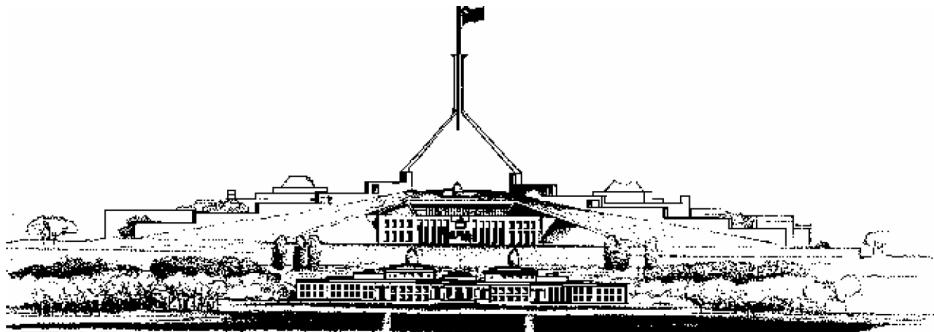




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives Official Hansard

No. 44, 1951
Tuesday, 30 October 1951

TWENTIETH PARLIAMENT
FIRST SESSION—SECOND PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

PARLIAMENT OF THE COMMONWEALTH.

TWENTIETH PARLIAMENT—FIRST SESSION : SECOND PERIOD.

GOVERNOR-GENERAL.

His Excellency the Right Honorable William John McKell, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia, from the 11th March, 1947.

ADMINISTRATOR.

His Excellency General Sir John Northcott, Knight Commander of the Most Distinguished Order of St. Michael and St. George, Companion of the Most Honorable Order of the Bath, Member of the Royal Victorian Order was appointed on the 19th July, 1951, under Commission dated the 13th March, 1950, to Administer the Government of the Commonwealth during the absence from Australia of His Excellency the Governor-General.

FIFTH MENZIES GOVERNMENT.

(FROM THE 11TH MAY, 1951.)

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

(¹) Designation altered on the 17th July, 1951.

(²) Appointed 17th July, 1951.

THE MEMBERS OF THE SENATE.

(FROM THE 1ST JULY, 1950.)

TWENTIETH PARLIAMENT—FIRST SESSION : SECOND PERIOD.

President—Senator the Honorable Edward William Mattner, M.C., D.C.M., M.M.

Leader of the Government in the Senate—Senator the Honorable Neil O'Sullivan.

Deputy Leader of the Government in the Senate—Senator the Honorable George McLeay.

Chairman of Committees—Senator George James Rankin, D.S.O., V.D.

Temporary Chairmen of Committees—Senators John Archibald McCallum, Richard Harry Nash, Theophilus Martin Nicholls, Justin Hilary O'Byrne, Albert David Reid, John Porteival Tate.

Leader of the Opposition—Senator the Honorable Nicholas Edward McKenna.

Deputy Leader of the Opposition—Senator the Honorable John Ignatius Armstrong.

Amour, Stanley Kerin†	New South Wales
Armstrong, Hon. John Ignatius†	New South Wales
Arnold, James Jarvis†	New South Wales
Ashley, Hon. William Patrick†	New South Wales
Aylett, William Edward†	Tasmania
Bain, Archibald Malcolm†	Queensland
Brown, Hon. Gordon†	Queensland
Byrne, Condon Bryan†	Queensland
Cameron, Hon. Donald†	Victoria
Chamberlain, John Hartley†	Tasmania
Cole, George Ronald†	Tasmania
Cooper, Hon. Walter Jackson, M.B.E.‡	Queensland
Cormack, Magnus Cameron†	Victoria
Courtice, Hon. Benjamin†	Queensland
Critchley, John Owen†	South Australia
Devlin, John Joseph†	Victoria
Finlay, Alexander†	South Australia
Fraser, Hon. James Mackintosh†	Western Australia
Gorton, John Grey†	Victoria
Grant, Donald MacLennan†	New South Wales
Guy, Hon. James Allan†	Tasmania
Hannaford, Douglas Clive†	South Australia
Hendrickson, Albion†	Victoria
Henry, Norman Henry Denham†	Tasmania
Kendall, Roy†	Queensland
Laught, Keith Alexander†	South Australia
McCallum, John Archibald†	New South Wales
McKenna, Hon. Nicholas Edward†	Tasmania
McLesy, Hon. George†	South Australia
McMillin, Alister Maxwell†	New South Wales
Maher, Edmund Bede†	Queensland
Mattner, Hon. Edward William, M.C., D.C.M., M.M.‡	South Australia
Morrow, William†	Tasmania
Nash, Richard Harry†	Western Australia
Nicholls, Theophilus Martin†	South Australia
O'Byrne, Justin Hilary†	Tasmania
O'Flaherty, Sidney Wainman†	South Australia
O'Sullivan, Hon. Neil†	Queensland
Paltridge, Shane Dunnet†	Western Australia
Pearson, Rex Whiting†	South Australia
Piesse, Edmund Stephen Robert†	Western Australia
Rankin, Annabelle Jane Mary†	Queensland
Rankin, George James, D.S.O., V.D.‡	Victoria
Reid, Albert David†	New South Wales
Robertson, Agnes Robertson†	Western Australia
Ryan, John Victor†	South Australia
Sandford, Charles Walter†	Victoria
Scott, Malcolm Fox†	Western Australia
Seward, Harry Stephen†	Western Australia
Sheehan, James Michael†	Victoria
Spicer, Hon. John Armstrong†	Victoria
Spooner, Hon. William Henry†	New South Wales

