it. This was precisely the matter that was raised in 1960 and on it there was an outburst—a storm—because for the first time the Government was actually trampling on the corns of its major supporters. It was once said by the managing director of the General Motors organisation in the United States of America that what was good for General Motors was good for the United States. Similarly, what is good for the Broken Hill Pty. Company Ltd. and the other major companies of Australia is apparently good for this Government. Very quickly after the outburst to which I have referred an alteration of the law was made. But I would say at a rough calculation that between £30 million and £35 million a year is being lost to income

tax revenue by this device of company borrowing.

That is not the only loophole which needs to be blocked up. The lesser matters of company manipulation pale into insignificance when we consider what has been done in connection with bonus shares. Let us take the Broken Hill Pty. Co. Ltd. as an outstanding example. What is being done to cope with the situation there? Details of the tax free hand outs which have been made have been published time and again in the financial columns of the major newspapers of Australia. Nominal dividends only are paid on shares in these major companies. Their profits are funded and when they accumulate to a certain figure then further shares are issued to a corresponding amount and any shareholders of those companies have the opportunity, if they so desire, to purchase those shares, at par in the main or at a very small premium, and then sell them openly on the stock exchange at prevailing prices and to do so free of taxation on their gains. What is the Government doing about this? It is doing nothing.

Here is a further aspect which deserves public consideration: I refer to the definition of a public company and of a private company. Following the advice of the Ligertwood Committee, this Government has entirely reversed the definitions of a private and of a public company. Now we find that many a company which, according to the companies legislation of any of the States of Australia, is a public company, is, for taxation purposes, classified as a private company if it is not registered on a stock exchange and does not comply with certain other requirements, the most notable of which is that more than 20 persons shall control at least 75 per cent. of the shares of the company. Where do we stand in relation to the stock exchanges of Australia? We have no legislation controlling them. There is no definition of a stock exchange in our legislation. But this is clear from a perusal of the Act: Companies can be registered on an overseas stock exchange. Are we to see an exodus of certain companies to the Channel Islands or the other well known tax evasion areas, for the purposes of registration?

On the other side of the picture, quite a number of public companies—in terms of the Companies Act—will not be companies for taxation under these amend-

ments because they have not registered on a stock exchange. They are afraid of registration on the stock exchange because of bigger companies making take-over bids as a result of being able to obtain full inside financial information. These bigger companies are able to get their hordes of buyers periodically and systematically to buy up shares or, in certain cases, to depreciate the value of the shares by starting a suitable spate of rumours or in any event, by hook or by crook, to obtain control of the lesser organisations.

We will create further monopolies because any company which is not prepared to qualify as a public company receives certain very notable taxation disadvantages. Probably the most important of those disadvantages is the retention allowance of portion of their benefits for development. On profits in excess of £5,000 a year the retention allowance scales down to 35 per cent. of the profit; the rest of the profits must be distributed within a period of 10 months after the end of the company's financial year. In other words, the companies which are in out of the wet, and which are registered on the stock exchanges, will be able to carry on and the new companies which are being formed and which would provide legitimate commercial competition for the older listed companies, are being put at a substantial disadvantage. That is a most unsatisfactory state of affairs. I am no apologist for the people in these companies, but I know what common justice is, and it will not be done under this legislation as it stands today.

I come now to another aspect of taxation, namely the matter of a capital gains tax. This matter has been bruited time and again in this House; but this Government is certainly not prepared to do anything about it. With the advent of further defence expenditure, the ordinary taxpayers of Australia will certainly be asked to dig more deeply into their pockets. I have no doubt that in patriotism they will do so, if they need to. But do they need to? Let us analyse the profits of the companies which in 1961-62 paid more than £100,000 in income tax. There were 1,195 such companies in a total of 55,526 registered companies, private and public. Those 1,195 companies earned £563 million of the total of £903 million earned by all companies. In other words, they earned well over half of the total. Not one

of those companies would have had a share capital of less than a couple of million pounds. Why is not super tax being imposed on them?

I understand that the current rate of company tax in the United States is of the order of 10s. 2d. in the £1 for companies of that sort—the biggest of the monopolies, the biggest of the profit earners. Let them pay in proportion to their ability. That is the fundamental principle which is lacking in the whole of our existing legislation. Our legislation is not based on ability to pay. It is a snide effort, a definite conspiracy to pass the major burden of the cost of government on to the section of the community least able to pay. There is only one answer; that is the return of a Labour government. The taxpayers of Australia will have their opportunity in the forthcoming Senate election campaign to register an appropriate vote of censure.

**Mr. NIXON** (Gippsland) [8.44].— Tonight we are discussing three bills. I want to deal specifically with the major bill, the Income Tax and Social Services Contribution Assessment Bill (No. 3). The purpose of this Bill is to close the loopholes in the taxation law which have existed over a number of years by which members of the community have been able to dodge paying income tax. This afternoon the honorable member for Melbourne Ports (Mr. Crean) put the position nicely when, instead of calling people tax avoiders, he referred to people evading paying income tax. The honorable member for Cunningham (Mr. Connor) criticised the Government for allowing people to invest in public companies and to gain capital appreciation on their investments. Of course, that criticism is typical of his thinking. He does not want people to receive any reward for the risks of investment. He also deplored the fact that companies can make profits in this country. Apparently he does not agree at all with the private enterprise system. He invited the electors to take notice of the Labour Party's policy in this regard, which is socialism. On 5th December the electors will have an opportunity to register their protest against his thoughts on this matter by voting for the Government Senate candidates.

As the Treasurer (Mr. Harold Holt) said in his second reading speech, most of the

proposed amendments arise out of the Government's consideration of the report of the Ligertwood Committee on Taxation. I believe that it is true to say that the Government's intention in this regard has been well and truly known for a number of years. Any wise tax consultant would have made sure, therefore, that his client's situation would meet Government requirements. It is also true to say that the majority of taxpayers and tax consultants are in favour of closing the loopholes which people use just to avoid paying income tax. One of the fears of the consultants is that the legislation will hurt people who have been acting within the law and have designed their financial situations with absolutely no intention of defrauding the nation of taxation revenue. It has been said that some damage may be done to the financial structure of companies as a result of this legislation.

My problem as a layman and a back bench member of this Parliament is the same as that of the honorable member for Melbourne Ports and the honorable member for Henty (Mr. Fox). I am certainly not an expert on taxation matters. It is very difficult for me to assess the merits and demerits of a bill as complex as this Bill and to make a contribution worthy of this Parliament. But I am in fairly good company; I am not alone in that difficulty. Quite a few taxation experts throughout the community have expressed some concern about the measures that are before the House tonight. I have noted that Mr. Langsworth, the President of the Taxpayers' Association of Australia, Mr. Cleland of the Chartered Institute of Accountants, and Mr. Millar of the Taxation Institute of Australia are all quite concerned about the effects of this legislation. No doubt, unlike myself, they have had an opportunity to study this legislation as experts and with expert assistance.

Some of my constituents who are accountants have written to me and said that they are quite concerned about the long term and short term effects of this Bill. They are all in favour of closing the loopholes and taking action against tax avoidance. I quote the following passage from a letter that I received today from one of my constituents—

We recognise very clearly the necessity for closing loopholes and removing anomalies in the

present Act, and believed, as with other practitioners, that amending legislation must come.

That is typical of the attitude of many of the tax consultants, as evidenced by comments in the Press to the effect that they are aware that there is a necessity to close the loopholes in the taxation laws. But despite that, they are concerned about the way that the Government has handled this Bill. I quote the following passage from the same letter—

However, three principal things concern us over the Bill presented:

- (1) The apparent complexity of the amending legislation, evidenced by the volume of explanatory memoranda.
- (2) Coupled with the above, the expressed desire of the Treasurer to hustle the legislation through before sound and detailed consideration can be given to the practical effects of the legislation, by those who are very much involved with the practical application of the changes.
- (3) The number of sections wherein the Commissioner of Taxation is given wide discretionary powers, which we believe can only produce tremendous uncertainties, and this, in our opinion, is bad legislation.

That is the comment of a well known firm of chartered accountants in business in my own area.

I had the pleasure of assisting Senator Laught in introducing a deputation to the Treasurer last week. I am pleased to note that as a result of that deputation a representative of the Taxpayers Association is convinced that there is no point in delaying the introduction of the Bills any further. He said, according to the 7th November issue of the "Taxpayers Bulletin", on the front page—

Further, it is thought, he—

That is, the Treasurer—

convinced the deputationists that postponing the Bills into next year would create much undesirable uncertainty throughout the community.

There is somewhat of a clash of opinion between taxation consultants on whether or not this Bill should go on. I am pleased that the representatives of the Taxpayers' Association are reasonably happy that we are proceeding with the Bill, despite the problems in it.

One of the areas of general disagreement that taxpayers associations appear to have on the Bill relates to the powers of dis-

cration granted to the Commissioner of Taxation. A discretion in the Commissioner is nothing new to tax law. In fact, I rang the Treasury today and was told that under the present Act, large as it is, there are 310 separate powers of discretion granted to the Commissioner, so this discretion is nothing new. However, in this Bill, together with the other two taxation Bills to be dealt with, there are 94 powers of discretion. This represents a fairly sizeable step up in the number of opportunities that the Commissioner has under the law to give dispensations. I have no objection to the Commissioner personally, nor do I think it is any reflection on him that taxpayers or taxpayers' associations should be worried about his having this power of discretion, but taxpayers in general appear to believe, as I do, that the letter of the law should be more finely spelt out so that there would be no need to place this weight of responsibility on the Commissioner. Apparently in the Bill before the House the draftsmen found it impossible to define the letter of the law finely enough to obviate the need for discretion to be given to the Commissioner, and have used this power as a gateway through which to escape.

It can be said that the discretion will act in the taxpayer's favour because, without it, the legislation would act harshly against many taxpayers. If a taxpayer appeals to the Commissioner and his appeal is dismissed he still has two further ways of appeal. Under section 185 of the Act he has a right of objection, which gives him the opportunity to present new facts to the Commissioner of Taxation. If the Commissioner does not then grant dispensation the taxpayer may appeal to the Taxation Board of Review. This is not a costly process; it may be time consuming, but it does not cost very much. If the taxpayer does not wish to approach the Board of Review he may appeal to the courts. That would be costly in both time and money. Nevertheless, he has these forms of recourse for dispensation. Despite these rights of appeal many people see the power of discretion as placing in the hands of the bureaucrats more power which should be exercised by Parliament. No-one doubts the Commissioner's impartiality, his fairness or his judgment, but I believe that in our society it is right that Parliament, rather than the

Commissioner, should take the responsibility. I believe also that under the legislation good advocacy could win dispensation whereas poor advocacy might lose it. This is one of the problems when we are dealing with human beings.

I should like to turn the attention of the House to tax avoidance by private companies. In the past each company of a number of private companies could transfer dividends to another company in the group after paying company tax. Each year the dividends were transferred to another company without paying any further tax. They were able to do this because of the rebate benefits. Shareholders have thus had the use of money received as dividends without being required to pay personal income tax on the sum. Legislation is needed to close these loopholes. If my understanding of the Bill is correct, private companies will be required to pay out dividends after one year and ten months and dividends cannot be passed through more than two companies. In the complicated structure of many private companies throughout Australia there could be a situation in which five or six private companies are involved with the one family or one organisation. I cannot understand why the law should require that dividends cannot be passed through more than two private companies. I believe that the stipulation that dividends must be paid after one year and ten months should be a sufficient requirement. I cannot see that it is necessary to upset the whole private company structure of organisations throughout Australia by enacting this stipulation about two private companies.

There could be instances in which fathers, brothers and sons have, because of a family involvement, set themselves up in several companies. The stipulation that the dividend should pass on within one year and ten months should be enough without requiring that the dividend cannot pass through more than two private companies. I invite honorable members to consider a private enterprise family which has a small retail furniture store, perhaps a motor car agency, an insurance interest, a grocery shop, perhaps even a chemical manufacturing business. It is much simpler for the family to keep a separate set of books and to form separate companies for each of these businesses. Why put the family in the situation of having to reform its whole company

structure because of this stipulation about two companies. I firmly believe that the stipulation that a dividend be paid after one year and ten months would have the same effect.

I should like to turn my attention now to the definition of private companies contained in the Bill. Clause 29 (2.) states—

For the purposes of the last preceding subsection, a company is . . . a public company in relation to the year of income if—

(a) . . . shares in the company . . . were listed for quotation in the official list of a stock exchange, being a stock exchange in Australia or elsewhere . . .

The honorable member for Cunningham mentioned this point and I checked on it today with the Treasury and with the Attorney-General's Department. The honorable member was quite right when he said that there is no Commonwealth requirement governing the formation of stock exchanges and no State legislation governing their formation. Indeed, they are completely unrestricted. I could form a stock exchange tomorrow by setting myself up with a couple of other businessmen. I would then be in action and would be entitled to claim the benefit under 29 (2) (a). It would be far better if this clause were to use the term "a prescribed stock exchange in Australia," rather than "a stock exchange in Australia or elsewhere". I have been informed that there are already private stock exchanges, if one likes to call them that. One of these private stock exchanges somewhere in Australia consists of three men, only one of whom is a stock-broker. Here we have a situation in which the first requirement in deciding whether a company is a public or private company is to see whether its shares were listed for quotation in the official list of a stock exchange. I feel that by this measure we could perhaps cause a rash of stock exchanges to be formed by the very smart companies that have been avoiding tax in the past under the existing legislation and will wish to do so again under the proposed legislation. They do not have to meet any requirements or any charges in forming their own stock exchange. I would like to know what the term "official list" means in this context.

The Bill deals also with the trafficking in shares of companies that have accumulated

substantial losses. Quite involved changes to prevent this sort of tax avoidance are made in the legislation. But already today I have been informed by one large firm of taxation consultants that they have escape loopholes ready for use when this legislation is passed. This is a pretty involved legislative provision and covers a few pages of the Bill; yet means of escaping the provision have already been found and are available to the clients of these taxation consultants, who will then be able to dodge around the new legislation. Taxpayers and taxation consultants are asking whether the Bill goes far enough in some respects and whether it goes too far in others. No-one seems to know. I do not know, but I am not an expert in taxation. Many of the taxation consultants do not know and, of course, they will not know until after June 1966 when they learn the results of their first submissions on the new legislation to the Taxation Branch. Mr. Carnegie Fieldhouse, who is said to be a well known expert, is reported in the "Australian Financial Review" of the 6th of this month as saying that there are at least two dozen serious defects apparent from a preliminary reading of the new Bill. This is quite disturbing. After three years, the Government has introduced a Bill to implement some of the recommendations of the Ligertwood Committee. It is trying to close taxation loopholes and gaps. But one expert, after having looked at the new legislation, has said that there are two dozen loopholes already apparent in it. The Treasurer in reply to a question I asked, said last week that he would be prepared to amend the legislation in the autumn session if anomalies could be pointed out. I have no doubt that the Treasurer would also amend the legislation to make it stronger if weaknesses appear in due course. So I warn these tax evading companies, as the honorable member for Melbourne Ports called them, that the legislation can be strengthened at any future time.

I am disturbed that sufficient time was not allowed between the introduction of the Bill and this debate to enable those associated with the every day problems of taxation laws to study all the provisions of the new legislation. However, having regard to the overall benefits to be derived from the measures by the community, I have much pleasure in supporting them.

**Mr. SINCLAIR** (New England) [9.3].—rise to comment on the measures that are now before the House, which effect amendments to the income tax laws, partly because I am not completely happy with the nature of the amendments but also because I feel, as was said at the time the findings of the Ligertwood Committee were published, that there is definitely a need in the Australian community for some further restriction of those people who seek to avoid their due and proper measure of taxation. Certainly, the Bills will implement many of the suggestions of the Ligertwood Committee, but unfortunately all the recommendations of the Committee are not being adopted. I think in some respects this results in the Bills before us not being completely adequate, and I do not think that they will be as effective as they might otherwise have been.

As other honorable members have said tonight, already taxation experts have suggested ways of off-setting the effects of this amending legislation. However, I have no doubt that after these Bills become law and the effect of the amendments has been observed, means will be found to prevent people from avoiding the intentions of the amendments. Insofar as the Bills are designed to prevent people from avoiding taxation, they are desirable, but some of the side effects are most regrettable. Possibly above all else the fact that the Commissioner has been given such wide discretionary powers does not deserve commendation. As the honorable member for Gippsland (Mr. Nixon) said, the Commissioner already has considerable discretion under the existing income tax laws. I feel that this is not sufficient excuse for the introduction in these measures of nearly 100 further instances of discretion.

It is said that the further discretion actually favours the taxpayer. I cannot completely accept this. I feel that what has happened in fact is that the legislation has been made as severe as possible so that those people who in the past have been avoiding taxation will be brought within its ambit and then, in order to minimise the effect on those persons who have quite legitimately been pursuing whatever activity may be in mind, the Commissioner is given the discretionary power to grant an exemption. I believe that in this way we are really providing too severe a pattern of

law. If we wish to provide some means of declaring a person innocent until he is proved guilty, it would be preferable to make the income tax law less severe and then give the Commissioner a discretion to impose additional taxation on any person he finds has been avoiding taxation. This would be far more in accord with our English rule of law, as I understand it. In our system, in the criminal courts a man is not considered to be guilty until he is proved to be guilty. Now in the income tax field we have as severe a requirement as can be applied, so that all those people who have been avoiding taxation are brought within the ambit of the legislation.

If we intended to adopt a similar principle in criminal law, presumably we would resort to measures adopted in totalitarian states which permit preventive detention until an individual had been proven guilty of an offence. To me, this is parallel to the incidence of the discretionary power given to the Commissioner in this instance. I do not for one moment suggest that the Commissioner will not exercise his power in a fair manner, but unfortunately it is not the Commissioner alone who will be exercising this discretion. As in many instances of administrative discretion, it is necessary for people down the line of administrative authority also to have some of the power to exercise the discretion. It is a pity to give a discretion and an even greater pity to have the discretion exercised by quite a considerable range of people further down the line. I personally feel that, over a period of years, the discretion will be left open to abuse.

Apart from this, there is a suggestion that an appeal can be made to the Taxation Boards of Review and further to the courts. Unfortunately, the Taxation Boards of Review are themselves administrative bodies. They are appointed by the Administration and consequently they can be subject to abuse. I do not suggest that this has been so up to date. I believe that no fairer quasijudicial body can be found, and this has been suggested also by the honorable member for Cunningham (Mr. Connor). In fact, we now have a considerable body of common law relative to taxation matters, as he termed it, based on the decisions of the Taxation Boards of Review. I feel that in spite of all this the Taxation

Boards are themselves administrative bodies. The Commissioner of Taxation is an administrative person. These are the people who are going to be given the discretion. They are being given discretion on two grounds; first, as to whether or not tax is to be levied, and then as to the quantum of taxation. This double incidence of discretion means that the person exercising the discretion, having a vested interest in what he is going to receive, may be tempted on occasion to exercise the discretion in other than a judicial manner.