THE MEMBERS OF THE SENATE—*continued.*

Tangney, Dorothy Margaret†	Western Australia
Tate, John Percival†	New South Wales
Vincent, Victor Seddon†	Western Australia
Wedgwood, Ivy Evelyn†	Victoria
Wilsesee, Donald Robert†	Western Australia
Wood, Ian Alexander Christie†	Queensland
Wordsworth, Robert Hurley†	Tasmania
Wright, Reginald Charles†	Tasmania

Dates of Retirement of Senators—† The 30th June, 1953.

‡ The 30th June, 1956.

THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

TWENTIETH PARLIAMENT—FIRST SESSION : SECOND PERIOD.

Speaker—The Honorable Archie Galbraith Cameron.

Chairman of Committees—Charles Frederick Adermann.

Temporary Chairmen of Committees—George James Bowden, M.C., Thomas Patrick Burke, The Honorable Allan McKenzie McDonald, Rupert Sumner Ryan, C.M.G., D.S.O., Albert Victor Thompson, David Oliver Watkins.

Leader of the Opposition—(to the 13th June, 1951) The Right Honorable Joseph Benedict Chifley; (from the 20th June, 1951) The Right Honorable Herbert Vere Evatt, LL.D., D.Litt., K.C.

Deputy Leader of the Opposition—(to the 19th June, 1951) The Right Honorable Herbert Vere Evatt, LL.D., D.Litt., K.C.; (from the 20th June, 1951) The Honorable Arthur Augustus Calwell.

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

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

Adermann, Charles Frederick	Fisher (Q.)
Anderson, Gordon	Kingsford-Smith (N.S.W.)
Andrews, Thomas William	Darebin (V.)
Anthony, Hon. Hubert Lawrence	Richmond (N.S.W.)
Bate, Henry Jefferson	Macarthur (N.S.W.)
Beale, Hon. Howard, K.C.	Parramatta (N.S.W.)
Beazley, Kim Edward	Fremantle (W.A.)
Berry, Douglas Reginald	Griffith (Q.)
Bird, Alan Charles	Batman (V.)
Bland, Francis Armand	Warringah (N.S.W.)
Bostock, William Dowling, C.B., D.S.O., O.B.E.	Indi (V.)
Bourke, William Meekill	Fawkner (V.)
Bowden, George James, M.C.	Gippsland (V.)
Brimblecombe, Wilfred John	Maranoa (Q.)
Brown, Geoffrey William, M.B.E.	McMillan (V.)
Bruce, Hon. Henry Adam	Leichhardt (Q.)
Bryson, William George	Willis (V.)
Burke, Thomas Patrick	Perth (W.A.)
Calwell, Hon. Arthur Augustus	Melbourne (V.)
Cameron, Hon. Archie Galbraith	Barker (S.A.)
Cameron, Clyde Robert	Hindmarsh (S.A.)
Cameron, Dr. Donald Alastair, O.B.E.	Oxley (Q.)
Casey, Rt. Hon. Richard Gardiner, C.H., D.S.O., M.C.	La Trobe (V.)
Chambers, Hon. Cyril	Adelaide (S.A.)
(¹) Chifley, Rt. Hon. Joseph Benedict	Macquarie (N.S.W.)
Clarey, Hon. Percy James	Bendigo (V.)
Clark, Joseph James	Darling (N.S.W.)
Corson, Bernard Henry	Wide Bay (Q.)
Costa, Dominic Eric	Banks (N.S.W.)
Cramer, John Oscar	Bennelong (N.S.W.)
Crean, Frank	Melbourne Ports (V.)
Crean, John Lawrence	Hoddle (V.)
Curtin, Daniel James	Watson (N.S.W.)
Daly, Frederick Michael	Grayndler (N.S.W.)
Davidson, Charles William, O.B.E.	Dawson (Q.)
Davies, William	Cunningham (N.S.W.)
Davis, Francis John	Deakin (V.)
Dean, Roger Levinge	Robertson (N.S.W.)
Downer, Alexander Russell	Angas (S.A.)
Drakeford, Hon. Arthur Samuel	Maribyrnong (V.)
Drummond, Hon. David Henry	New England (N.S.W.)
Drury, Edward Nigel	Ryan (Q.)
Duthie, Gilbert William Arthur	Wilmot (T.)
Edmonds, William Frederick	Herbert (Q.)
Egging, Eldred James	Lyne (N.S.W.)
Evatt, Rt. Hon. Herbert Vere, LL.D., D.Litt., K.C.	Barton (N.S.W.)
Fadden, Rt. Hon. Sir Arthur William, K.C.M.G.	McPherson (Q.)
Failey, Laurence John	Lawson (N.S.W.)
Fairbairn, David Eric, D.F.C.	Farrer (N.S.W.)
Fairhall, Allen	Paterson (N.S.W.)
Falkindor, Charles William Jackson, D.S.O., D.F.C.	Franklin (T.)
Fitzgerald, Joseph Francis	Phillip (N.S.W.)
Francis, Hon. Josiah	Moreton (Q.)
Fraser, Allan Duncan	Eden-Monaro (N.S.W.)

Fraser, James Reay ..	(A.C.T.)
Freeth, Gordon ..	Forrest (W.A.)
Fuller, Arthur Neiberding ..	Hume (N.S.W.)
Gelvin, Patrick ..	Kingston (S.A.)
Graham, Bruce William ..	St. George (N.S.W.)
Grayden, William Leonard ..	Swan (W.A.)
Griffiths, Charles Edward ..	Shortland (N.S.W.)
Gullett, Henry Baynton Somer, M.C. ..	Henty (V.)
Hamilton, Leonard William ..	Canning (W.A.)
Harrison, Eli James ..	Bickley (N.S.W.)
Harrison, Hon. Eric John ..	Wentworth (N.S.W.)
Hazeluk, Hon. Paul Meernas Caedwalla ..	Curtin (W.A.)
Haworth, Hon. William Crawford ..	Isaacs (V.)
Hayles, Leslie Clement ..	Parke (N.S.W.)
Holt, Hon. Harold Edward ..	Higgins (V.)
Howse, John Brooke ..	Calare (N.S.W.)
Hughes, Rt. Hon. William Morris, G.H., K.C. ..	Bradfield (N.S.W.)
Hulme, Alan Shallcross ..	Petrie (Q.)
Jackson, William Mathers ..	North Sydney (N.S.W.)
James, Rowland ..	Hunter (N.S.W.)
Johnson, Hon. Herbert Victor ..	Kalgoorlie (W.A.)
Joshua, Robert, M.C. ..	Ballsarat (V.)
(*) Joske, Percy Ernest ..	Balaklava (V.)
Kakwick, Bruce Huntley ..	Bass (T.)
Kent Hughes, Hon. Wilfred Selwyn, M.V.O., O.B.E., M.C., E.D. ..	Chisholm (V.)
Keon, Stanish Michael ..	Yarra (V.)
Lawrence, William Robert ..	Wimmera (V.)
Lawson, Hon. George ..	Brisbane (Q.)
Lazzarini, Hon. Hubert Peter ..	Werriwa (N.S.W.)
Leslie, Hugh Alan ..	Moore (W.A.)
(*) Luchetti, Anthony Sylvester ..	Macquarie (N.S.W.)
Luck, Aubrey William George ..	Darwin (T.)
McBride, Hon. Philip Albert Martin ..	Wakefield (S.A.)
McCollum, Malcolm Llewellyn ..	Bowman (Q.)
McDonald, Hon. Allan McKenzie ..	Corangamite (V.)
McEwen, Hon. John ..	Murray (V.)
McLeay, John ..	Boothby (S.A.)
McLeod, Donald ..	Wannon (V.)
McMahon, Hon. William ..	Lowe (N.S.W.)
Menzies, Rt. Hon. Robert Gordon, K.C. ..	Kooyong (V.)
Minogue, Daniel ..	West Sydney (N.S.W.)
Morgan, Charles Albert Aaron ..	Reid (N.S.W.)
Mulcahy, Daniel ..	Lang (N.S.W.)
Mullens, John Michael, C.B.E. ..	Gellibrand (V.)
Nelson, John Norman ..	(N.T.)
O'Connor, William Paul ..	Martin (N.S.W.)
Opperman, Hubert Ferdinand ..	Corio (V.)
Osborne, Frederick Maars, D.S.C. ..	Evans (N.S.W.)
Page, Rt. Hon. Sir Earle Christmas Grafton, G.C.M.G., C.H. ..	Cowper (N.S.W.)
Pearce, Henry George ..	Capricornia (Q.)
Peters, Edward William ..	Burke (V.)
Pollard, Hon. Reginald Thomas ..	Lelor (V.)
Riordan, Hon. William James Frederick ..	Kennedy (Q.)
Robertson, Hugh Stevenson ..	Riverina (N.S.W.)
Rosevear, John Solomon ..	Dalley (N.S.W.)
Russell, Edgar Hughes Deg ..	Grey (S.A.)
Ryan, Rupert Sunner, C.M.G., D.S.O. ..	Flinders (V.)
Sheehan, Thomas ..	Cook (N.S.W.)
Swartz, Reginald William Colin, M.B.E., E.D. ..	Darling Downs (Q.)
Thompson, Albert Victor ..	Port Adelaide (S.A.)
Timson, Thomas Frank, M.B.E. ..	Higinbotham (V.)
Townley, Hon. Althol Gordon ..	Denison (T.)
Treloar, Thomas John ..	Gwydir (N.S.W.)
Turnbull, Winton George ..	Mallee (V.)
Ward, Hon. Edward John ..	East Sydney (N.S.W.)
Watkins, David Oliver ..	Newcastle (N.S.W.)
Wentworth, William Charles ..	Mackellar (N.S.W.)
Wheeler, Roy Crawford ..	Mitchell (N.S.W.)
(*) White, Hon. Thomas Walter, D.F.C., V.D. ..	Balaklava (V.)
Wight, Bruce McDonald ..	Lilley (Q.)
Wilson, Keith Cameron ..	Sturt (S.A.)