Much has been said in the Press on the question of the application of the rule of law and the distortion of the rule of law by means of these Bills, and there are several particular aspects that cause me considerable concern. The first and most notable instance is the change in the method or definition of a public company. One of the problems in Australia is that many of the smaller companies operate quite successfully and efficiently without any desire to avoid taxation but with a desire to operate in a reasonable and rational manner and with a desire also to minimise the incidence of probate. Probate, to my mind, is a most iniquitous tax. Unfortunately, particularly in the rural community where it is necessary to have a large capital commitment involved in operating a property, overnight, as a result of the death of two or three close relatives, a land holding can be dissipated. In order to minimise the effect of this there have been quite considerable schemes—if one might so describe them—evolved so that the persons who in due course will inherit a property might receive the land and continue to operate the holding when the principals for the time being die. These are not schemes to avoid taxation—they are arrangements to minimise the incidence of probate. As I say, I do not agree with probate and I feel it is quite legitimate to try to minimise the incidence of probate. It is quite legitimate to try to preserve the economically viable unit that exists in a grazing property or farm holding.

Many of these companies, and many of these partnership groups, are of the type of organisation which may be affected by the provisions of this legislation. I think that such companies are not designed so much to minimise taxation liabilities as to preserve the economics of operating rural holdings. In addition, the problem of large

capital requirement means that over the course of the years if a man in the country has sons whom he wants to place on rural holdings it is necessary for him gradually to acquire the necessary capital to purchase land. In order to set oneself up in any form of primary industry it is essential to have a capital requirement of about £40,000. If throughout his earning lifetime a landholder is subject to very severe taxation it is almost impossible to set up in this way. Consequently we find today that there is a growing tendency for many rural holdings to be owned by city companies. I do not decry this trend at all, but I feel that the boys who are brought up in the bush make the best landholders of the future—they make the best farmers of the future—and these are the boys who, I suggest, might be penalised by the measures that are being discussed tonight.

I believe that many of the requirements that are being introduced by the change in the method of definition of "public company" and "private company" relate specifically to private companies that have been set up in order to operate rural holdings so that sufficient income can be accumulated to settle sons on the land ultimately. One other aspect which relates to something that concerns not only the boys in the bush but also the men from the city is the suggested basic requirement that a public company should be listed on a stock exchange. The honorable member for Gippsland (Mr. Nixon) referred to the problem of the definition of "stock exchange". If we use the term "prescribed stock exchange", as he has suggested, this would mean that many companies operating at the moment as public companies will almost of necessity, because of the high incidence of the undistributed profits tax, finish up being registered on the stock exchange. They will feel themselves economically bound to be so registered.

The stock exchanges of Australia have certain basic requirements—basic articles of association. They have a stock format. All companies desirous of being registered on a stock exchange must be prepared to adopt this stock format to be registered. I feel that we are going to have a situation developing where public companies—which at the moment are not co-operatives, Government-owned or non-profit making and which do not come within the field

covering the smaller proprietary companies, but which are public companies within the definition of the Companies Act although not public companies within the definition of this legislation—are going to find themselves in the invidious position of having to change their articles of association in order to meet the requirement of being listed on a stock exchange and so to receive the benefit of the public company tax rate which has been their due and which they have been meeting over the years.

These companies include many companies about whose operations there can be no doubt. If these companies change their articles of association in order to be listed on a prescribed stock exchange they are going to leave themselves wide open to takeover. This, to me, is one of the major problems arising out of the introduction of this amending legislation. If in fact this is the case then I trust that when the Treasurer (Mr. Harold Holt) introduces suggested amendments in the new year some consideration will be given to a specific exemption from registration on a prescribed stock exchange of this large range of public companies which I feel are going to be most adversely affected by the change of definition.

I know that it can be said that a discretion is given to the Commissioner and that this discretion might be applied in these instances as in many other instances, but I do not know that it applies so far as the definition of a public company is concerned, and I feel that an amendment to this definition is called for. At the same time I appreciate that it is extremely difficult to make a completely comprehensible definition of a public company and of a private company for taxation purposes. Unfortunately, the definitions that are laid down in the uniform Companies Acts are not suitable and cannot be related back to the income tax laws. But I feel that it is a pity that in these instances this legislation is bringing down a definition which changes the picture completely. The picture now will be that a private company is a company which is not a public company whereas before it was the other way round.

Another matter that I want to mention is the tax loss provisions. Mention has been made tonight of a suggestion that it might

be more equitable if the amending provision of this legislation relating to the transfer of tax losses and their availability as income tax deductions were modified in some way. It was suggested that perhaps instead of a 40 per cent. constancy in share holding there should be an extension to 60 per cent. In the past the general exchequer has not suffered unduly from the existence of the exemption sub-sections (5) and (6) of section 80 of the principal Act. I feel that these exemptions have enabled many of the smaller investors on Australia's stock exchanges to receive some benefit from a company which through no fault of theirs has finished up running into the red, that is, with considerable losses. When this has happened, the shareholders, particularly those who have acquired shares by purchase on a stock exchange, have little opportunity to exercise a direct say in the management of the company. But these shareholders are the ones who, I believe, have benefited in the past from this concession. They are the ones who have been able to obtain some benefit from shares which otherwise would be of no value, and they have obtained that benefit because the company has been able to sell its losses, which can be used by another company to gain a tax advantage.

In this instance, I do not agree that there should have been any modification at all of the existing provision. However, if there is to be a modification, I regret that it has the retrospective effect that I see in the provision in the Income Tax and Social Services Contribution Assessment Bill as it stands now. Certainly, the new provision will not be completely retrospective, but it will apply retrospectively, where the shares have changed hands, insofar as all losses that exist at present must be completely disposed of for tax purposes before 30th June 1965. It is rather interesting to compare this provision with the lease provision. I consider that it would have been far more preferable, if, at the time of the introduction of the Bill, we had been informed that all future loss purchases would come within the ambit of this restriction and that all existing losses, up to the limit of seven years at present prescribed, could be gradually utilised. Even if the period had been reduced to three years, there would not be the same objection as there is to the proposition that losses must be utilised for tax purposes before 30th June next year.

I believe that, generally, Sir, the Bill will go a long way towards controlling those people who, over the years, have avoided their due and proper tax responsibilities. But, at the same time, I consider that the measure will go a little too far in adopting the idea that a man is guilty until he is proved innocent. I compare the Bill to a dog trap which hangs on to what it has caught until the victim is released. I do not think that, in spite of the good intentions of the Commissioner of Taxation and his officers, the proposed provisions will be sufficient to remove the ugly scars that the jaws of the trap will leave behind. I appreciate that the dog trap is very much applicable to the dingo and to the man who is avoiding his proper tax dues, but I do not regard it as applicable to the sheep dog or the person who is carrying on his business in a fair and proper manner and genuinely meeting his responsibilities by paying his tax dues, having so arranged his affairs as to enable him to accumulate sufficient means to put his son on the land, for example, as I mentioned earlier, or, in another form, to adopt, for genuine business purposes, the measures at present open to him.

I trust that some of the problems that arise in relation to the Bill will be considered and that the tax law will be modified in the new year. I trust also that the number of discretionary powers given to the Commissioner of Taxation will perhaps be reduced. I believe that one of the basic problems is the difficulty in knowing just what one's tax liability will be. The result of the existing legislation as modified by these measures that we are now considering will be that, unfortunately, a person will not know what his tax liability will be until he has gone to the Commissioner with his cap in his hand, not merely with a submission, but with a submissive submission. He will be required to adopt the approach: "I am a good boy, and I do not believe that this provision is really designed to require me to pay this tax. I trust that whether I get out of the situation without the undue application of the penal provisions of the Act will not depend too much on the state of the Commissioner's liver." I think it is a pity that the law has been framed in the present harsh fashion to provide for the extending of leniency only by way of discretion. Indeed, as I said at the

outset, I would feel far happier if these measures had been drafted to enable taxation to be levied in a less restrictive way and to give to the Commissioner discretionary power to apply penal provisions when a person is found to be avoiding taxes.

**Dr. J. F. CAIRNS** (Yarra) [9.25].—Mr. Deputy Speaker, I did not really expect that we would have very spirited criticism of this legislation from the standpoint that anyone thought it would go too far. Had it not been for the speeches in which this proposition that the measures go too far was asserted by the honorable member for Gippsland (Mr. Nixon) and the honorable member for New England (Mr. Sinclair), I would not have participated in this debate. But I think it would be quite wrong, from the standpoint of the Opposition, to allow the debate to close without this assertion being answered. We have heard two fairly long speeches from the honorable members I have mentioned. The thesis of their argument is that this legislation is altogether too harsh, that it should be much easier and that, in a few odd cases where perhaps some malpractice had occurred, the Commissioner of Taxation should be empowered to use his discretion in imposing penal rates of tax.

I believe that, at the present stage, it is advisable for honorable members to cast their minds back to a period some years before the formation of the Commonwealth Committee on Taxation, which is often known as the Ligertwood Committee, and to the investigation conducted by that Committee. Before the Committee was appointed, a great deal of concern was expressed here and elsewhere because a relatively small number of taxpayers—in most instances, taxpayers whose income was derived from property, and almost alone from this source—had been, within the provisions of the existing law, avoiding a considerable amount of taxation. Quite a lot of agitation and public concern about this was expressed over several years before the Ligertwood Committee was brought into existence. The Committee conducted an investigation which showed that the criticisms that had previously been made by ordinary people had been more than justified.

When the Committee's report was presented, we were told that the tax avoided

in this way at that stage—some three years ago—probably amounted to about £15 million a year. At that stage, we in the Opposition, especially those of us who had opposed the avoidance of taxation in this way, were inclined to say: "It is about time this was investigated and a report of this kind produced". When, after six months, the Government had not done anything about the matter, we said it was about time the Government did do something. After 12 months, when nothing had been done, we continued to say that it was about time the Government did something. Eighteen months, two years, two and a half years and finally three years passed, and eventually the legislation was brought in. We welcome it. I consider that the criticisms made by the honorable member for Gippsland and the honorable member for New England should be considered against that background. If the estimates made on the basis of what the Ligertwood Committee reported were accurate, in each of the last three years a total of some £15 million or more in taxation has been avoided by many of the people for whom these two honorable members speak. It is no accident that both of the honorable members who have said that these measures go too far happen to be members of the Australian Country Party. It is no accident that they happen to be speaking, no doubt, for the owners of fairly large country properties who have been talking full advantage of the law over the period I have mentioned and have avoided paying their fair share of taxation. I think we can see now where the shoe pinches in a number of instances. It certainly pinches in respect of a number of large country properties.

The principle of the Income Tax and Social Services Contribution Assessment Bill, if one can say that there is a principle in such an extensive and complicated measure, is not that it will bring in new laws and make people liable for taxation in accordance with any new standards. Its principle, if there is any, is simply an attempt to close loopholes and apply the existing law equally to everybody. This measure will not bring into existence new forms of taxation. The honorable member for Gippsland and the honorable member for New England want the law to be less harsh than it is. Apparently, they want some

of these loopholes and opportunities for discrimination in favour of some taxpayers to remain. Well, the Opposition does not, and I am pleased to know that by now and to this extent the Government does not.

Honorable members opposite have spoken with considerable feeling about property owners. The honorable member for New England stated that probate is a tax that he does not like. Probate is a tax that he does not like because those for whom he speaks normally have a considerable amount of property at the time of their death. Those of us who speak for those who have practically no property at the time of their death feel that probate is not such an inequitable tax after all. Perhaps the 5 per cent. or 6 per cent. of taxpayers who are affected by this tax can well afford to be affected by it. They are in contrast with the 75 per cent. of taxpayers referred to earlier this evening by the honorable member for Cunningham (Mr. Connor). I think he said that the taxable incomes of those taxpayers amounted to less than £25 a week. Those people do not have much to spare at the time of their death and they have very little to spare during their lifetime.

It is significant that over the last six or seven years those whose incomes are derived from property in this country have been given very considerable benefits by the Government. First, depreciation allowances of various kind have been increased considerably since 1953. I think from memory depreciation allowances in 1953 amounted to about 4 per cent. of the gross national product. They have risen to about double that amount now—8½ per cent. or 9 per cent. of the gross national product. This gives property owners a considerable amount of additional income. Whether they be partnerships, companies or individuals, their current incomes can be reduced considerably by the vast amounts of depreciation available to them. This bill does not introduce any new principles or new ways of taxing people. It merely applies the existing law more equitably and more thoroughly to everybody.

Another way in which people who derive their incomes from property have benefited under this Government is by the Government's refusal to tax what are loosely called capital gains. We know that hundreds

of people, particularly in country areas, make a considerable amount of income from the sale of property which is not in the ordinary course of business and therefore not taxable.

**Mr. Nixon.**—Would the honorable member tax it?

**Dr. J. F. CAIRNS.**—Of course. The policy of the Labour Party is to redefine income so that the sale of property which is the subject of capital gain shall be properly taxed like everything else. If honorable gentlemen opposite had a sense of equity or fair play they too would support a tax of that kind, but we know that generally their sense of fair play was left behind in the school yard 20 or 30 years ago. If they had any sense of fair play left when they joined the Country Party it would have been knocked out of them since. It is the policy of the Labour Party to define as income money derived from the sale of assets. I have read recently of a number of cases where gains of this kind have been far greater in the city than in the country. Recently a concern was purchased for a little more than £250,000 and sold within 48 hours for twice that amount by a gentleman whose business did not normally include the purchase and sale of properties of this kind. The money that he made on that transaction would be an untaxed capital gain.

**Mr. Harold Holt.**—Capital losses would be deductible on your thesis, would they?

**Dr. J. F. CAIRNS.**—Of course, but capital losses in a full employment economy, with creeping inflation at work, are hardly significant. We are living in this kind of economic environment today. I would be quite prepared to see capital losses taken into account against the kind of capital gains that take place in this kind of economy. The result would be a considerable increase in revenue to the Commissioner of Taxation. The only thing preventing access to this increased revenue is the fact that the people who make capital gains have considerable influence with the Government.

The honorable member for New England is worried about the effect of probate duties on land holdings in the country. It seems to me that this is a matter which concerns that small number of people in the community who benefit from these land holdings. From

a community point of view—surely this is what we are concerned with in this Parliament—I think it may be a very great advantage if some of these large land holdings in the country were cut into small holdings. It may be of advantage to the community if probate had the effect of breaking up some of the large holdings. Quite a number of expert committees have looked at the situation in recent times. The gist of their findings is that the productivity of a great deal of land in the southern and eastern States of this Commonwealth is far higher than its present use would suggest. The land is being held in partial or less than full use because of the very great value that it has from a capital point of view. New settlers are forced to go out into much poorer land on the margins, where they still have to pay very high prices, holding on, as it were, by their finger tips to the possibility of maintaining a position on the land at all. It may be a great advantage to the community if probate had the effect that I have referred to.

I think the honorable member for New England has examined the Bill from a far too limited and narrow point of view. My complaint about the Bill is that its provisions do not go any further. I am quite satisfied with most of them and I am satisfied with the discretion held by the Commissioner of Taxation in those respects. But I would like to see the Bill go considerably further in respect of the two or three points I have indicated.

**Mr. UREN (Reid) [9.37].**—This legislation is the outcome of a report tabled in this Parliament about two years ago. The Ligertwood Committee sat for about two years before submitting its report. So we have been waiting for four years to see this legislation, which is designed to close some of the loopholes in the existing law. Some members of the Country Party have said that the legislation is harsh. The Opposition does not think it is sufficiently harsh. We do not think it goes far enough. Although we support it I propose to indicate some of the loopholes that still remain.

In an article in the "Sydney Morning Herald" of 6th November last, under the heading, "Send Bills Back for Band-Aids, Weaknesses In Mr. Holt's New Tax Proposals", Mr. Carnegie R. Fieldhouse criticised the new legislation. I have no doubt

that all legislation passed by this Parliament has contained a certain number of loopholes. I have no doubt also that the legal eagles and the representatives of the wealthy classes will do their best to find those loopholes. Under the heading "Rule of Law" Mr. Fieldhouse stated—

While the purpose of the new bill—the long overdue tightening of the tax laws—is extremely commendable, the methods used in the bill to achieve this purpose are bad beyond measure. They strike directly at the basis of British law in a manner that is both savage and dangerous.

While saying that the legislation is commendable, this gentleman also brands it as being both savage and dangerous. It is about time that the Taxation Branch was given authority to administer laws which, though savage and dangerous to certain sections, are in the best interests of the great masses. For far too long now certain groups in the community have been enabled to accumulate great wealth. We all know of the huge reserves accumulated by certain companies by way of undistributed profits. Since 1951, something like £2,690 million has been accumulated by way of undistributed profits which, in effect, represent an indirect tax imposed upon the consumers by the great monopolies of this country. Up to 1951, a tax of 2s. in the £1 was charged on undistributed profits. It was abolished when Sir Arthur Fadden was Treasurer of this Government. If that tax had been retained, even at the then rate of 2s. in the £1, Consolidated Revenue would have benefited by an additional £269 million between 1951 and now.

I realise that the Bill under discussion will close some loopholes. For instance, the subsidiaries of certain major companies will be required to pay tax when repatriating undistributed profits to their parent companies. But the Bill does nothing to prevent the accumulation of huge reserves by the major companies through depreciation on plant and equipment. Over the last 14 years for which this Government has been in office, it has allowed the major companies to accumulate £5,700 million through this concession. In the last five years alone the major companies have been allowed £3,000 million for depreciation on plant and equipment. So, through the allowance for depreciation on plant and equipment and the abolition of the tax on undistributed profits these companies have

amassed huge wealth. Had all the profit been distributed to shareholders, tax would have been payable on them. But the companies have retained substantial profits and watered down their shares.

It is interesting to note the references made by the "Sun-Herald" of 8th November to the activities of two of these major companies—Burns Philp & Co. Ltd. and W. R. Carpenter & Co. Ltd. This article disclosed how those two companies have been permitted to accumulate great wealth and how they have avoided paying tax. For instance, they disclose that in 1951 Burns Philip issued at par one share for every two shares held in the company. This enabled the shareholders to enjoy tax free profit amounting to hundreds of thousands of pounds. In 1955 the same company issued at par one share for every three shares held in the company. In 1958 it decided to be more generous and it issued one bonus share for every four shares held in the company. In 1959 it issued one bonus share for every five shares held; in 1962 it issued one bonus share for every five shares held, and again in 1964 it issued one bonus share for every five shares held.

The same newspaper disclosed that in 1951 W. R. Carpenter & Co. Ltd. issued one bonus share for every share held. In 1957 it again issued the equivalent of one bonus share for every share held by issuing one share in a newly formed holding company. That is another instance of how the Government has allowed these companies to accumulate profits amounting to millions of pounds. In 1962 W. R. Carpenter & Co. Ltd. issued one bonus share for every four shares held, and in 1963 it again issued one bonus share for every four shares held. It is suggested that in 1965 still another bonus share will be issued for every five shares held.

How did these companies amass this accumulated wealth? They did it by building up reserves of undistributed profits. In effect they imposed an indirect tax on consumers. In addition they were permitted to write off huge sums for depreciation on plant and equipment. By these two methods, these major companies have been allowed to accumulate reserves which are almost beyond imagination. By watering down

their capital, they are able to get rid of the accumulation.

For the benefit of those honorable members of the Country Party who are seeking to interject, let me point out that the Australian Labour Party would tax undistributed profits. It would also make sure that the amount allowed for depreciation on plant and equipment was reasonable. It would take steps to guard against the accumulation of vast reserves and to ensure that the wealthy were taxed. Mr. Carnegie B. Fieldhouse has described this legislation as savage and dangerous. There is only one law in this country today; that is the law for the wealthy. There is no law for the protection of the poor, battling, struggling taxpayers. I remind honorable members that 82 per cent. of the taxpayers of this country earn £1,500 or less a year. That is approximately £29 a week. In other words the wealthy or more affluent sections of our society represent only 18 per cent. of the taxpayers. Let me say at once, that I am well aware that all honorable members of the House are in that more affluent section. But that is not the section with which we must be concerned; we have to be concerned about the great mass of the taxpayers, the 82 per cent. who earn incomes of £1,500 and less a year.

This legislation does not seek to tax the wealthy. The weakness of this Bill is that this Government which represents the wealthy section in the community, is not taking steps to ensure that the wealthy section is taxed adequately. It does not want to prevent that section from accumulating great wealth. Time and time again in this House I have quoted figures relating to the holdings of one family in one big company. I have shown that this family made a profit of £22 million by way of capital appreciation of its holdings in the company between 1st January 1954 and 1st January 1960.

Although we of the Labour Party support the legislation, we say it does not go far enough. When the Chifley Government was in office, no family man earning £350 or less a year paid any income tax. At that time, the basic wage was £6 8s. a week. We say, therefore, that today no family man earning £800 or less should be required to pay income tax. In other words, the man earning the basic wage of £15 8s. a week should be exempt from income tax. That is

the type of legislation that this Government should be introducing. It should be giving some justice to the ordinary worker. But this Bill does not do that. It merely seeks to close up certain gaps in order to make the position look respectable. The Government is concerned only about respectability. We on this side know that it is a sectional government, that it is concerned only with looking after the wealthy section in the community.

Why has not the Treasurer (Mr. Harold Holt), who seems so dejected sitting at the table, not done something about an 8s. in the £1 debenture tax? He said in this House on 15th November 1960 that major companies were raising money by means of debentures and that the cost to a company of an 8 per cent. debenture was really only 4.8 per cent., and that they were evading the company tax of 8s. in the £1. But we know now that company tax has been increased to 8s. 6d. in the £1, so that these major monopolies that raise money by means of debentures instead of by share capital are now evading company tax of 8s. 6d. in the £1 instead of 8s. in the £1. I remind the Treasurer of the words he used on 15th November 1960. These are the devices about which the Government must do something. We find that more and more of the major monopolies are raising money by means of debentures instead of share capital. Actually, more money is being raised now by debenture capital than by share capital, and there is a growing trend to move back into this field of financing.

I do not want to keep the House too long in discussing this legislation. It has taken the Government four years to bring it down. The Government has hedged wherever it could, but at least it has finally brought down the legislation. However, as the honorable member for Cunningham (Mr. Connor) has said, the legislation is slipshod. Already many loopholes can be seen in it. These result from bad workmanship. The Government has not dealt with the subject methodically. It knows that there are many loopholes in this faulty legislation. We of the Opposition support the legislation, but we say that the Government has taken too long to bring it forward and that it does not go far enough. It should be designed to protect the people who need protection, but we know that it is simply a piece of legislation brought forward to provide a cloak of respectability.

**Mr. HAROLD HOLT** (Higgins—Treasurer) [9.53].—in reply—The speech we have just heard from the honorable member for Reid (Mr. Uren) shows how the Labour Party is condemning itself indefinitely to tenure of the Opposition benches. There was no fairmindedness in the approach of the honorable member for Reid. He immediately assumed as the basis of his arguments that we who bring down the legislation are sectional in our outlook and subject to the pressure of wealthy interests. We heard all the claptrap that no doubt enlivens many of the meetings that the honorable member addresses from time to time. All I can say is that it must be a very gullible Australian public that has kept returning for 15 years uninterruptedly a government which is responsive to these pressures and represents only a very narrow section of the Australian people. The reason why we are in command of the treasury bench and have been for all these years is that the great majority of the Australian people, including many hundreds of thousands of trade unionists and wage earners, realise that this is a fairminded government trying to deal fairly with all sections of the people and determined to pursue economic policies designed not only to achieve the greatest economic development of the nation but also to spread the production of the nation equitably through all sections of the community. It is because the people believe this that they have returned this Government to power and will go on returning it.

The honorable member for Yarra (Dr. J. F. Cairns) talks about a capital gains tax as though it were some sort of class weapon which is employed.

**Dr. J. F. Cairns.**—Of course it is.

**Mr. HAROLD HOLT.**—He is entitled to his own political philosophy. I give him credit at least for being frank and open enough to espouse that philosophy. Having taken a pledge as a Socialist he speaks like a Socialist and acts like one. At least we know where we stand with him. But he does less than justice to the cause when he assumes that the only reason for our abstention from imposing a capital gains tax is that we are in some fashion pandering to the support we enjoy politically. I repeat that the support we enjoy politically comes from the great mass of the Australian people

in all sections of the community. We have quite consciously pursued a policy, in a young developing country, of trying to give a strong incentive to investment to take a few risks. We encourage people to take the risks which will bring about the production that this country needs, which will give us the industrial growth and the development and the export income which will help to make the nation strong and to absorb the population which will add to that strength.

It is all very well to talk about capital gains in a period of rising incomes. How would a capital gains tax have worked over recent years in this country? In a period of low incomes we would have been deducting from the taxable incomes then payable a very substantial proportion for capital losses. On the other hand, in the years of higher incomes we would have been imposing a tax on a capital gain. But where do you draw the line in this matter?

The honorable member talks about the man who sells his country property and shows a profit on it. But perhaps that man would have been getting back, in the currency of the time of selling the property, only the equivalent, in real terms, of what he paid for the property originally, making allowance for what went into the property in the intervening years. Then, having sold one property, suppose he buys another. Presumably he has paid a considerable capital gains tax in respect of the property sold, but he would then have to pay the full current market value of the property he wanted to purchase. However, I am not going to weary the House tonight with a debate on these basic taxation issues, which are worthy of debate at the proper time but which tonight have been introduced merely to give another typical expression to the left wing philosophy which appears to be dominating the councils of the Labour Party at the present time.

Most of the criticism which has come from the Opposition side has been directed against delay. One or two speakers have been unkind enough to suggest that the legislation has been prepared in a slovenly way. I just want to remind the House of the history of the legislation. In the first place, the Ligertwood Committee was set up on the initiative of the Government itself.

Mr. Uren.—How many years ago?

Mr. HAROLD HOLT.—I will come to that. The Prime Minister (Sir Robert Menzies) included in his policy speech a statement to the effect that we proposed to set up such a committee. As soon as we got through the election campaign, and as soon thereafter as was practicable, the committee was set up under the chairmanship of Mr. Justice Ligertwood. It had a very difficult task and took a considerable time to complete it. The matter did not end there, because although the people who set about this job were conscientious people they were dealing with the most complex legislation in existence in the Commonwealth. This was emphasised for me when the then Commissioner of Taxation produced for me a report on the Ligertwood Committee's report, which was about double the size of the report produced by the Ligertwood Committee. This had to be carefully sifted within the Department of the Treasury. In order to get some impetus in the process of legislation preparation, after his retirement from the position of Commissioner of Taxation, we engaged Mr. O'Sullivan as a consultant inside the Treasury itself. He laboured long on these matters and finally when he and my own officers had done the necessary preparatory work a committee of Cabinet was set up which also had to work for very many arduous hours in the preparation of this legislation.

I do not deny that it is complex legislation as it comes before honorable members. In this case the old phrase that the best is the enemy of the good can be said to apply because here we have waited some considerable time in order to produce workable legislation. We are criticised on the ground of the delay and now, at the same time, we are criticised because it is said the legislation is not as perfect in all its parts as it might be. As to that latter statement only experience, I think, will reveal how far the legislation requires further amendment. I have already indicated that the Government holds itself open to make further amendment if it can be demonstrated to us that it is necessary. I have no doubt that as the officers of the Treasury and of the Commissioner of Taxation go over the working of this legislation there will be matters cropping up which will engage the attention of this Parliament in the future. But here we

have legislation which, as from the time of its operation—coming into effect for the most part as from 1st July 1965, or relating to the specified income year—will close up many of the avenues for avoidance which have been costly to the revenue over recent years and, as knowledge of these techniques expands, would become far more costly in the future.

It is against that kind of background that we have to see this criticism which has been levelled about the degree of discretion left with the Commissioner. It is because the legislation is so complex, it is because those who are seeking to exploit loopholes are people of specialist knowledge and skill, astute lawyers and accountants, business men and taxation specialists, that we have to produce complex legislation to meet the situation; and because the broad terms of particular provisions could work unfairly and unreasonably in individual cases we have given to the Commissioner a discretion in many cases to soften the effect of the legislation if he feels that this is justified on the facts. I would prefer, as I am sure all honorable members would, and I am sure the Commissioner would, if we could to spell out in precise terms the rights and obligations under the legislation and do so with such precision and clarity that everybody would know exactly where he stood. It is not as simple a matter as that and the Government has done the best that it could.

At the Committee stage there may be some particular matters to which we can refer. I have appreciated the way in which honorable members have shown a disposition to give the legislation a fair trial. We shall have opportunity to look at it again if occasion requires. In the meantime, as a result of this legislation we should have at least closed the major areas of possible avoidance which existed before the passage of the Bill. I may say in that connection that an analysis has been made for me of the article by Mr. Fieldhouse to which reference has been made in the course of this debate. I will not worry honorable members with the detail of this analysis, which runs into very many pages, but the conclusion reached by my advisers is that the article does not, in their view, raise any technical matter which would require deferment of the legislation. The error in the explanatory memorandum to which the article referred was the use of "or" instead of "and". This error

was noticed in the office of the Commissioner of Taxation several days after the first circulation of the memorandum and instructions were then given for all unissued copies to be corrected in ink. As to the various devices which have been brought forward as illustrations, I would advise those reading the article to tread warily and carefully. The advice given to me is that the legislation is effective to deal with the cases which have been mentioned.

Question resolved in the affirmative.

Bill read a second time, and committed pro forma; progress reported.

#### **LOAN (AIRLINES EQUIPMENT) BILL 1964.**

Bill—by leave—presented by Mr. Harold Holt, and read a first time.

#### **Second Reading.**

**Mr. HAROLD HOLT** (Higgins—Treasurer) [10.6].—I move—

That the Bill be now read a second time.

This Bill seeks the approval of Parliament to the borrowing by the Commonwealth of up to 30 million dollars, or about £13.4 million, on behalf of Qantas Empire Airways Limited and the Australian National Airlines Commission—Trans-Australia Airlines. The Bill appropriates the Loan Fund to enable the proceeds of the borrowing to be advanced to Qantas and T.A.A. It also appropriates the Consolidated Revenue Fund to enable the Commonwealth to pay principal and interest and to meet other charges associated with the loan. As the two airlines will provide the Commonwealth beforehand with all of the funds necessary to meet these latter payments, the loan will involve no net cost to the Commonwealth.

The borrowing is being made by the Commonwealth in order to assist Qantas and T.A.A. to finance the purchase of additional Boeing jet aircraft and related equipment. Qantas will be assisted by the loan to acquire either two or three additional Boeing 707-338C aircraft, and T.A.A. one additional Boeing 727 aircraft, in each case with related equipment and spares. The loan will be for 24 million dollars if Qantas decides to finance two aircraft from this loan, and 30 million dollars if it decides to finance three. The new aircraft will increase Qantas' Boeing 707 fleet to eighteen or

nineteen, and T.A.A.'s Boeing 727 fleet to three. The arrangements for the borrowing are similar to those approved by Parliament in May 1964, when the Commonwealth borrowed 25 million dollars, or £11.2 million, on behalf of Qantas. The entire proceeds of the borrowing will be made available to Qantas and T.A.A. by the Commonwealth on terms to be determined by the Treasurer. These conditions will be the same as those under which the Commonwealth itself will borrow the money. As the airlines will be required to meet all charges under the loan agreement, the Commonwealth will therefore assume a function similar to that of guarantor of the loan and, as I have said, there will be no net charge on the Consolidated Revenue Fund.

Prior to the present loan, the Commonwealth had arranged loans totalling 124.6 million dollars, or £55.6 million, in the United States of America for the purchase of aircraft and related equipment since 1956. Of this amount 108.6 million dollars represented loans for Qantas, and the remaining 16 million dollars loans for T.A.A. Loans previously arranged with United States commercial banks total 85 million dollars of which 50.3 million dollars remains to be repaid. In addition, the International Bank and the Export-Import Bank of Washington have lent 39.2 million dollars for aircraft purposes, of which 23.5 million dollars is still outstanding.

These loans have contributed significantly to the extension, modernisation and re-equipment of their frontline fleets which Qantas and T.A.A. have both undertaken in recent years. In arranging the loans, the Government has continued the previous practice of asking each airline to help to finance the purchase of new aircraft by borrowing in the country of manufacture. Also, following sound commercial practice, the loans are repayable during the expected life of the aircraft being purchased and during the period that the aircraft are making a substantial contribution to the successful operating results of the airlines in question. In the case of Qantas, its earnings of overseas currencies are more than sufficient to repay the loans raised.

Australia is a net importer of capital, and it has been the Government's continuing policy in past years to accept the very favorable terms it has been able to negotiate

for finance for aircraft purchases for its two airlines. The major part of the present loan will not be drawn until late 1965 or early 1966, and there are obvious advantages in taking steps now to ensure that funds are readily available to meet known future contractual commitments.

Our balance of payments position is strong at present, but it is traditionally subject to wide fluctuations, often within short periods. Our economy is growing rapidly and with that growth there is a continuously increasing demand for imports—materials, capital equipment and other requirements that we must obtain abroad. Our export earnings also have been growing but we cannot expect every year from now on to be better for export earnings than the one before. Rather, whether because of seasonal conditions affecting export production or variations in the prices obtainable in overseas markets, we can expect some years to be less favorable than others for export earnings. Especially when import demand is running high, we will in some years undoubtedly have to draw on our reserves; sometimes, perhaps, quite heavily. That, in fact, is what the reserves are for—to see us through periods when the balance of payments runs against us.

For that reason, it is no more than prudent to take advantage of whatever opportunities we have to strengthen our reserves. The fact that, at a particular time, the level of our international reserves happens to be unusually high can thus be no reason for ceasing to make every effort to increase our export earnings. Nor is it any excuse for forgoing opportunities for obtaining a continuing supply of specialist capital of this nature when it becomes available on reasonable terms and conditions. The operation of the United States interest equalisation tax has placed difficulties in the way of the Commonwealth continuing its series of public loans on the New York market; but, as I shall explain later, the new tax does not apply to borrowings of the type which we have been able to arrange with United States commercial banks, and the same considerations thus do not apply in this case.

The present loan is being made by a group of five United States commercial banks. These are Morgan Guaranty Trust

Company of New York, the Chase Manhattan Bank, Bankers Trust Company, Continental Illinois National Bank and Trust Company of Chicago, and American Security and Trust Company. The text of the loan agreement which the Commonwealth negotiated with these banks is annexed as the Schedule to the Bill.

The two airlines will request the Commonwealth to make drawings on the loan as payments for the new aircraft are required by the manufacturer. Drawings are expected to commence soon after parliamentary approval of the Bill has been obtained, and are to be completed by 15th March 1966. A commitment fee of  $\frac{1}{4}$  per cent. is payable on undrawn amounts of the full 30 million dollars, unless the Commonwealth gives notice before 15th March 1965 that only 24 million dollars is required, which would be the case if Qantas decided to finance only two additional Boeings at this stage instead of three. From the date of such notice being given, the commitment fee would apply to only 24 million dollars. The commitment fee is  $\frac{1}{4}$  per cent. less than that payable on the previous Qantas loan.

As the loan is drawn, interest will become payable at  $4\frac{1}{2}$  per cent., and the Commonwealth will issue interim promissory notes of appropriate amounts to each of the five lenders. On 31st December 1966 the interim notes will be exchanged for five series of 14 notes of approximately equal value, which will be payable half-yearly between June 1967 and December 1973. The notes repayable in 1970 will bear interest at  $5\frac{1}{2}$  per cent., those repayable in 1968 will bear interest at  $4\frac{1}{2}$  per cent., those repayable in 1969 will bear interest at 5 per cent., those repayable in 1970 will bear interest at  $5\frac{1}{2}$  per cent., and those repayable in 1971, 1972 and 1973 will bear interest at  $5\frac{1}{2}$  per cent. The average interest cost over the life of the loan is approximately 5 per cent., or only very fractionally higher than the interest cost for the loan approved in May 1964.

In general, the loan agreement annexed to the Bill follows the form of the previous agreement. In view of the reference to the possible application of the United States interest equalisation tax in the loan agreement for the previous borrowing on behalf of Qantas, I should mention specifically section 8 of the present agreement. This

contains an undertaking by the Commonwealth to the effect that not less than 85 per cent. of the proceeds of the loan will be used for the purchase of property manufactured in the United States.