(*) Death reported, 19th June, 1951.

(*) Resignation reported, 21st June, 1951.

(*) Elected, 28th July, 1951.

THE COMMITTEES OF THE SESSION.

JOINT.

House.—The President (Chairman), Senator Amour, Senator Aylett, Senator Brown (to the 21st November, 1951), Senator Critchley (from the 21st November, 1951), Senator George Rankin, Senator Wedgwood, Senator Wordsworth, Mr. Speaker, Mr. Andrews, Mr. Beazley, Mr. Corser, Mr. Costa, Mr. Gullett, and Mr. Hulme.

LIBRARY.—Mr. Speaker (Chairman), the President, Senator Arnold, Senator Cole, Senator Kendall, Senator McCallum, Senator Robertson, Senator Tangney, Mr. Beazley, Mr. Cremeann, Mr. Downer, Mr. Drummond, Mr. Duthie, and Mr. Wentworth.

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

PRINTING.—Mr. Wilson (Chairman), Senator Gorton, Senator Hannaford, Senator Morrow, Senator Nash, Senator Sandford, Senator Scott, Senator Seward, Mr. Cremeann, Mr. Griffiths, Mr. E. James Harrison, Mr. Leslie, Mr. Osborne, and Mr. Ryan.

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

SENATE.

DISPUTED RETURNS AND QUALIFICATIONS.—Senator Hannaford, Senator Hendrickson, Senator Morrow, Senator Piesse, Senator Robertson, Senator Sandford, and Senator Wordsworth.

REGULATIONS AND ORDINANCES.—Senator Tate (Chairman), Senator Arnold, Senator Byrne, Senator Guy, Senator Maher, Senator Nash, and Senator Wood.

STANDING ORDERS.—The President (Chairman), the Chairman of Committees, Senator Brown, Senator Guy, Senator McKenna, Senator Maher, Senator Nicholls, Senator Piesse, and Senator Vincent.

HOUSE OF REPRESENTATIVES.

PRIVILEGES.—Mr. McDonald (Chairman), Mr. Clark, Dr. Evatt, Mr. McLeay, Mr. Sheehan, Mr. Swartz, and Mr. Turnbull.