The significance of section 8 will be apparent if I explain that the Interest Equalisation Tax Act became law on 2nd September last. It is now more readily apparent that securities issued for the present loan, and the previous aircraft loan, will not attract the tax. However, by an amendment included shortly before the legislation was passed by Congress, the President is authorised to extend the application of the tax to certain commercial bank loans if, in his view, the acquisition of overseas debt obligations by commercial banks has materially impaired the effectiveness of the tax. The same amendment specifically prevents the application of the provisions of the Act to commercial bank loans, if not less than 85 per cent. of the amount of the loan is attributable to the sale of property manufactured or produced in the United States. It is clear that both loans will fall within this exempt category.

The terms and conditions of the borrowing have been approved by the Australian Loan Council, and the borrowing will be additional to the Commonwealth's loan programme of £51.4 million for housing which was approved at the July 1964 meeting of the Loan Council. As with previous loans arranged on behalf of Qantas and T.A.A., the Commonwealth is acting only as an intermediary, and the borrowing will therefore involve no net call on the Commonwealth's resources.

I must apologise for introducing this Bill so late in the present parliamentary session; but, by force of circumstances, the terms of the loan agreement could not be settled until the end of last month, and the loan agreement, which appears as the Schedule to the Bill, was not signed in New York until Monday of last week. As I have indicated, both Qantas and T.A.A. will be wishing to draw on loan proceeds before the next parliamentary session commences. I commend the Bill to honorable members.

Debate (on motion by Mr. Crean) adjourned.

**COMMONWEALTH EMPLOYEES'  
COMPENSATION BILL 1964.**

Bill—by leave—presented by Mr. Harold Holt, and read a first time.

**Second Reading.**

Mr. HAROLD HOLT (Higgins—Treasurer) [10.20].—I move—

That the Bill be now read a second time.

The purpose of this Bill is to increase the monetary benefits provided by the Commonwealth Employees' Compensation Act 1930-1962 and introduce a new form of benefit in respect of the dependent children under 16 years of age of a Commonwealth employee whose death is due to a compensable injury or disease, thereby further increasing the total compensation that is paid in the tragic circumstances of a widow being left with young children. In determining the new rates of compensation for Commonwealth employees set out in the Bill the Government has had regard to the changes that have occurred since the existing rates were fixed in 1959.

Benefits payable upon death are among the benefits increased by the Bill. The Act at present provides a basic lump sum benefit for the dependants of a deceased Commonwealth employee of £3,000. Under the Bill that amount is increased to £4,300, a figure which compares favorably with the various State provisions. The Act also provides for an addition of £100 to the lump sum benefit in respect of each dependent child under the age of 16 years. Because the Act has imposed an obligation on the Commissioner for Employees' Compensation to determine the manner of payment of the lump sum for the benefit of the persons entitled, portion of it has been invested, in these circumstances, to enable trustees to make weekly payments for each child until the age of 16. Although a weekly payment of £1 2s. 6d. is provided for each child of an incapacitated employee, an amount much greater than £100 would have to be set aside out of the total lump sum payable on death to provide a weekly payment of £1 2s. 6d. Obviously, this capital sum will vary with the age of the child and, for several young children it would represent a very substantial part of the total lump sum benefit. The Government therefore decided that, in future, the lump sum of £4,300 should be supplemented by the same weekly payments that

are made for the children of an incapacitated employee in substitution for the existing additional lump sum of £100. This will provide a considerable increase in the cash benefits for the widow who is left with a young family of children. At the same time, in order that no one, for example, a person with a child who is approaching the age of 16, will be disadvantaged by the change, the Bill also provides that the weekly payment shall be subject to a minimum total payment of £100 for each child.

The present maximum lump sum benefit for specified injuries is increased by the Bill from £3,000 to £4,300, consistently with the movement in the death benefit, with proportionate increases for other specified injuries.

The Act prescribes a maximum amount of compensation which may be paid in respect of any one accident to an employee who is not totally and permanently incapacitated. In accordance with past practice, the Bill also increases the existing maximum from £3,000 to £4,300.

In reviewing the rates of weekly payment in respect of incapacity for work, on this occasion the Government has decided that the rate of total weekly payment for a married employee with one child should be £15 8s. which is equivalent to the current six capitals Federal basic wage. The amount payable to a single employee is fixed by the Bill at £11 11s. per week, or 75 per cent. of the basic wage figure of £15 8s. per week and represents an increase of £1 11s. on the existing rate of £10 per week. The balance of £3 17s. per week payable to a married employee with one child will represent £2 14s. 6d. per week for the wife and the existing rate of £1 2s. 6d. per week for a dependent child under 16 years of age. The new rate of weekly payment for a minor will be £8 13s. 3d., representing 75 per cent. of the rate applicable to an unmarried adult employee.

I come now to the minimum payment in respect of death where certain payments have been made to the employee before death. The Act provides that, subject to a specified minimum payment, currently £400, the lump sum payable upon the death of an employee shall be reduced by the amount by which any lump sum paid to him before his death exceeds the total of all weekly payments which would have

been payable had he continued to receive weekly payments until his death. The minimum payment figure is seldom applied but, as it has not been varied since 1954, it is increased by the Bill to £700.

The Bill increases from £350 to £500 the aggregate of medical expenses and associated ambulance and travelling expenses which may be paid on their own responsibility by delegates in Departments throughout the Commonwealth and without the need for review by the Commissioner for Employees' Compensation. The discretionary power provided in the Act for additional payments over and above the £500 limit will be maintained.

In conclusion, I wish to say that, arising out of various suggestions that have been made from time to time both in this House and in another place, in representations to me and from experience in the administration of the Act I have under consideration a number of administrative amendments to the legislation. Unfortunately it has not been possible to complete consideration of these matters in sufficient time for their inclusion in this Bill as I had hoped we could do. These further amendments cannot now be introduced in this session but the Government did not wish to delay for that reason the introduction of these new monetary rates of compensation which were announced in the Budget Speech. I commend the Bill to honorable members.

Debate (on motion by Mr. Clyde Cameron) adjourned.

#### **SEAMEN'S COMPENSATION BILL 1964.**

Bill—by leave—presented by Mr. Freeth, and read a first time.

##### **Second Reading.**

**Mr. FREETH** (Forrest—Minister for Shipping and Transport) [10.27]. — I move—

That the Bill be now read a second time.

The Seamen's Compensation Act which it is proposed to amend by this Bill applies to seamen engaged in interstate trade or in a ship on a delivery voyage, except masters, mates, engineers and radio officers, who are eligible for compensation benefits under their respective awards. Seamen in intra-state ships are covered by State Government act relating to workmen's compensation.

It has always been the practice to maintain, as far as possible, uniformity in the monetary benefits provided under the Seamen's Compensation Act and the Commonwealth Employees' Compensation Act and this Bill provides for increases in seamen's compensation rates similar to those proposed for Commonwealth employees. It is proposed that the maximum amount of compensation payable in respect of an injury or injuries caused by any one accident, except where injury results in death or total and permanent incapacity, be increased from £3,000 to £4,300, and proportional increases apply to the various injuries specified in the Third Schedule to the Act. In addition it is proposed that weekly payments during incapacity in respect of a seaman or his wife be increased. At present the cost of medical treatment and ambulance services in respect of an injury to a seaman which the employer may be required to pay is limited to £350, except in special circumstances and with the approval of the Minister. It is proposed that this limit be increased to £500.

This measure ensures that the rates of workers' compensation for seamen and their dependants will be maintained at an appropriate level and I confidently expect the Bill to have the approval and support of all honorable members.

Debate (on motion by Mr. Clyde Cameron) adjourned.

#### **REPRESENTATION BILL 1964.**

Bill returned from the Senate without amendment.

#### **INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ASSESSMENT BILL (No. 3) 1964.**

##### **In Committee.**

Consideration resumed (vide page 2662).

Clauses 1 to 5—by leave—taken together, and agreed to.

Clause 6 (Exemption of income of certain superannuation funds established for benefit of employees).

**Mr. CREAN** (Melbourne Ports) [10.30]. — I wish to talk briefly on one or two clauses of the Bill, because I have received correspondence relating to them from interested people. I must confess that I am

not too sure of the meaning of some of the details. Clause 6 deals broadly with the future provisions of superannuation funds. This was one of the matters to which the Ligertwood Committee directed attention. I would point out again that in itself the idea of setting up superannuation funds for the benefit of employees and of assisting the contributions of employers by making them allowable deductions for taxation purposes is laudable enough. But apparently some funds have been created mainly for the purpose of avoiding taxation. Again, private companies have abused the intention of the law. As with other amendments, this amendment has been so drawn that it is a blanket provision covering all funds, but it leaves a wide discretion in the hands of the Commissioner of Taxation.

Here again it is difficult to get a perspective on this sort of thing, and I would hope that at some future time the Commissioner of Taxation might consider publishing some statistical details—I do not mean details of individual cases—to show the extent of the growth of superannuation funds and their strength. At the moment it is extraordinarily difficult to get any material that shows in a concise form the extent of the funds. Some information is given in the document "Insurance and other Private Finance", which is published by the Commonwealth Statistician. Pages 116 and 117 of this document deal with pension and superannuation schemes. The schemes are divided into three kinds. The first is private pension and retiring allowance schemes operated through life assurance offices, &c. The second is private pension and retiring allowance schemes operated through superannuation, pension or retiring allowance funds. The third category apparently covers everything else. The statistics show that quite considerable sums of money are being set aside each year. For 1961-62, contributions by both employees and employers to the first type of fund aggregated £28 million. Contributions to the second type were £24 million and income from the funds was a further £30 million odd. Apparently the assets of all the funds are in excess of £300 million and the funds cover some 209,000 males and 45,000 females.

It would seem to me that this field is too significant to be neglected and more

than the vague provisions that are here are needed. It seems rather odd, for instance, that the Commissioner of Taxation should have to decide whether certain provisions are just and equitable in their effect on contributors to funds. As we know, it has been said recently in some places that some of these superannuation funds, while laudable from the point of view of providing benefits to employees, have the disadvantage that it is very difficult to transfer from one fund to another. If an employee leaves one form of employment, he loses rights in the fund and it is not always easy to acquire similar rights in some other fund. I would think, at least from the point of view of a social problem and to encourage mobility of labour at a time when skills are scarce, that this disadvantage should be examined. I would suggest that the majority of the funds are quite legitimate. They are handled through reputable mutual life assurance companies and in one or two instances I think some of the banks have set up funds. This legislation aims at the devious schemes that have been drawn up by legal people and accountants in conjunction with private companies to give inordinate benefits, which sometimes amount almost to a fraud upon the revenue.

Some people associated with superannuation funds are incensed that the legislation should aim to cover the innocent as well as the guilty, but again this method must be used to catch those who should be caught. Perhaps the Treasurer (Mr. Harold Holt) in tranquillity might realise that the rights of a quarter of a million people, directly and indirectly, are involved in these funds. This would be the minimum number, because I do not know whether the statistics include all members of funds. But at least the funds are too significant in terms of the community as a whole to be regarded any more as purely a private preserve between those who contribute and those who have the disposal of the funds. Perhaps some code of conduct for these funds will have to be drawn up, and I doubt whether the Commissioner of Taxation, with all respect, should do this. Probably he does not want the onerous obligation of having to determine some of these matters, and I would ask the Treasurer to consider this as a major problem of some significance to the community. As I say, the funds cover a quarter of a million people, some hundreds of

millions of pounds worth of assets and annual contributions of well over £50 million. The funds have grown up in a rather topsy turvy fashion in the community and they perhaps need a little more social control than they have had so far.

**Mr. TURNER** (Bradfield) [10.38].—This Bill was introduced on Thursday, 22nd October, and this is 9th November. Clearly there has not been time for interested parties and their expert advisers to confer with Treasury officials, with the Minister or with members of the Parliament on the details. What I have to say would suggest that some matters need to be tidied up, and in view of this I urge the Treasurer (Mr. Harold Holt) to keep an open mind about introducing amendments in the autumn session after the interested parties have had an opportunity to put their proposals before him and before officials of the Taxation Branch.

In introducing the Bill, the Treasurer distinguished between three classes of superannuation funds. He called the first class the traditional class of superannuation fund to which the employer contributes for the benefit of his employees. The second class is an intermediate class that often caters for the general public and is to some extent used to accumulate tax free savings for contributors. The third class which, though in the guise of superannuation funds, can be viewed only as a means of accumulating tax free savings. He said that so far as the first class was concerned—the traditional class—the Ligertwood Committee's broad proposals were being implemented by the Bill. He said—

The income of funds that fall within this class will, generally speaking, continue to be exempt from tax, provided the existing rules regarding investment in public securities are observed.

It is with this matter that I am concerned, and I point to new section 23F (2.) (b)—one of the tests for exemption of a superannuation fund from taxation. Omitting the words that are irrelevant for my purpose, new section 23F (2.) reads—

. . . this section applies to a superannuation fund . . . in relation to a year of income, if the Commissioner is satisfied that—

- (b) an employer of each employee who has, or whose dependants have, a right to receive benefits from the fund contributed to the fund during the year of income on behalf of that employee;

It is not normal for an employer to contribute to a superannuation fund on behalf of every employee who has rights against that fund. For instance, it is quite common for pensioners drawing a pension from a superannuation fund to find a job after retirement with another employer. According to section 23F (2.) (b), if the superannuation fund is to remain exempt from taxation its trustees must somehow persuade the pensioner's new employer to contribute to the superannuation fund which is paying the pension. This surely seems a most unreasonable suggestion. There is, however, a more fundamental objection to this provision. Many funds pay pensions to their members determined by the member's retiring salary and length of service. Such funds are very widespread and are used by government bodies as well as by private enterprise. The employer contributes to these funds to make sure he will be able to pay the benefits he has promised an employee, but he does not split his contribution into so much for each employee. He makes one contribution to the fund. Why should he have to be able to demonstrate that this contribution is made on behalf of each employee separately in every year of income in order to keep the fund free of tax? The next provision to which I refer is new section 23F (2.) (h)—another test for the exemption of a superannuation fund from taxation. It reads—

. . . this section applies to a superannuation fund . . . in relation to a year of income, if the Commissioner is satisfied that—

(h) the benefits that any employee has, or the dependants of any employee have, the right to receive from the fund are not excessive in amount having regard to—

- (i) the remuneration paid to the employee for services rendered by him to his employer;
- (ii) the period of the service rendered by the employee to his employer;
- (iii) the benefits, pensions and allowances that have been, are being or may be provided from any other fund for the employee or his dependants; and
- (iv) any other matters that the Commissioner considers relevant;

The trouble here is that the Commissioner must consider the amount of the benefit any employee is entitled to receive from the

fund and also the amount of any benefit which that employee may have arranged for himself from another fund. The trustees of the superannuation fund have no power in the world to stop one of their members arranging extra benefits for himself from either a life assurance office or from some other superannuation fund providing benefits for employees, nor do I think that it is desirable that the trustees should have this power. However, this provision means that if one member of a superannuation fund does arrange for extra benefits from elsewhere, by so doing he may disqualify the whole fund from being recognised under section 23F. The penalty for this would not fall on the extra benefits which the employee arranged elsewhere, it would fall on the income of the superannuation fund to which he belonged, and the income of that fund would be taxed at 10s. in the £1. This seems a most unjust provision. It places a very heavy penalty in quite the wrong place. The Treasurer (Mr. Harold Holt) will say, "Ah, yes, but the Commissioner has a discretion; he does not have in all circumstances to pay regard to these matters". The discretionary power appears in section 23F. (6.) as follows—

Where, in relation to a superannuation fund, the Commissioner is not satisfied as to a matter referred to in sub-section (2.) of this section but the trustee of the fund satisfies the Commissioner that, by reason of special circumstances that existed in relation to the fund during the year of income, it would be reasonable for this section to have effect as if the Commissioner were satisfied as to that matter, this section has effect as if the Commissioner were satisfied as to that matter.

This sub-section gives the Commissioner power to waive some of the tests in sub-section (2.), but only in special circumstances that existed during the year of income. It is clearly not intended to be used for the Commissioner to waive certain tests year after year in normal circumstances just because he feels that they are unjust in relation to a particular fund. These are the only matters that I wanted to raise under clause 6. I do not for a moment think that the Treasurer has been able to follow at this point of time all that I have said, but I hope that he and his officers will study the "Hansard" record and it will then become quite clear that there are defects in the Bill as at present drafted. My object is to convince the Treasurer that there are defects which do not go to the root of the

matter but which could bring hardship to perfectly bona fide funds. I hope that there will be an opportunity between now and the end of the autumn sessional period for those who are interested in these matters to discuss them with taxation officers and with the Treasurer so that amendments can be brought forward.

**Mr. HAROLD HOLT** (Higgins—Treasurer) [10.47].—I have already given that assurance and I repeat it.

Clause agreed to.

Clauses 7 to 13—by leave—taken together, and agreed to.

Clause 14 (Five per centum of cost of assets of superannuation fund established for benefit of employees and other persons to be allowable deduction.)

**Mr. TURNER** (Bradfield) [10.48].—Clause 14 seeks to insert a new section in the principal Act—section 79. This refers to the intermediate class of fund mentioned by the Treasurer (Mr. Harold Holt). I am concerned with the new section 79 (2.) which deals with the tests rendering a fund exempt from taxation. It reads—

. . . this section applies, in relation to a year of income, to a superannuation fund if the Commissioner is satisfied that—

(f) at all times during the year of income the terms and conditions that were applicable to the fund—

(i) did not permit a member of the fund to receive any benefits from the fund, except in the event of the sickness or permanent incapacity for work of the member or in such other circumstances as the Commissioner approves, until the member attained the age of sixty years and required any benefit that a member had a right to receive from the fund to be paid to the member not later than the date on which he attained the age of seventy years;

The question is why these particular ages have been inserted and whether they are correct. Take the lower age of 60 years. I understand that in industry many women retire before the age of 60 and yet if they do the fund loses its taxation privileges. This seems to me to be out of step with what goes on in the community. Again, I question whether every person should at the age of 70 years be regarded

as necessarily having to receive his retiring allowance if the fund is to retain its taxation privilege. This particular provision, paragraph (f), seems to be in conflict with sub-section (2.) (a) which provides as a test of tax exemption for a fund that it is maintained solely for the purpose of providing superannuation benefit for each of the members of the fund in the event of the retirement of a member from a business, trade, profession, vocation, calling or occupation in which he is engaged. Sub-clause 2 (a) simply refers to retirement. There is no further restriction as to age, whether it is 60 or 70. I fail to see why sub-clause 2 (a) should not provide a sufficient test without adding the further subsection 2 (f) which imports ages of 60 and 70. Again, I believe this is a matter that should be looked at by the Treasurer.

Clause agreed to.

Clause 15 agreed to.

Clauses 16 and 17—by leave—taken together.

**Mr. CREAN** (Melbourne Ports) [10.51].—Again I wish to note a couple of points on these two clauses. One deletes a certain part of the existing section 80 and the other one adds to it. The article that has already been quoted from a well known taxation expert, Mr. Fieldhouse, goes into considerable detail as to what he calls defects in clause 17, in particular, and what he says the Treasurer (Mr. Harold Holt) intends by it. He states—

The effect of this new provision can be nullified by leaving the shares in such a company untouched and acquiring either outstanding debentures or other outstanding (and valueless) company liabilities for consolidation into a perpetual debenture.

There is a lot of jargon there in a small number of words, but the import of what the learned writer says is that this clause could be of no effect because people presumably would take the circuitous route that he outlines for them there. I hope, as the Treasurer said earlier by interjection, that his experts in the Department do not think that this course could be taken. I hope that it cannot. If it can, then consideration will be given, perhaps, to closing the loophole by further amendments later on.

The second point that I wish to raise here is one that I think was raised indirectly by

the honorable member for Henty (Mr. Fox). It concerns the doubt in some people's minds that the proposed section 80D in clause 17 has the effect of re-opening assessments back for six years on loss companies that have been bought prior to the enactment of this legislation. The memorandum seems to imply that that is not the case, but there seem to be doubts in some people's minds. One writer says—

Section 80D, page 23 of the Bill, purports to entitle the Commissioner to apply sections 80A., 80B., and 80C. as if they were enacted six years ago and to amend assessments made in the interim period on the basis of the law as it is now to stand. If this is what is intended, it is retrospective legislation at its worst.

That is the opinion of a lawyer. I would not altogether say that it was my opinion. But that doubt exists, and the honorable member for Henty raised the point this afternoon. Perhaps if the Treasurer has not an explanation at this stage, he might see that it is furnished in another place in order that what was intended by the Treasurer may become evident.

**Mr. HAROLD HOLT** (Higgins—Treasurer) [10.55].—Mr. Temporary Chairman, the first point raised by the honorable member for Melbourne Ports (Mr. Crean) related to losses incurred by companies. He referred to propositions advanced by Mr. Fieldhouse in a newspaper article. The effect of those propositions was that the provisions of the proposed amendments to section 80 of the principal Act could be avoided by the purchase of debentures or debts of a loss company instead of shares. The advice given to me on this matter is that those debentures or debts would be purchased at much below their face value. The purchaser, after placing the company in the hands of a receiver, would arrange for all or part of his income-producing activities to be carried on by the loss company. Income earned from those activities would be freed from tax until the losses were recouped and would be used to repay the debentures or debts. The article by Mr. Fieldhouse, I am told, takes no account of the existing provisions of the law. For example, if debts are purchased with a view to realisation at a profit, any income derived may be taxed on the same basis as income arising from the purchase and realisation of other categories of property. In these circumstances, the overall tax payable by the

purchaser would be substantially the same as if he had not entered into the transaction with the loss company, and there would then be no reason, from the standpoint of tax avoidance, to carry out the transaction. I shall look into the second aspect raised by the honorable member, but shall not attempt to give him an answer now.

**Mr. CLYDE CAMERON** (Hindmarsh) [10.56].—I am a little curious, Mr. Temporary Chairman. I should like to know whether section 80 of the principal Act is the section that Mr. Ansett's company uses to avoid taxation. Some time ago, a special article in the "Bulletin" levelled a charge really against the Government rather than against Ansett. The writer of the article, and certainly the publisher of the journal, I think, seemed rather to envy Mr. Ansett's guile in these matters. No censure of Mr. Ansett was expressed, but there was stated a kind of grievance against the Government because it had not extended a similar benefit to other companies, so it seemed. This article in the "Bulletin" has never been satisfactorily answered by the Treasurer. He issued all sorts of wild threats about libel action that would be taken if I would only so much as repeat outside this chamber what the "Bulletin" had already stated.

At the time, I invited the right honorable gentleman to take action against the journal which had already published this article in which it claimed that favoured treatment was being given to the Ansett group in the form of special taxation concessions. The article pointed out that this group, instead of paying taxes amounting to something like £1,400,000, had got away with a payment of only about £250,000. I now find that Mr. Ansett, in his recent annual report to his companies, has stated that the taxation that he expects to pay for the financial year just completed will be less than the special subsidy that the Commonwealth Government is paying to his transport group. I hope that the significance of this sinks in. In effect, this means that the Commonwealth Government is paying the whole of Ansett's taxes in the form of a special subsidy. For this reason, Ansett is getting away without paying any tax.

**The TEMPORARY CHAIRMAN** (Mr. Failes).—Order! The honorable member's remarks have nothing to do with the subject matter of the clauses.

**Mr. CLYDE CAMERON**.—I realise that. I was just making a passing reference—

**The TEMPORARY CHAIRMAN**.—Make it a passing reference, then.

**Mr. CLYDE CAMERON**.—I shall do so. I was just making a passing reference to the odd situation in which the subsidy paid to the Ansett group is greater than the total taxation for which it is liable. I should like the Treasurer, before he fobs this whole thing off—he has the right under the Standing Orders to speak again—to explain why he has not taken action against the "Bulletin" if the statements contained in the articles published in that journal are untrue. I believe that the article levelled a very serious charge at the Government.

**The TEMPORARY CHAIRMAN**.—Order! I remind the honorable member that the article in the "Bulletin" is not the subject of these clauses.

**Mr. CLYDE CAMERON**.—No, it is not.

**The TEMPORARY CHAIRMAN**.—I ask him to confine his remarks to the clauses before the Committee.

**Mr. CLYDE CAMERON**.—All right, I have said enough to give the Treasurer an opportunity to tell us, in reply, whether or not this is the section that Ansett has been using to such great advantage to himself, and also whether or not this indicates that what has been published by the "Bulletin" correctly states the position.

**Mr. HUGHES** (Parkes) [11.0].—I should like to offer a few comments on these clauses, bearing in mind my right honorable friend's undertaking to have a look at possible amendments in the autumn sittings of the Parliament. The clauses under consideration at the moment are a little different in their fundamental scope from other clauses in the Bill. The bulk of the Bill is designed to implement decisions of the Ligertwood Committee, but these clauses go beyond any recommendations made by the Ligertwood Committee. Indeed, they go opposite to any recommendations made on the subject. The Ligertwood Committee recommended that sub-sections 5 and 6 of section 80 be repealed outright. In other words that Committee thought that private companies should be subject to no restriction whatsoever in relation to the claiming of tax losses of previous years. The Government

—I do not quarrel with this at all—has decided that the restrictions upon the claiming of tax losses of previous years should be tightened. In principle, I am entirely in favour of that idea; I do not wish to oppose it at all. The restrictions are being tightened by means of the imposition of a more stringent constancy factor, if I may use that portmanteau expression, in relation to shareholders' voting rights.

I see no objection at all, in point of principle, to the idea behind clause 17. The point to which I should like to advert is simply this: By reason of the fact that this change was not announced before the Bill was brought in, it may well be—in fact I think it certainly would be—that many people in commerce have entered into transactions on the basis of a belief that the law would not be changed or that, if changed, it would be changed in accordance with the Ligertwood report. Those transactions may well be frustrated or disturbed if clause 17 goes through in its present form. I venture to say that it is important, when legislating in the field of taxation, to try as far as possible not to disturb settled transactions by means of legislative provisions that are, as it were, unheralded.

With those considerations in mind, the suggestion I should like to make to my right honorable friend is that when amendments are under consideration some thought might be given to exempting from the operation of clause 17 those companies which have been the subject of tax loss transactions prior to 22nd October of this year, the date upon which the Bill was brought into the House for the first time. If that were done, a somewhat important principle would be preserved—namely, that one does not, as far as one can avoid it, upset settled and completed transactions which have been entered into, broadly speaking, upon the understanding that the law is not going to be changed. Clause 17, in its present form, may be thought, quite rightly, by some people to introduce an element of retroactivity, which is an element to be avoided on all possible occasions when one is dealing with this type of legislation.

**Mr. HAROLD HOLT** (Higgins—Treasurer) [11.5].—I would like to reply briefly to the honorable member for Parkes (Mr. Hughes). I do not accept that this is a case in which the Government should be regarded as having held out any assurance that legislation would continue in the existing form.

There are instances where a government has specifically done so but I would reject the suggestion that this has occurred in the case to which my attention has now been directed. It is true that some people have been able to take advantage of the law as it stood, but at no time has the Government given an assurance that the law was incapable of amendment or that it would not be amended. It may well be that, because the Ligertwood committee did not recommend along the lines that the Government has now seen fit to move, some people have been put to disadvantage. But the Government was very firmly of the view that in this instance the way in which the legislation was operating was becoming in effect a public scandal. The flamboyant advertising of losses struck most people, I think, as running contrary to their sense of what was an equitable disposition as between taxpayers and governments entitled to a reasonable share of the revenues earned. It was because we felt so strongly on the point of policy that the Government proposed the amendment in the terms in which it appears in the legislation.

As I said earlier, in reply to other honorable members, the Government keeps an open mind on these matters. If it can be demonstrated that what is happening is happening unfairly or was an unexpected or undesirable consequence of the legislation in the form in which it has been introduced, we will look into the matter. But it would take a great deal to persuade me that we should adopt a course which would ensure to people who have gone into these transactions with their eyes open—without any assurance from the Government that the law would remain unamended throughout the length of the transaction in which they were involved—that they would not be affected. It is true that we try to avoid retrospective operation of fiscal legislation wherever that is practicable, but I question whether this is a case which comes properly within that definition or whether there is an obligation here on the Government which the Government should discharge.

**Mr. CLYDE CAMERON** (Hindmarsh) [11.9].—I am sorry that I made a mistake in my remarks to the Committee earlier when I said that Ansett had paid only £120,000 in taxes on earnings of £1,250,000.

**The TEMPORARY CHAIRMAN.**—Order! Unless the honorable member can relate his remarks to the clauses under discussion I cannot allow him to proceed.

**Mr. CLYDE CAMERON.**—Sir, you would be right in preventing me from proceeding in those circumstances. I refer specifically to the matter of losses. I take it that is in order?

**The TEMPORARY CHAIRMAN.**—Losses in the previous year.

**Mr. CLYDE CAMERON.**—That is what I am talking about. I said that Ansett, by using previous losses amounting to £1,250,000, had been able to avoid considerable taxes. I said that he had paid only £120,000 in taxes on an income of £1,250,000. I have looked at the record and find that I was wrong. I have found that Mr. Ansett provided for an aggregate of £124,843 in income tax for the five-year period from 1959-1963 inclusive, not on net profits of £1½ million as I stated earlier, but on net profits during that period stated to be £4,610,502. So this is four times as bad as I thought it was. Rough calculations point to income tax on this amount of the order of £2,972,000 if the standard company rates had been charged on those earnings. What I want to know is this: To what extent does this clause close up the avenue of tax avoidance that we can see indicated by these tax returns from Mr. Ansett?

I know that for this year, although he has made quite an extraordinary profit, the amount of income tax is extraordinarily low. You will remember, Mr. Temporary Chairman, how excited the Prime Minister (Sir Robert Menzies) became when I asked a question about this matter. He said the question was filthy because I asked for information about Mr. Ansett and what profit he was making. The Treasurer (Mr. Harold Holt) became excited and the honorable member for Higinbotham (Mr. Chipp) became almost hysterical over the whole business.

**Mr. Gibson.**—I rise to order, Mr. Temporary Chairman. The remarks of the honorable member have nothing to do with the clause before the Committee. Should he be allowed to continue?

**The TEMPORARY CHAIRMAN (Mr. Failes).**—Order! The Chair is listening carefully to the honorable member for Hindmarsh. He may proceed but he will relate his remarks to the clause that is before the Committee. I point out that matters discussed in the House are not known to the Committee.

**Mr. CLYDE CAMERON.**—Is that so? I am sorry. I thought we were all here.

**The TEMPORARY CHAIRMAN.**—Order! The honorable member knows that this is a Committee of the whole House. He will relate his remarks to the clause under debate.

**Mr. CLYDE CAMERON.**—Am I allowed to refer only to information that comes to me while we are in Committee?

**The TEMPORARY CHAIRMAN.**—Order! The honorable gentleman has been in the Parliament long enough to know the rules of debate. If he does not proceed according to the directions of the Chair, he will be asked to resume his seat.

**Mr. CLYDE CAMERON.**—May I refer to some information the Treasurer gave me on this very subject? We were not in Committee, it is true, but I take it we are entitled to draw on information whether it is from a book or a newspaper or is told to us by the Treasurer. It is all accumulated knowledge like that of Bishop Fulton Sheen who took about 42 years to compile one good speech because he drew on information obtained from reading over many years. This is what the Treasurer said to me on this question—

On the question of losses—

He was referring to the Ansett organisation, of course—

Newspaper reports have attributed the Ansett group's low provisions for current income tax in recent years to the taxation benefits derived by the group from losses incurred prior to takeover by companies taken over by Ansett Transport Industries Ltd. On occasions, Mr. Ansett has been reported to have made remarks to this effect.

Under the income tax law a company, whether or not it is a member of a group of companies, is entitled to deduct a loss incurred by that company from income derived by it in an income year not later than seven years after the year of income in which the loss was sustained. If the shares in a company that has incurred a loss are

acquired by a public company the loss may be recouped for income tax purposes from subsequent income derived by the acquired company within the seven year period.

These provisions of the income tax law apply without discrimination to all companies.

Of course that was said to try to justify the special concessions that Reg Ansett's companies have been able to get from this Government. It seems to me rather an extraordinary thing if the rough calculations of the income tax that he should have paid over this period were nearly £3 million and the actual amount he paid was only £124,000. It seems to me that the amount he has avoided paying is something of the order of £2,750,000. If one translates that into the amount of tax saved, it would seem that he has purchased losses amounting to approximately £6 million. Quite frankly, I do not believe that the aggregate losses of the companies purchased by Ansett amounted to £6 million, and I am not satisfied with the answers that I have got so far. I am more than suspicious now because, although specially invited by me a moment ago to reply on this specific matter, the Treasurer said not a single word about it when he spoke. Why the silence? Why not an open and frank discussion about the whole business? I thought he was going to say something then—

**Mr. Harold Holt.**—It would not have been complimentary.

**Mr. CLYDE CAMERON.**—Why not an open and frank discussion about it all?

**Mr. Harold Holt.**—When I discuss other people's affairs such as their tax liabilities, I do so with care.

**Mr. CLYDE CAMERON.**—When you attack trade unionists, when you call other people Communists and fellow travellers, you do not worry about libel or defamation of character actions.

**The TEMPORARY CHAIRMAN (Mr. Failes).**—Order! The honorable member will come to order.

**Mr. CLYDE CAMERON.**—I think that when you are talking about people—

**The TEMPORARY CHAIRMAN.**—Order! The honorable member for Hindmarsh will address the Chair.

**Mr. CLYDE CAMERON.**—Here am I trying to protect the public purse and the

Treasurer pointblank refuses to discuss the matter because, he says, that would be prying into somebody's private affairs. We are sent here to protect the public from people who try to avoid their just tax dues. No member of this Parliament has a right to prevent anybody from trying here to protect the public from crooks who are seeking to avoid paying their just tax dues. Perhaps what I have said will provoke the Treasurer into replying now. If he does not reply, then my suspicions will be deepened still further.

Clauses agreed to.

Clause 18 (Subdivision AA).

**Mr. TURNER (Bradfield) [11.17].**—I wish to refer to clause 18 which seeks to insert in the principal Act a new subdivision AA. This subdivision is concerned with the employer's contributions to superannuation funds and sets out the conditions under which those contributions may be deductible from the employer's taxable income. The section of the Bill relating to this matter is very long and complicated. It covers 11 pages in dealing with what should surely be a fairly simple matter related to funds which may have already been approved under other sections of the Act. All these complications may be necessary if we are considering contributions being paid to funds which the Treasurer (Mr. Harold Holt) regards as tax dodges but it is difficult to see why we need such a long and complicated section to relate to funds where the Treasurer has already laid it down as a condition of approval that the Commissioner must be satisfied that the benefits being paid are reasonable in amount and that the fund does not hold more moneys than are necessary to meet those benefits.

If I may sum up the matters to which I have taken exception, my main objections to the clauses I have mentioned are, first, that new section 23F(2.) (b) requires an employer to contribute to superannuation funds in circumstances which seem unreasonable. Secondly, new section 23F(2.) (h) penalises a fund for actions of individual members over which the trustees of the fund can have no control. Thirdly, new section 79(2.) (a) requires that a superannuation fund under this section shall be maintained solely to provide benefits on retirement, and other ancillary benefits, but

section 79 (2.) (f) provides that benefits must be paid at age 70 at the latest.

Proposed new section 79 (2.) (f) also prohibits benefits being paid before age 60 except for breakdown retirements.

Proposed new Subdivision AA, which is covered by clause 18, takes 11 pages to deal with the deductibility of employers' contributions to superannuation funds. There surely is a case for a much shorter section to deal with funds which have been approved under proposed new sections 23 and 79. Those are the details to which I take exception. I hope that they will be studied. I hope that there will be consultation between the experts concerned and the Taxation Branch officials, and that the Treasurer will see the substance of these objections and will introduce appropriate amendments in the autumn session.

Clause agreed to.

Clause 19 agreed to.

Clause 20 (Application of Division).

**Mr. CREAN** (Melbourne Ports) [11.21].—This is another matter about which I have received a letter. I am not sure of the position and I should like clarification from the Treasurer (Mr. Harold Holt). Clause 20 seeks to amend existing section 83 of the principal act which relates to leases. The letter that I have received is headed "Deficiency in amending tax legislation" and is in these terms—

Companies wishing to build new factories and offices have exploited existing defects in the lease provisions of the existing act by arranging for an associated company or a shareholder to acquire the land and grant the company a lease of it.

The company then proceeds to build on the land and on completion of the building surrenders the lease for the grant of a new lease. The company is then entitled to deduct the cost of the building over the period of the new lease but the group still owns the building.

The Commissioner—

That is, the Commissioner of Taxation—is evidently unable or unwilling to take issue with those indulging in this racket and the amending legislation will preserve the deductions to these companies.

In other words, the writer claims that the proposed amendment does not cover the kind of case to which he has referred. He goes on to say what he believes should be done—

It is not fair that wealthy companies should have their cake and eat it at the expense of the body

of taxpayers generally, and it is therefore urged that there should be a proviso to provide that deductions which would otherwise be allowable in respect of past transactions will not be allowable, from the date of assent to the bill, in respect of transactions where the parties have not been at arms length, unless it is, in the opinion of the Commissioner, unreasonable to deny a deduction.