STANDING ORDERS.—Mr. Speaker (Chairman), the Prime Minister, the Chairman of Committees, Mr. W. M. Bourke, Mr. Tom Burke, Mr. Clark, Mr. McDonald, Sir Earle Page, and Mr. Rosevear.

PARLIAMENTARY DEPARTMENTS.

SENATE.

Clerk.—J. E. Edwards.

Clerk-Assistant.—R. H. C. Loof.

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

Usher of the Black Rod.—J. R. Odgers.

HOUSE OF REPRESENTATIVES.

Clerk.—F. C. Green, M.C.

Clerk-Assistant.—A. A. Tregear.

Second Clerk-Assistant.—A. G. Turner.

Sergeant-at-Arms.—N. J. Parkes.

PARLIAMENTARY REPORTING STAFF.

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

Second Reporter.—H. H. Temperly.

Third Reporter.—B. A. Goode.

LIBRARY.

Librarian.—H. L. White.

Assistant Librarian.—L. C. Key.

JOINT HOUSE.

Secretary.—R. H. C. Loof.

THE ACTS OF THE SESSION.

(FIRST SESSION : SECOND PERIOD.)

APPROPRIATION ACT 1951-52 (ACT NO. 37 OF 1951)—

An Act to grant and apply out of the Consolidated Revenue Fund a sum for the service of the year ending the thirtieth day of June, One thousand nine hundred and fifty-two, and to appropriate the Supplies granted by the Parliament for that year.

APPROPRIATION (WORKS AND SERVICES) ACT 1951-52 (ACT NO. 38 OF 1951)—

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

BEER EXCISE ACT 1951 (ACT NO. 40 OF 1951)—

An Act to amend the *Beer Excise Act 1901-1950*.

BROADCASTING ACT 1951 (ACT NO. 41 OF 1951)—

An Act to amend the *Broadcasting Act 1942-1950*.

COAL INDUSTRY ACT 1951 (ACT NO. 61 OF 1951)—

An Act to amend the *Coal Industry Act 1946*, and for other purposes.

COMMONWEALTH EMPLOYEES' COMPENSATION ACT 1951 (ACT NO. 27 OF 1951)—

An Act to amend the *Commonwealth Employees' Compensation Act 1930-1950*, and for other purposes.

COMMONWEALTH EMPLOYEES' FURLough ACT 1951 (ACT NO. 78 OF 1951)—

An Act to amend the *Commonwealth Employees' Furlough Act 1943-1944*.

COMMONWEALTH GRANTS COMMISSION ACT 1951 (ACT NO. 76 OF 1951)—

An Act to amend the *Commonwealth Grants Commission Act 1933-1950*.

CONCILIATION AND ARBITRATION ACT (NO. 3) 1951 (ACT NO. 58 OF 1951)—

An Act to amend the *Conciliation and Arbitration Act 1904-1950*, as amended by the *Conciliation and Arbitration Act (No. 2) 1951*.

COTTON BOUNTY ACT 1951 (ACT NO. 39 OF 1951)—

An Act to provide for the Payment of a Bounty on the Production of Seed Cotton.

CUSTOMS ACT 1951 (ACT NO. 56 OF 1951)—

An Act to amend the *Customs Act 1901-1950*, and for other purposes.

CUSTOMS TARIFF (EXPORT DUTIES) ACT 1951 (ACT NO. 77 OF 1951)—

An Act to impose an Export Duty of Customs.

CUSTOMS TARIFF VALIDATION ACT (NO. 2) 1951 (ACT NO. 51 OF 1951)—

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

DEFENCE ACT (NO. 2) 1951 (ACT NO. 59 OF 1951)—

An Act to amend the *Defence Act 1903-1950*, as amended by the *Defence Act 1951*.

DEFENCE FORCES RETIREMENT BENEFITS ACT 1951 (ACT NO. 29 OF 1951)—

An Act to amend the *Defence Forces Retirement Benefits Act 1948-1950*, and for other purposes.

DEFENCE (TRANSITIONAL PROVISIONS) ACT 1951 (ACT NO. 43 OF 1951)—

An Act to amend the *Defence (Transitional Provisions) Act 1946-1950* and the *Defence (Transitional Provisions) Act 1950*.

Egg EXPORT CONTROL ACT 1951 (ACT NO. 21 OF 1951)—

An Act to amend the *Egg Export Control Act 1947-1948*.

EXCISE TARIFF REBATE ACT REPEAL ACT 1951 (ACT NO. 25 OF 1951)—

An Act to repeal the *Excise Tariff Rebate Act 1944*.