Again I ask that the Treasurer take note of the point of view expressed there. In this instance also I am not competent to suggest where the proposed amendment embraces contingencies and suppositions of the kind mentioned in the letter, but in the writer's view it does not cover the device to which he has referred. I do not expect the Treasurer to give an answer off the cuff, but he might supply an answer later, either in this chamber or in another place.

Clause agreed to.

Clauses 21 to 23—by leave—taken together, and agreed to.

Clause 24 (Partner not having control and disposal of share in partnership income).

**Mr. CREAN** (Melbourne Ports) [11.24].

—I refer again to the article by Mr. Fieldhouse and to that section of it under the heading "Fish in a Barrel" in which he states—

That part of the bill imposing restrictions and special tax liabilities on family partnerships would appear to be effectively overcome by the use of a legal technique known in America as the "Massachusetts Trust" to perform the same or similar functions as a family partnership.

The fact that this kind of business trust is little known in Australia does not mean that it will continue to be neglected after the need for it arises.

Again I ask the Treasurer what his opinion is. I mentioned this matter this afternoon and the suggestion, by interjection, was that Mr. Fieldhouse was all wrong and that the legislation was quite right on this occasion. Perhaps the Treasurer has a fuller explanation of what a Massachusetts trust is.

**Mr. HAROLD HOLT** (Higgins—Treasurer) [11.26].—I will do my best to enlighten the Committee within the limits of my own knowledge of this mechanism. The description "Massachusetts trust" is given in the United States to a form of business organisation whereby property or a business is held on trust by trustees. Participants in the enterprise hold transferable certificates of trust entitling them to an interest in the trust property and income. Other features of this type of organisation are continuity of organisation, centralised

management and limited liability of participants.

The Massachusetts trust form was adopted in an endeavour to avoid the taxing laws of the United States affecting corporate enterprises. These are similar to the Australian system of taxing of company profits in the hands of the company when earned and again as dividends in the hands of shareholders when distributed. Taxation of the trust's income as income of a trust would have meant that the profits would be taxed only once, either to the trustee or to the beneficiaries. For the most part, however, the use of these trusts in the United States as a device to avoid the corporate tax appears to have been unsuccessful. The courts have held that the trust is to be taxed as a corporation even though it might not qualify as such under the general law.

The broad basis on which such trusts have been held to be corporations is that they are associations within the definition of a corporation. In this regard the Australian income tax law defines a company as including all bodies or associations corporate or unincorporate. Examination of the circumstances of any Massachusetts type trust set up in Australia may well reveal that, as in the United States, it is to be taxed as a company. Possibly, such a trust would be a private company and thus subject also to tax on undistributed profits. If taxed as a company, the trust would not serve the purposes mentioned by Mr. Fieldhouse.

The Australian income tax definition of "company" does not include any association that is a partnership; that is, an association of persons carrying on business as partners. Decisions of the United States courts indicate that in that country some Massachusetts trusts are to be regarded as partnerships. This may well be so also in Australia. Any Australian trust of this type that qualified as a partnership would be subject to the provisions of the new legislation in exactly the same way as a partnership formally constituted as such. On the other hand, if a Massachusetts trust were set up in such a way that it had to be regarded as a trust for Australian income tax purposes, it would have to take its chance under the new provisions relating to trusts. If the trust were in substitution for a family partnership in which certain partners cannot control their shares of the partnership income, it would,

presumably, be necessary for the trust deed not to give certain beneficiaries a present entitlement to their shares of the trust income. The special rate of 10s. in the £1 proposed by the new legislation would apply to the income of the trust to which no person is presently entitled.

Massachusetts trusts have not so far been encountered in Australia, but if they are established here there are strong grounds, on the bases I have stated, for believing they would not achieve what is claimed for them by Mr. Fieldhouse. On the other hand, if they prove an effective means of tax avoidance, the Government will be able to take steps to counter them.

**Mr. MAISEY (Moore)** [11.29].—I must express some concern at the effects of the new section 94 (1.) which is proposed to be inserted by clause 24. These special provisions are to apply to that part of the share of a partner in the net income of the partnership over which the partner does not have real and effective control. These special provisions will apply to the share in the net income of a partner under the age of 16. I believe that this clause should be further modified in the case of primary producers by reducing the age limit further to 12 years. Previously, the only indication of when a child could be brought into a partnership on his own account seemed to be when he was capable of understanding it. In this country, we have a system of agriculture which is not only a way of life but also is based on family tradition and succession. When one looks around the world today, one is impressed with the tremendous success of our agricultural policy, based as it is on the maximum freedom of the individual, consistent with sound marketing practices, and backed by this family tradition of inheritance. It is this tradition of properties being developed from their virgin and unimproved state which provides the incentive for a father not only to develop and take good care of his land but also to endeavour to hand it on to a son in an improved state.

Today, not so much because of any extraordinary improvement in the real value of the land, but rather because of the relative depreciation in the value of money, we find that probate liability is seriously prejudicing the ability of a father to hand his farm over to his son. Vocational guidance

officers tell us that once the average child reaches the age of 12, it is possible to determine with some accuracy the child's aptitude for some particular walk of life. It seems wrong to me, and not in the best interest of our proven agricultural traditions, if a son of 12 years of age who is already showing an aptitude for agriculture cannot be taken into a farm partnership and, at this early age, be given a direct interest in the future development and prosperity of the property which some day he will inherit. By allowing him to do so, not only is the best type of agriculturalist that Australia can produce secured but also the contingent probate liability, brought about mainly through the drastic loss of the value of money, is reduced. At the same time, the son is enabled to start at an early age to accumulate some of the funds necessary to meet the crushing probate commitment that faces the estate of a primary producer.

This tradition of family succession to agricultural properties also provides an incentive for people in other walks of life to secure undeveloped land and start for their own heirs and successors a tradition in agriculture. It is this freedom of initiative and enterprise which holds the key to the success of our agricultural policies, as distinct from the comparative failure of agriculture in other important parts of the world. I believe that this alteration, which now requires, in general, that a son must be at least 16 years of age before he can effectively be taken into a farming partnership is a retrograde step and is contrary to the long term interests of agriculture in this country. I would respectfully request the Treasurer (Mr. Harold Holt) that, when the occasion presents itself, he will give this problem of succession to a farming property his serious consideration.

Clause agreed to.

Clauses 25 to 28—by leave—taken together, and agreed to.

Clause 29 (Private companies).

**Mr. CREAN** (Melbourne Ports) [11.34].—One or two speakers this afternoon and this evening drew attention to proposed new section 29 (2.) (a), which reads—

shares in the company, not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits, were

listed for quotation in the official list of a stock exchange, being a stock exchange in Australia or elsewhere as at the last day of the year of income; Suggestions have been made as to what is meant by a stock exchange in Australia and as to the implications of the word "elsewhere". There has been a number of articles written about taxation, mainly in the Sydney Press. The "Financial Review" of 29th October, under the heading "Tax Change Makes Listing Talk Topical", published an article dealing with the suggestion that some companies which are now substantial private companies might be faced with difficulties by the ambit of clause 29. There was a heading in the "Sydney Morning Herald" of Friday 30th October which read "The Stock Exchanges as Tax Arbiters" and another heading, also in the "Sydney Morning Herald", dated 24th October, which read "Be Listed, Or Else Be Taxed".

It seems that there are feelings in some quarters that stock exchanges are much easier to create than I would have thought. One of these articles says—

We have stock exchanges consisting of as little as one member (like Toowoomba's Mr. Cam Robertson), or two members (Rockhampton).

I have also heard the suggestion that to escape some of the liabilities of the new clauses some tax lawyers have advised their clients that perhaps they will be able to set up in Norfolk Island or register in the Bahamas in order to evade responsibility for some of the provisions here. I would think that the word "elsewhere" is included in the Bill because some companies, at least the foreign companies in Australia, are not listed on Australian stock exchanges. A very good example of course is General Motors-Holden's Pty. Ltd. That company is certainly listed elsewhere and is public enough, but apparently the course is open for some companies which are not listed anywhere at the moment and which could not be listed on what are called official stock exchanges because of certain conditions that they could not fulfil, to register elsewhere in what are apparently taken to be less reputable stock exchanges. Again I would think that what we should do is to clear up what the ambit of a particular clause is.

I would like also to note something which has been brought to my attention by a member of the legal profession. Clause

29 is fairly lengthy, extending from page 47 to page 51 of the Bill. At page 50 is proposed new section 103A.(6.) The learned writer of this letter I have says—

Not only is Sub-section (6) almost incomprehensible, but it throws a doubt over the public status of every listed company. At least they should know where they stand. Also, the application of this Sub-section could be very uncertain in relation to local subsidiaries of overseas companies, which subsidiaries are classified as public companies (Sub-section (2) (d) (v)) because their parent companies are public companies.

Again I say that it should be noted that this sub-section, according to this writer, is almost incomprehensible and throws a doubt over the public status of almost every listed company. I am not asking the Treasurer (Mr. Harold Holt) for a final opinion here, but he might give honorable members an explanation as to what is meant by the word "elsewhere". Also perhaps he could allay some of the fears of these financial writers that new stock exchanges may be created or people may seek to be registered on some that are less reputable than others. Finally, perhaps he could comment on the claim that sub-section (6.) of section 103A. throws a doubt on the status of every public company.

**Mr. HAROLD HOLT** (Higgins—Treasurer) [11.40].—I do not know that I can give an altogether satisfactory answer to the first query raised by the honorable member for Melbourne Ports (Mr. Crean). I am advised that since about 1934 this possibility has existed but that so far there has been no evidence of misuse. If it were found that there had been manipulations of the kind to which the honorable member has referred, the Government would have to look at the matter and possibly the Parliament would be asked to do something about it. I should like to have time to study the second point that has been raised. I may then be able to convey an explanation to the honorable gentleman in due course.

Clause agreed to.

Remainder of Bill—by leave—taken as a whole, and agreed to.

Bill reported without amendment; report adopted.

#### Third Reading.

Bill (on motion by Mr. Harold Holt)—by leave—read a third time.

#### SUSPENSION OF STANDING ORDERS.

Motion (by Mr. Harold Holt)—by leave—agreed to—

That so much of the Standing Orders be suspended as would prevent Orders of the Day Nos. 3 and 4—Government Business—being called on.

#### INCOME TAX AND SOCIAL SERVICES CONTRIBUTION BILL (No. 2) 1964.

##### Second Reading.

Consideration resumed from 22nd October (vide page 2219), on motion by Mr. Harold Holt—

That the Bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time.

##### Third Reading.

Leave granted for third reading to be moved forthwith.

Bill (on motion by Mr. Harold Holt) read a third time.

#### INCOME TAX (INTERNATIONAL AGREEMENTS) BILL 1964.

##### Second Reading.

Consideration resumed from 22nd October (vide page 2219), on motion by Mr. Harold Holt—

That the Bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time.

##### Third Reading.

Leave granted for third reading to be moved forthwith.

Bill (on motion by Mr. Harold Holt) read a third time.

#### STATES GRANTS (SPECIAL ASSISTANCE) BILL 1964.

Bill returned from the Senate without amendment.

House adjourned at 11.45 p.m.

## ANSWERS TO QUESTIONS UPON NOTICE.

The following answers to questions upon notice were circulated—

## Visitors' Visas.

(Question No. 424.)

**Mr. Daly** asked the Minister for Immigration, upon notice—

1. How many persons in each of the last five years entered Australia on visitor permits from (a) European and (b) non-European countries?
2. What number of persons in each year came from each of the countries concerned?
3. How many of those granted permits made application for permanent residence in Australia?
4. How many of the applications were (a) approved and (b) rejected?

**VISITORS ARRIVING IN AUSTRALIA ON (i) LONG TERM (for 12 months or longer) AND (ii) SHORT TERM BASIS (for less than 12 months)**

Countries of Last Residence in—		Year of Arrival ..				
		1959	1960	1961	1962	1963
Africa ..	(i) Long term .. ..	200	287	355	385	320
	(ii) Short term .. ..	897	1,145	1,288	1,668	1,678
	Total Africa .. ..	1,097	1,432	1,643	2,053	1,998
America ..	(i) Long term .. ..	1,125	1,581	1,911	2,768	1,395
	(ii) Short term .. ..	7,876	9,944	12,967	15,084	17,483
	Total America .. ..	9,001	11,525	14,878	17,852	18,878
Asia ..	(i) Long term .. ..	3,533	3,420	3,677	3,569	1,608
	(ii) Short term .. ..	5,772	6,753	8,458	9,363	10,671
	Total Asia .. ..	9,305	10,173	12,135	12,932	12,279
Europe ..	(i) Long term .. ..	3,251	4,105	4,642	4,590	7,140
	(ii) Short term .. ..	9,623	10,962	13,480	16,881	18,463
	Total Europe .. ..	12,874	15,067	18,122	21,471	25,603
Oceania ..	(i) Long term .. ..	2,851	3,404	2,992	2,629	2,266
	(ii) Short term .. ..	26,946	34,900	38,158	42,951	49,734
	Total Oceania .. ..	29,797	38,304	41,150	45,580	52,000
Total Arrivals	(i) Long term .. ..	10,960	12,797	13,577	13,941	12,729
	(ii) Short term .. ..	51,114	63,704	74,351	85,947	98,029
	Total Visitors .. ..	62,074	76,501	87,928	99,888	110,758

Source: Commonwealth Bureau of Census and Statistics

**3, 4 and 5.** It has not been the practice to maintain separately statistical details of persons who, after arrival as visitors, make application for permanent residence status, and the results of such applications. Action has been taken to record such detail in future.

## Immigration.

(Question No. 425.)

**Mr. Daly** asked the Minister for Immigration, upon notice—

1. How many persons who have entered Australia in the last five years have been granted permanent residence?

2. What are the nationalities of these persons, and how many persons are there of each nationality?

**Mr. Opperman.**—The answers to the honorable member's questions are as follows—

Any person who applies overseas for entry to Australia as a settler and, having complied with

normal migrant requirements, is authorised to proceed on this basis, is on arrival granted permanent residence status.

The following table sets out by nationality the number of persons who arrived in Australia during the last five years as intending settlers and who were admitted with permanent residence status—

#### NATIONALITY OF SETTLER ARRIVALS

Nationality	Year of Arrivals				
	1959-60	1960-61	1961-62	1962-63	1963-64
American .. .. .. ..	843	959	1,050	1,109	1,400
Albanian .. .. .. ..	3	..	1	11	4
Austrian .. .. .. ..	2,103	1,741	393	513	785
Belgian .. .. .. ..	65	405	571	419	350
British .. .. .. ..	45,314	47,443	39,003	55,636	73,107
Bulgarian .. .. .. ..	6	8	7	13	9
Czechoslovak .. .. .. ..	20	14	7	27	50
Danish .. .. .. ..	432	412	125	129	240
Dutch .. .. .. ..	9,657	6,658	3,062	1,885	2,473
Estonian .. .. .. ..	11	21	3	3	4
Finnish .. .. .. ..	1,926	512	140	72	155
French .. .. .. ..	164	211	195	349	598
German .. .. .. ..	9,662	10,491	2,825	2,556	3,388
Greek .. .. .. ..	6,506	7,743	11,942	11,552	15,844
Hungarian .. .. .. ..	228	308	212	195	212
Italian .. .. .. ..	16,246	18,478	16,851	13,528	13,015
Latvian .. .. .. ..	30	24	19	7	7
Lithuanian .. .. .. ..	9	6	1	5	1
Norwegian .. .. .. ..	188	142	63	39	90
Polish .. .. .. ..	1,444	1,371	1,248	923	898
Portuguese .. .. .. ..	95	145	151	141	216
Roumanian .. .. .. ..	80	101	98	32	35
Russian .. .. .. ..	368	825	817	775	165
Spanish .. .. .. ..	529	1,457	1,797	4,604	506
Stateless .. .. .. ..	6,156	4,111	1,043	1,727	1,175
Swedish .. .. .. ..	462	524	77	76	101
Swiss .. .. .. ..	479	222	275	206	315
Syrian and Lebanese .. .. .. ..	532	685	435	569	706
Ukrainian .. .. .. ..	14	13	5	3	8
Yugoslav .. .. .. ..	1,690	2,589	2,776	3,796	4,714
All Others .. .. .. ..	625	672	616	988	1,747
Total .. .. .. ..	105,887	108,291	85,808	101,888	122,318

It is not the practice to require British subjects of European race to obtain prior authority before proceeding to Australia. Provided on arrival they are in possession of a valid British passport, and are in sound health and of good character, they are admitted with permanent residence status, irrespective of their intended length of stay.

British subjects of European race intending to settle in Australia would be included in the figures in the foregoing table. These figures would not, however, include such persons whose intention was a short-term visit only or a stay exceeding twelve months, but not with the intention to settle, but who in each case, being a British subject of European race, was on arrival granted permanent residence status.

#### Export of Minerals.

(Question No. 520.)

**Mr. Gray** asked the Minister for National Development, upon notice—

1. Has his attention been drawn to the large percentage of the metals being mined in Australia which is being exported?

2. Will he consider requiring that, say, one-half per cent. of these metals in ingot form be taxed from all exporters for the purpose of establishing a stockpile for national use in any time of emergency?

3. Will he also consider requiring that the exporters of coal or metalliferous minerals pay a tax in money of, say, one-half per cent. for the purpose of providing staff and storage facilities for the safekeeping of the metal reserves so stored?

**Mr. Fairbairn.**—The answers to the honorable member's questions are as follows—

1. I am aware that Australian production of many metals and minerals is so large that even after our own requirements have been met a large percentage of the production is available for export.

2 and 3. I know of no reason for entertaining the idea that this particular section of the Australian business community should be specially taxed to provide funds for what would be a general national purpose of establishing such stockpiles were this deemed expedient.

As the honorable member no doubt knows, the Department of Supply maintains a stockpile of strategic materials which are likely to be in short supply in an emergency.

### Electoral.

(Question No. 661.)

**Mr. Hansen** asked the Minister for the Interior, upon notice—

1. What States of the Commonwealth conduct State and local authority elections between 8 a.m. and 6 p.m.?

2. What are the hours of polling for (a) State and (b) local authority elections in those States where the 8 a.m. to 6 p.m. hours are not followed?

**Mr. Anthony.**—The answers to the honorable member's questions are as follows:—

1. Queensland.

2. (a) New South Wales ..	8 a.m.-8 p.m.
Victoria ..	8 a.m.-8 p.m.
Queensland ..	8 a.m.-6 p.m.
South Australia ..	8 a.m.-8 p.m.
Western Australia ..	8 a.m.-8 p.m.
Tasmania ..	8.30 a.m.-7 p.m.

(b) New South Wales .. 8 a.m.-8 p.m.

Victoria

(i) Cities (as listed in Local Government Act of Victoria) ..	8 a.m.-8 p.m.
(ii) Shires—8 a.m. to not earlier than 4 p.m.*	
(iii) Towns, Boroughs, and Cities not listed in Local Government Act of Victoria—8 a.m. to not earlier than 5 p.m.*	

Queensland .. 8 a.m.-6 p.m.

South Australia—

Metropolitan Corporations—8 a.m.-7 p.m.  
Country Corporations and District Councils—8 a.m.-6 p.m.

Western Australia .. 8 a.m.-8 p.m.

Tasmania .. 8.30 a.m.-7 p.m.

\* Permission may be granted to extend the hours of polling and this is in fact done in many instances.

### Tea Plantations in Papua and New Guinea.

(Question No. 665.)

**Mr. Luchetti** asked the Minister for Territories, upon notice—

1. How many projects for the cultivation of tea are there in the Territory of Papua and New Guinea and by whom are they owned?

2. How many tea plantations are owned and controlled by indigenes?

3. What has been the total cost of establishing tea production in the Territory and what is the present value of the output of tea?

4. How many acres of land are in use for this purpose?

5. To whom is the tea sold and is it available to Australian consumers?

**Mr. Barnes.**—The answers to the honorable member's questions are as follows—

1. Seven. Ownership is as follows—

Papua and New Guinea Administration (Tea Experiment Station, Garaina)	.. 1
Coconut Products Limited	.. 3

I. Manton ..	.. 1
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I. Parsons ..	.. 1
---------------	------

G. Bennett ..	.. 1
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2. Nil; 3,400 acres of land are being subdivided for smallholder tea blocks.

3. The establishment of 300 acres of tea and a tea factory at the Administration's tea experiment station has cost approximately £145,000. Planting on the other projects has commenced in the last six months only and establishment costs for them to date are not available. The value of the tea output from the Administration's tea experiment station at present is £18,000 per annum.

4. Total area planted to tea is 500 acres.

5. Tea from the Administration's experiment station is being used to assess quality, grading, price and acceptability of New Guinea tea on world markets. Sales are made through brokers and auctions to tea merchants. 42,428 lb. have been sold in Australia to consumers.

### Civil Aviation.

(Question No. 702.)

**Mr. L. R. Johnson** asked the Minister representing the Minister for Civil Aviation, upon notice—

1. Is Ansett-A.N.A. at present engaged in negotiations to establish a Brisbane, Honiara-Lae-Philippines, Far East air service with a view to using aircraft which may be displaced from Australian services by new purchases?

2. If so, when will the service commence and which aircraft will be used?

**Mr. Fairbairn.**—The Minister for Civil Aviation has supplied the following answer—

There have been no negotiations of this kind with either myself or the Department of Civil Aviation.

**Papua and New Guinea: Shipping.**  
(Question No. 715.)

Mr. Hansen asked the Minister for Territories, upon notice—

1. What ships have been added to the register in the Territory of Papua and New Guinea during

"New Guinea Trader" ..	..	661	Lancey Shipping (NG) Pty. Ltd.	..	..	U.S.A.
"Capella" ..	..	77	Marlor Investments Ltd.	..	..	Australia
"Laurabada" ..	..	122	E. H. Yabsley ..	..	..	Australia
"Forso" ..	..	199	Forso Transport Pty. Ltd.	..	..	Norway
"Nordkil" ..	..	341	Bougainville Trading Co.	..	..	Norway
"Karwell" ..	..	24	L. Ingle ..	..	..	Australia

**Papua and New Guinea: Indigenous Workers.**

(Question No. 731.)

Mr. Clyde Cameron asked the Minister for Territories, upon notice—

Will he consider taking action to (a) grant to married indigenous workers in New Guinea the right to be accompanied by their wives and families during the two year period of engagement fixed by agreement and (b) reduce the two year period of engagement fixed by agreement for unmarried indigenous workers to a period of not more than six months?

Mr. Barnes.—The answers to the honorable member's questions are as follows—

Consideration is continually being given to all aspects of the conditions of employment of indigenous workers in Papua and New Guinea. The suggestions made will be taken into account in that consideration along with other factors involved.

**Papua and New Guinea.**

(Question No. 732.)

Mr. Clyde Cameron asked the Minister for Territories, upon notice—

1. Has the Administration of the Territory of Papua and New Guinea failed to legislate for (a) the payment of all public holidays, (b) the granting of paid annual leave and (c) the provision of paid long service leave to all indigenous workers in the Territory?

2. What classes of Europeans in the Territory are not granted (a) payment for all public holidays, (b) paid annual leave or (c) paid long service leave?

Mr. Barnes.—The answers to the honorable member's questions are as follows—

1. (a), (b), (c), I refer the honorable member to the reply given by my predecessor on 3rd October 1962 ("Hansard", page 1139).

2. (a), (b), (c). For the reason given in my answer of 15th October 1964, it is not possible to state how many or what classes of Europeans in the Territory do not receive these benefits.

the last year?

2. What is the tonnage of each ship?

3. Who are the owners?

4. In what countries were these ships built?

Mr. Barnes.—The answer to the honorable member's questions is as follows—

**Papua and New Guinea.**

(Question No. 739.)

Mr. Clyde Cameron asked the Minister for Territories, upon notice—

1. How many casual indigenous plantation workers in the Territory of Papua and New Guinea are excluded from the paid sick leave benefits prescribed by the Native Employment Ordinance 1958-1963?

2. Will he take the necessary steps to ensure that no indigenous plantation workers in the Territory will be excluded from the benefits of paid sick leave?

Mr. Barnes.—The answers to the honorable member's questions are as follows—

1. The provisions of the Native Employment Ordinance 1958-1963 relating to paid sick leave benefits apply only to workers under agreement. At the time the latest available statistics were compiled there were 11,711 casual plantation workers in the Territory of Papua and New Guinea.

2. There is no exclusion in the sense of a prohibition of paid sick leave. Assuming the suggestion is that all workers should be entitled to paid sick leave, it will receive consideration.

**Papua and New Guinea.**

(Question No. 740.)

Mr. Clyde Cameron asked the Minister for Territories, upon notice—

1. What are the conditions under which indigenous plantation workers in the Territory of Papua and New Guinea can refuse to work on a non-paid public holiday?

2. Will he take the steps necessary to extend the benefits of paid public holidays to all indigenous workers in the Territory?

Mr. Barnes.—The answers to the honorable member's questions are as follows—

1. There are no non-paid public holidays for indigenous workers in the Territory of Papua and New Guinea.

2. These benefits are already available.

**Coal Mining Industry Long Service Leave Trust Fund.**

(Question No. 768.)

Mr. Hayden asked the Minister for Labour and National Service, upon notice—

What is the state of liquidity of the Coal Mining Industry Long Service Leave Fund?

**Mr. McMahon.**—The answer to the honorable member's question is as follows—

At 30th September 1964 the Coal Mining Industry Long Service Leave Trust Fund had a credit balance of £1,732,705.18.2.

Department as such. They do not include salary increases expected to occur in the various commissions, authorities, etc. whose estimates of expenditure are shown under the heading of the Department in the Second Schedule of the Appropriation Bill.

### Prime Minister's Department.

(Question No. 587.)

**Mr. Hayden** asked the Prime Minister, upon notice—

1. What total salary increases for his Department are proposed in this year's Budget?

2. What are the reasons for these increases?

3. In particular, will he state whether the increases have been due to (a) extra staff, (b) arbitration determinations and (c) up-grading?

4. If so, what number of persons was affected by, and what total amount of increased salary was due to, each of these causes?

**Sir Robert Menzies.**—The information sought by the honorable member with regard to the Prime Minister's Department is summarised as under—

	Number of Positions Involved	Increase in 1964-65 Budget Provision over 1963-64 Expenditure
Net increase in numbers of staff (a) ..	20	£ 43,550
Basic wage increase ..	134	6,900
Reclassifications on Departmental request ..	3	120
Reclassifications on Public Service Board general review of salaries ..	17	2,630
Fees for members of committees ..	..	3,000
Other variations (including variations in overtime, furlough pay, higher duties, &c.) ..	..	1,300
Total Increase ..	..	57,500

(a) Fifteen of these positions are concerned with expanded Commonwealth activity in Education.

These figures show the increased provision for salaries in 1964/65 for the Prime Minister's

### Commonwealth Aid to Schools.

(Question No. 660.)

**Mr. Reynolds** asked the Prime Minister, upon notice—

1. What grants have been made to the States and to independent schools for the (a) erection and (b) equipping of science blocks?

2. How much has (a) each State Government and (b) each independent school in each State received under each of these headings?

**Sir Robert Menzies.**—The answer to the honorable member's questions is as follows—

Under Section 2 of the States Grants (Science Laboratories and Technical Training) Act 1964, the Minister has authorised up to the present date the following payments, by way of advances, to the States for the purposes of grants for science laboratories and equipment:

	For State Schools	For Schools which are not State Schools
New South Wales ..	£ 677,500	£ 249,700
Victoria ..	511,300	188,500
Queensland ..	262,100	96,600
South Australia ..	168,850	62,250
Western Australia ..	129,250	47,650
Tasmania ..	60,450	22,300

The moneys advanced to the States for State schools are being expended by the States in accordance with general programmes for the provision of science laboratories and equipment proposed by the States and agreed to by the Minister.

Of the amounts set aside for independent schools, the following grants have actually been authorised for individual schools as at 23rd October 1964.

	For the Erection of Science Blocks	For the Equipping of Science Blocks
New South Wales—		
Sydney Church of England Grammar School, North Sydney ..	..	£ 4,500
Sydney Grammar School, Sydney ..	..	4,000
Abbotsleigh, Wahroonga ..	..	2,240
St. Gabriel's School, Waverley ..	..	1,600
Newcastle Church of England Grammar School for Girls, Newcastle ..	..	300
Marist Brothers' High School, North Sydney ..	..	16,000
Marist Brothers' High School, Pymble ..	..	15,000
Cootamundra Catholic High School ..	..	1,750
Methodist Ladies' College, Burwood ..	..	400
Meriden School, Strathfield ..	..	11,462
Tara Church of England Girls' School, North Parramatta ..	..	11,462

			For the Erection of Science Blocks	For the Equipping of Science Blocks
<b>Victoria—</b>				
Christian Brothers' College, East St. Kilda ..	..	..	2,172	600
De La Salle College, Malvern ..	..	..	..	2,000
St. Bede's College, Mentone ..	..	..	18,000	1,500
Kildare College, Traralgon ..	..	..	9,000	1,000
Salesian College, "Rupertwood", Sunbury ..	..	..	5,478	1,022
Genazzano Convent School, F.C.J., Kew ..	..	..	9,000	1,000
Kildara College, Malvern ..	..	..	9,000	1,000
Mount Lilydale College, Lilydale ..	..	..	500	1,000
Korowa Church of England Girls' Grammar School, Glen Iris ..	..	..	18,500	..
Tintern Church of England Girls' Grammar School, Ringwood East ..	..	..	18,500	..
Morongo Presbyterian Girls' College, Geelong ..	..	..	9,300	..
Mentone Boys' Grammar School, Mentone ..	..	..	18,500	..
<b>Queensland—</b>				
St. Ursula's College, Dutton Park ..	..	..	4,800	1,000
Mount St. Michael's College, Ashgrove ..	..	..	12,000	450
"San Sisto" Dominican Convent School, Carina, Brisbane ..	..	..	..	1,074
Mater Dei Secondary School, Toowoomba ..	..	..	..	404
Mount St. Joseph's Girls' Secondary School, Nundah ..	..	..	..	1,050
Christian Brothers' St. Laurence's College, South Brisbane ..	..	..	..	2,022
Marian Secondary School for Girls, North Rockhampton ..	..	..	..	300
St. Rita's College, Clayfield ..	..	..	..	1,369
St. Patrick's Convent High School, Bundaberg ..	..	..	8,000	500
Mount Carmel College, Wynnum ..	..	..	..	1,264
Soubirous Brigidine College, Scarborough ..	..	..	..	500
Sacred Heart College, Sandgate ..	..	..	1,000	700
Our Lady of Sacred Heart College, Corinda ..	..	..	1,600	600
Loreto Convent, Coorparoo ..	..	..	8,700	956
All Hallow's School, Brisbane ..	..	..	..	1,490
Ipswich Girls' Grammar School, Ipswich ..	..	..	10,600	..
St. Margaret's School, Albion ..	..	..	..	1,200
St. Paul's School, Bald Hills ..	..	..	..	600
Brisbane Grammar School ..	..	..	..	2,000
Slade School, Warwick ..	..	..	5,000	750
Rockhampton Girls' Grammar School ..	..	..	..	1,200
<b>South Australia—</b>				
Blackfriar's Priory, Prospect ..	..	..	..	1,750
Loreto Convent School, Marryatville ..	..	..	300	500
St. Mary's Dominican Convent School, Cabra ..	..	..	..	3,000
St. Joseph's Girls' High School, Kensington ..	..	..	..	1,750
Christian Brothers' College, Adelaide ..	..	..	1,123	627
<b>Western Australia—</b>				
Sacred Heart Convent School, Fremantle ..	..	..	4,000	1,000
Christian Brothers' College, Fremantle ..	..	..	400	1,200
St. Francis Xavier's Christian Brothers' College, East Victoria Park ..	..	..	..	430
St. Joseph's High School, Bunbury ..	..	..	7,414	500
St. Philip's Regional High School, Tuart Hill ..	..	..	..	500
Christian Brothers' College, Leederville ..	..	..	..	1,600
Trinity College, Perth ..	..	..	..	1,000
Loretto Convent, Claremont ..	..	..	..	500
St. Joachim's High School (Convent of Mercy), Victoria Park ..	..	..	..	500
St. Joseph's High School, Victoria Square, Perth ..	..	..	..	330
Christian Brothers' High School, Highgate, Perth ..	..	..	..	500
Our Lady's College, Victoria Square, Perth ..	..	..	..	400
Methodist Ladies' College, Claremont ..	..	..	..	400
Presbyterian Ladies' College, Cottesloe ..	..	..	..	400
Guildford Church of England Grammar School, Guildford ..	..	..	..	400
Wesley College, South Perth ..	..	..	..	400
Christ Church Grammar School, Claremont ..	..	..	3,800	400
St. Hilda's Church of England School for Girls, Mosman Park ..	..	..	..	400
Hale School, Wembley Downs ..	..	..	..	400
Scotch College, Swanbourne ..	..	..	..	400
Perth College, Mount Lawley ..	..	..	..	400
Penrhos Methodist Ladies' College, South Perth ..	..	..	..	400
<b>Tasmania—</b>				
St. Virgil's College, Hobart ..	..	..	..	900
Marist College, Burnie ..	..	..	..	500
Savio College, Glenorchy ..	..	..	2,500	1,250

**Commonwealth Aid to Schools.**

(Question No. 677.)

**Mr. Daly** asked the Prime Minister, upon notice—

1. How many applications have been received to date for grants for science facilities in schools?
2. What are (a) the names of the applicants, and (b) the amounts of the grant in each case?

**Sir Robert Menzies.**—The answers to the honorable member's questions are as follows—

1. 570 schools have returned completed questionnaires to date.

2. Details of the schools for which grants have actually been authorised are given in my answer to Question No. 660 asked by the honorable member for Barton (Mr. Reynolds).

**Senate Election.**

(Question No. 706.)

**Mr. Calwell** asked the Prime Minister, upon notice—

On what date did the Governor-General propose the Senate election timetable to each State Governor?

**Sir Robert Menzies.**—The answer to the honorable member's question is as follows—

His Excellency the Governor-General sent to all State Governors on Friday, 2nd October 1964 letters suggesting the timetable for the election of senators for each State which was subsequently adopted and announced.

**Shipping.**

(Question No. 714.)

**Mr. Hansen** asked the Minister representing the Minister for Customs and Excise, upon notice—

1. What ships have been added to the Australian register during the last year?

2. What is the tonnage of each ship?

3. Who are the owners?

4. In what countries were these ships built?

**Mr. Bury.**—The Minister for Customs and Excise has furnished the following answers to the honorable member's questions—

Name	Tonnage	Owner	Where Built
" Slipstream D.V."	..	12.53 D. J. and V. J. Harris	Australia
" Lodi "	..	30.68 Pacific Distributing Co. Pty. Ltd.	Australia
" D.E.K."	..	3.91 J. Kelly	Australia
" Naldham "	..	Nil Queensland Tug Co. Pty. Ltd.	Australia
" Karboora "	..	28.53 Islands Transport Pty. Ltd.	Unknown
" Telstar "	..	20.11 A. L. Wicks	Australia
" Norma M."	..	11.54 Commonwealth Aluminium Corporation Pty. Ltd.	Australia
" Otranto "	..	39.43 S. L. and H. A. Chaplin	Australia
" Tom Welsby "	..	45.99 Islands Transport Pty. Ltd.	Australia
" Torokina "	..	21.09 S. D. Adams	Australia
" Myora "	..	134.90 Stradbroke Ferries Pty. Ltd.	Australia
" Calypso "	..	17.43 R. O. and J. Upward	Australia
" Leewin "	..	3.47 E. J. Molle	Australia
" Tarooki "	..	27.04 O. W. Riesenweber	Australia
" Tamoura Star "	..	36.50 E. A. Paton Pty. Ltd.	Australia
" Laguna "	..	14.94 A. O. Riesenweber	Australia
" Katoora "	..	149 Keith Hollands Shipping Company	Australia
" Jazzer "	..	10.67 W. H. Northam	Australia
" Mowana "	..	4.90 J. C. Fowell	Australia
" Imlay Star "	..	13.36 C. Gordan and M. McCormick	Australia
" Minago "	..	12.18 N. Manchee	Australia
" Christine J "	..	15.69 D. B. Adams	Australia
" Gahleru "	..	18.76 J. A. R. Davies	Australia
" Saracen Two "	..	13.46 J. H. W. Craven and R. Crichton-Brown	Australia
" Erica J "	..	14.70 A. C. Williams	Australia
" D.K.A.6 "	..	4.02 R. H. Grieve	Australia
" Palermo "	..	10.70 N. D. B. Smith	Australia
" Sandeifran "	..	16.57 A. N. Grayson	Australia
" Te Mariner "	..	12.47 J. R. Dean	U.S.A.
" Unalass "	..	3.44 R. P. Studdard	Australia
" Bernicia "	..	9.67 J. S. Alexander	Australia
" Widgeon G "	..	20.63 R. C. Gordon	Australia

Name	Tonnage	Owner	Where Built
" Palamuna Star "	11.89	R. S. Petrie and G. Schafer ..	Australia
" Anthanta III "	13.28	L. C. Gruzman ..	Australia
" Gladstone "	13.94	Launches & Realty Pty. Ltd. ..	Australia
" Cavalier Sailor "	9.81	L. E. McDonnell ..	Australia
" Excuse Me "	9.76	V. H. W. Bailey ..	Australia
" Immoculata "	23.32	Isobel Star Trawling Co. Pty. Ltd. ..	Australia
" Alaskan Bear "	10.41	Commercial Fishing Enterprises Pty. Ltd ..	Australia
" Isobel Star "	14.16	Isobel Star Trawling Co. Pty. Ltd. ..	Australia
" Buccaneer "	8.24	E. C. Kennedy ..	Australia
" Millers Macarthur "	7,231.17	Hong Kong Tanker and Traders Ltd. ..	Sweden
" Wahine-E "	4.47	V. R. Macfarlane ..	Australia
" Sandy-HB "	7.46	H. C. Bowden ..	Australia
" Sinabada "	24.59	Sydney Holding Ltd. ..	Australia
" Mercedes K "	16.94	H. T. Kaufman ..	Australia
" Margreta "	9.58	C. R. E. Warren ..	Australia
" Chardex "	8.93	C. D. S. Moore ..	Australia
" Barrenjoey "	4.69	W. H. Northam ..	Australia
" Carramar "	10.97	L. S. R. Argles and J. H. Hankin ..	Australia
" Kanimbila "	22.68	R. S. Petrie and G. Schafer ..	Australia
" Excelsior G "	12.52	G. K. Paddon and G. Paddon ..	Australia
" Caltex Liverpool "	6,756.16	Overseas Tankship (U.K.) Ltd. ..	England
" Koorie "	16.88	Maritime Maintenance Pty. Ltd. ..	Australia
" R. W. Miller "	7,226.62	Hong Kong Tanker and Traders Ltd. ..	Sweden
" Sigrid "	18.60	P. M. H. Daniel ..	Australia
" Yarrowrie "	5.86	A. V. Dibbs ..	Australia
" Rosebud "	27.46	Hegarty & Allan Industries Pty. Ltd. ..	Australia
" Nemo "	14.27	Mutual Acceptance Co. Ltd. ..	Australia
" Rival of Belmont "	12.95	A. G. and H. Burgan ..	Australia
" Triton II "	7.31	W. D. and H. L. Govers ..	Australia
" Trimmerwheel "	41.89	W. G. G. Kevill ..	Australia
" Nanango "	38.82	H. C. W. Pieesse, P. P. Horton ..	Australia
" Yeulba "	10.10	A. R. Allom ..	New Zealand
" Marcq St. Hilaire "	12.24	L. V. Dempster ..	Australia
" Giuliano II "	24.33	C. Oteri, F. Paratore, G. Paratore, F. Paratore ..	Australia
" Marpete "	30.28	A. Vince, R. Vince, P. Vince ..	Australia
" Kuri Pearl "	57.09	Pearls Pty. Ltd. ..	Australia
" Suzie Wong "	7.08	J. A. Nelson ..	Hong Kong
" Tam O Shanter II "	13.16	K. Macgregor ..	Australia
" Heather Flower "	27.09	D. McDaniel & Son Pty. Ltd. ..	Australia
" B.P. Endeavour "	5,878.30	B. P. Tanker Co. Ltd. ..	Northern Ireland
" Belle-E "	16.12	E. B. and A. L. Barling ..	Australia
" Ann-Maree "	8.98	B. F. and P. E. Davis ..	Australia
" Jeparit "	3,789.67	Australian Coastal Shipping Commission ..	Australia
" Ronnell "	33.64	H. J. Smith ..	Australia
" Tangara "	8.76	H. H. Davey ..	Australia
" Kooringa "	2,964.91	Associated Steamships Pty. Ltd. ..	Australia
" Mansal "	18.18	P. J. and L. C. Robinson and C. del Biondo ..	Australia
" Mia Mia "	35.86	G. A. Hammond ..	Australia
" Musgrave Range "	7,122.75	Australian Coastal Shipping Commission ..	Australia
" Hemiglypta "	6,973	Shell Bermuda (Overseas) Ltd. ..	England
" Cindy Hardy "	113	V. M. Hardy ..	Australia
" Christine of Derwent "	14.13	D. J. P. Williams ..	Australia
" Tarnie of Derwent "	8.39	S. R. Ditcham ..	Australia
" Seaway Queen "	1,112	Union S.S. Co. of N.Z. Ltd. ..	Australia
" Seaway King "	1,112	Union S.S. Co. of N.Z. Ltd. ..	Australia
" Karlee "	5.96	E. J. Mossop ..	Australia
" Margaret Kay "	21.65	Omer Klarin ..	Australia
" Argonaut IV "	14.72	Norman Justice ..	Australia
" Barkuma "	12.61	Petroleum Refineries (Aust.) Pty. Ltd. ..	Australia
" Saori "	47.79	S. A. Oceanographic Research Institute Pty. Ltd. ..	Australia
" Spindrift of Belair "	4.04	I. Gullett ..	Australia
" Tapir "	Nil	Ritch and Smith Limited ..	Australia
" Family Scamp "	4.43	C. J. Bates ..	Australia
" Kareelah of Hawthorn "	10.72	R. H. Fidock ..	Australia

### Compensation Payments to Members of Parliament.

(Question No. 717.)

**Mr. Clyde Cameron** asked the Prime Minister, upon notice—

What compensation is payable to a member of Parliament or his dependants in the event of his (a) death or (b) permanent disability or loss of limb or faculty occasioned (i) while travelling to or from a sitting of the Parliament or (ii) during, or in the course of performing, any work or duties in connection with his party or parliamentary position?

**Sir Robert Menzies.**—The answer to the honorable member's question is as follows—

The provisions of the Commonwealth Employees' Compensation Act 1930-1962 do not apply to members of Parliament. The entitlements of members of Parliament upon death or injury vary according to the circumstances in which the death or injury occurs, as follows—

- (a) The benefits provided under the Parliamentary Retiring Allowances Act are payable in all cases of death or permanent ill-health regardless of the circumstances in which the death or disablement occurs.
- (b) In addition, a member of Parliament, or his dependants, may recover damages of up to £7,500 in respect of death or injury by accident whilst travelling by air as a passenger, either under the provisions of the Civil Aviation (Carriers' Liability) Act 1959-1962 or, where the member was travelling on Commonwealth business, from the Commonwealth, in accordance with the principles set out in the Air Accidents (Commonwealth Liability) Act 1963.
- (c) Provision also exists for the payment of salary and medical expenses in cases of injury or illness occurring during travel abroad on special missions.

### Trans-Australia Airlines.

(Question No. 730.)

**Mr. Clyde Cameron** asked the Minister representing the Minister for Civil Aviation, upon notice—

1. What are the unduplicated air routes operated by Trans-Australia Airlines which are being subsidised as (a) developmental services and (b) essential services?

2. What subsidy is being paid in respect of each of these routes?

**Mr. Fairbairn.**—The Minister for Civil Aviation has supplied the following information—

1. The air routes operated by Trans-Australia Airlines which are subsidised as developmental services are the Gulf and Channel services—the North and West of Queensland. The Gulf service operates from Mount Isa through Cloncurry to Burketown and Normanton while the Channel service consists of four separate services viz.—(i) Winton-Boulia-Cloncurry-Mount Isa. (ii) Charleville-Noppamerrie-Broken Hill. (iii) Charleville-Birdsville-Leigh Creek. (iv) Charleville-Bedourie-Birdsville. The two subsidised air routes operated by Trans-Australia Airlines as essential rural services are the services operating between Townsville and Mount Isa and the Charleville-Quilpie-Thargomindah service.

2. For the financial year 1963-64, Trans-Australia Airlines was paid the following amounts for the operation of developmental and essential rural services.

		£
Channel services ..	..	50,700
Gulf service ..	..	9,900
		<hr/> 60,000
Essential rural—		
Townsville-Mount Isa ..	..	45,000
Charleville-Thargomindah ..	..	8,100
		<hr/> 53,100

### Brandy and Rum.

(Question No. 736.)

**Mr. Hansen** asked the Minister representing the Minister for Customs and Excise, upon notice—

1. What rates of excise have been levied over the past twelve years on brandy and rum manufactured in Australia?

2. How many gallons of (a) brandy and (b) rum were manufactured during each of the past twelve years?

3. What quantities of (a) brandy and (b) rum were (i) exported from Australia and (ii) imported into Australia during each of the past five years?

**Mr. Bury.**—The Minister for Customs and Excise has furnished the following answers to the honorable member's questions—

Schedule "A"—Shows the rates of excise duty which have been levied on brandy and rum manufactured in Australia during the past twelve years.

Schedule "B"—Shows the quantities of brandy and rum manufactured in Australia during each of the past twelve years.

Schedule "C"—Shows the quantities of brandy and rum exported from and imported into Australia during each of the past five years.

## Schedule "A"

## RATES OF EXCISE DUTY PAYABLE ON BRANDY AND RUM DURING THE PERIOD 1952-1964

Year	Brandy (per proof gallon)	Rum (per proof gallon)	
		Standard	Blended
1952 .. .. .. ..	£ s. d. 4 4 6	£ s. d. 4 7 6	£ s. d. 4 8 6
1953 .. .. .. ..	4 4 6 (to 9.9.53) 3 3 6 (from 10.9.53)	4 7 6 3 6 6	4 8 6 (to 9.9.53) 3 7 6 (from 10.9.53)
1954 .. .. .. ..	3 3 6 (to 18.8.54) 1 13 6 (from 19.8.54)	3 6 6	3 7 6
1955 .. .. .. ..	1 13 6	3 6 6	3 7 6
1956 .. .. .. ..	1 13 6 (to 14.3.56) 2 9 0 (from 15.3.56)	3 6 6 4 2 0	3 7 6 (to 14.3.56) 4 3 0 (from 15.3.56)
1957-1964 .. .. .. ..	2 9 0	4 2 0	4 3 0

## Schedule "B"

## BRANDY AND RUM MANUFACTURED IN AUSTRALIA DURING THE PERIOD 1952-19

Year	Brandy	Rum
		(proof gallons)
1952-53 .. .. .. ..	460,657	764,974
1953-54 .. .. .. ..	539,840	604,917
1954-55 .. .. .. ..	1,069,660	771,030
1955-56 .. .. .. ..	1,004,585	852,525
1956-57 .. .. .. ..	1,007,985	756,275
1957-58 .. .. .. ..	1,255,295	704,474
1958-59 .. .. .. ..	1,183,816	686,387
1959-60 .. .. .. ..	1,036,754	565,627
1960-61 .. .. .. ..	1,166,978	787,726
1961-62 .. .. .. ..	1,177,943	660,013
1962-63 .. .. .. ..	1,128,997	604,382
1963-64 .. .. .. ..	1,159,319	889,614

## Schedule "C"

## BRANDY AND RUM IMPORTED INTO AND EXPORTED FROM AUSTRALIA DURING THE PERIOD 1959-1964

Year	Imports		Exports	
	Brandy	Rum	Brandy	Rum
	(proof gallons)	(proof gallons)	(proof gallons)	(proof gallons)
1959-60 .. .. ..	28,237	18,116	100,397	51,057
1960-61 .. .. ..	42,837	27,609	83,120	69,282
1961-62 .. .. ..	45,900	21,865	110,952	64,798
1962-63 .. .. ..	49,523	24,469	113,054	60,591
1963-64 .. .. ..	54,873	27,302	105,884	91,523

## Ansett Transport Industries Limited.

(Question No. 755.)

Mr. Hayden asked the Minister representing the Minister for Civil Aviation, upon notice—

1. Is the Minister able, from any information available to him, to provide a detailed list of shareholders of Ansett Transport Industries Ltd. who hold 5 per cent. or more of the total share issue?

2. If so, will he also show (a) the value of shares held by each of these shareholders, (b) the paid-up value of the shares and (c) the percentage of each share holding to the total share issue?

Mr. Fairbairn.—The Minister has no details of the individual shareholders in Ansett Transport Industries Ltd. As is the case with all public companies, the share register of Ansett Transport Industries Ltd.

is open for the inspection of anyone seeking this information at all reasonable times. Such details are also filed with the Registrar of Companies.

### Mental Health.

(Question No. 737.)

**Mr. Clyde Cameron** asked the Acting Minister for Health, upon notice—

1. Did the Commonwealth, at one time, accept some responsibility for the hospitalization of mental patients?

2. What responsibility does the Commonwealth now accept in this field?

3. Are patients in mental institutions denied civil benefits as well as hospital benefits?

4. Do patients cease to receive a social service pension immediately they enter a mental institution?

5. If a mental patient is treated in a general hospital, is the patient eligible for hospital benefits as well as a pension?

6. Is it a fact that treatment of mental illness is best carried out in a special hospital designed for that purpose?

7. Why is there discrimination between persons suffering from mental illness and those suffering from other complaints?

**Mr. Swartz.**—The answers to the honorable member's questions are as follows—

1. In the years 1948-1954, under agreements made with the States, the Commonwealth paid benefits in respect of mental in-patients at the rate of approximately 1s. per patient per day. The total cost to the Commonwealth during the currency of these agreements was approximately £500,000. The agreements expired in the latter half of 1954.

2. The Commonwealth at present accepts responsibility for a significant proportion of the capital cost of building and equipping mental health institutions, and has been accepting this responsibility since 1955.

Following the expiration in 1954 of the above-mentioned agreements with the States, the Commonwealth Government undertook a thorough investigation into the needs of Australian mental health institutions. This investigation, which was carried out in 1954 by Dr. Alan Stoller, revealed that the main problems associated with the treatment of mental patients arose out of the serious lack of accommodation and facilities in mental health institutions.

As a positive attempt towards remedying this situation, the Commonwealth undertook to pay a total of £10,000,000 to the States, by way of reimbursement of one-third of the amounts expended by the States for or in connection with buildings and equipment of mental health institutions. These reimbursements were provided for by the States Grants (Mental Institutions) Act 1955.

This financial assistance to the States in connection with buildings and equipment of mental health institutions is being maintained for a further three years under the provisions of the States Grants (Mental Health Institutions) Act 1964. This Act continues the Commonwealth contribution on a £1 for £2 basis, but the ceiling of £10,000,000 provided for in the 1955 Act has been abolished as a further step towards assisting the States in their programmes for expanding and modernising mental health institutions.

3. The civil rights of patients in mental hospitals are dependent on the provisions of the relevant State legislation.

The benefits provided under the National Health Act for hospital patients are not payable to patients in mental health institutions. The day-to-day maintenance of such patients is a matter for the respective States, although, as indicated in my answers above, the Commonwealth makes a substantial contribution towards the cost of building and equipping such institutions.

4. This aspect of your question might more appropriately have been directed to my colleague, the Minister for Social Services.

However, I am informed that, under the provisions of the Social Services Act, a person's pension is suspended immediately he is admitted to a mental hospital. When the pensioner is discharged, payment of his pension is resumed and, in addition, he is entitled to receive payment of his pension for up to four weeks of the period of suspension.

The wife of a patient in a mental hospital may qualify for a widow's pension, subject to the normal conditions.

5. All patients in hospitals which are approved under the National Health Act are eligible for Commonwealth hospital benefits—their eligibility for benefits is not affected by the nature of the condition for which they are admitted to hospital.

6. Yes. However, many experts believe that psychiatric wards should be attached to general hospitals.

7. The assistance provided to patients in approved hospitals, mental health institutions, &c., is designed to meet the needs of those patients, having regard to the respective responsibilities of the Commonwealth and the States.

### Ammunition.

(Question No. 767.)

**Mr. Hayden** asked the Minister of Supply, upon notice—

1. From what sources was ammunition for the (a) Royal Australian Navy and (b) Royal Australian Air Force obtained during the past two years and what was the (i) cost and (ii) quantity of the ammunition obtained from each source?

2. Was any of this ammunition rejected; if so, from what source did it come, why was it rejected, and what was the (a) quantity, (b) value and (c) category of the ammunition rejected in each case?

**Mr. Fairhall.**—The answers to the honorable member's questions are as follows—

1. During the past two years the Royal Australian Navy and the Royal Australian Air Force have obtained ammunition locally from the Department of Supply and also have imported certain ammunition from the U.K. and the U.S.A.

2. In this period the Royal Australian Navy obtained approximately 42,000 rounds of various types of ammunition from the Department of Supply at a value of £0.86 million. Corresponding deliveries to the Royal Australian Air Force were approximately 171,000 rounds of various types of ammunition plus 0.6 million rounds of small arms ammunition at a total value of £1,021 million.

3. None of the locally produced ammunition has been rejected.

### Copper.

(Question No. 770.)

**Mr. Whitlam** asked the Minister for Supply, upon notice—

1. Has the defence stock-pile of copper been drastically reduced in the last few months?

2. If so, what is the reason for this, and when will the stock-pile be restored to the required level?

**Mr. Fairhall.**—The answer to the honorable member's questions is as follows—

Stocks of copper were established for defence purposes during the 1939-45 War. With the post-war discovery of great reserves of copper in this country and the expansion of local production, the need to maintain these stocks has decreased. Nevertheless, we maintain a minimum buffer stock

of copper to meet sudden demands in the early stages of any emergency. These stocks are based on the Services' Statement of Requirements.

Stocks in excess of this reserve have been and are being used for production in Government munitions factories, but the total stock will not be reduced below the minimum reserve considered necessary.

### Overseas Loans: Aircraft.

(Question No. 522.)

**Mr. Whitlam** asked the Treasurer, upon notice—

1. Has the Minister for Civil Aviation announced that Qantas is entering into a contract to purchase three more jet aircraft?

2. Had the Treasurer already stated that it did not seem likely that we would be raising any new loans abroad this year?

3. If so, has the Government now decided that purchases of this nature and extent are well within Australia's own capacity to finance and do not justify or require foreign loans?

**Mr. Harold Holt.**—The answers to the honorable member's questions are as follows—

1. Yes.

2. In my Budget Speech I said that, at that stage, it did not seem likely that we would be raising any new loans abroad this year for works and housing programmes.

3. Before the present sittings conclude, I expect to introduce a Bill covering an oversea borrowing for aircraft purposes. The Government's reasons for arranging this borrowing will be explained at the time.