EXCISE TARIFF VALIDATION ACT 1951 (ACT NO. 52 OF 1951)—

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

HOSPITAL BENEFITS ACT 1951 (ACT NO. 75 OF 1951)—

An Act relating to the Provision of Hospital Benefits.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ACT 1951 (ACT NO. 45 OF 1951)—

An Act to impose upon Incomes a Tax by the name of Income Tax and Social Services Contribution, and to amend the *Income Tax and Social Services Contribution Act 1950*.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ASSESSMENT ACT 1951 (ACT NO. 44 OF 1951)—

An Act to amend the *Income Tax and Social Services Contribution Assessment Act 1936-1950*.

LAND TAX ASSESSMENT ACT 1951 (ACT NO. 28 OF 1951)—

An Act to amend the *Land Tax Assessment Act 1910-1950*.

LOAN (HOUSING) ACT 1951 (ACT NO. 26 OF 1951)—

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

LOAN (WAR SERVICE LAND SETTLEMENT) ACT 1951 (ACT NO. 36 OF 1951)—

An Act to authorize the Raising and Expending of a certain Sum of Money.

NATIONAL DEBT SINKING FUND (SPECIAL PAYMENT) ACT 1951 (ACT NO. 80 OF 1951)—

An Act to provide for the Payment of a certain Sum of Money into the National Debt Sinking Fund.

NATIONAL SERVICE ACT (NO. 2) 1951 (ACT NO. 63 OF 1951)—

An Act to amend the *National Service Act* 1951.

PUBLIC ACCOUNTS COMMITTEE ACT 1951 (ACT NO. 60 OF 1951)—

An Act to provide for a Joint Parliamentary Committee of Public Accounts.

PUBLIC SERVICE ACT (NO. 2) 1951 (ACT NO. 46 OF 1951)—

An Act to amend the *Public Service Act* 1922–1950.

PUBLIC WORKS COMMITTEE ACT 1951 (ACT NO. 79 OF 1951)—

An Act to amend the *Commonwealth Public Works Committee Act* 1913–1947.

RE-ESTABLISHMENT AND EMPLOYMENT ACT 1951 (ACT NO. 48 OF 1951)—

An Act to amend the *Re-establishment and Employment Act* 1945, as amended by certain Acts and Regulations, and for other purposes.

REPATRIATION ACT 1951 (ACT NO. 31 OF 1951)—

An Act to amend the *Repatriation Act* 1920–1950, and for other purposes.

SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT 1951 (ACT NO. 42 OF 1951)—

An Act to amend the *Sales Tax (Exemptions and Classifications) Act* 1935–1950.

SALES TAX ACT (NO. 1) 1951 (ACT NO. 64 OF 1951)—

An Act to amend the *Sales Tax Act (No. 1)* 1930–1950.

SALES TAX ACT (NO. 2) 1951 (ACT NO. 65 OF 1951)—

An Act to amend the *Sales Tax Act (No. 2)* 1930–1950.

SALES TAX ACT (NO. 3) 1951 (ACT NO. 66 OF 1951)—

An Act to amend the *Sales Tax Act (No. 3)* 1930–1950.

SALES TAX ACT (NO. 4) 1951 (ACT NO. 67 OF 1951)—

An Act to amend the *Sales Tax Act (No. 4)* 1930–1950.

SALES TAX ACT (NO. 5) 1951 (ACT NO. 68 OF 1951)—

An Act to amend the *Sales Tax Act (No. 5)* 1930–1950.

SALES TAX ACT (NO. 6) 1951 (ACT NO. 69 OF 1951)—

An Act to amend the *Sales Tax Act (No. 6)* 1930–1950.

SALES TAX ACT (NO. 7) 1951 (ACT NO. 70 OF 1951)—

An Act to amend the *Sales Tax Act (No. 7)* 1930–1950.

SALES TAX ACT (NO. 8) 1951 (ACT NO. 71 OF 1951)—

An Act to amend the *Sales Tax Act (No. 8)* 1930–1950.

SALES TAX ACT (NO. 9) 1951 (ACT NO. 72 OF 1951)—

An Act to amend the *Sales Tax Act (No. 9)* 1930–1950.

SNOWY MOUNTAINS HYDRO-ELECTRIC POWER ACT 1951 (ACT NO. 47 OF 1951)—

An Act to amend the *Snowy Mountains Hydro-electric Power Act* 1949.

SOCIAL SERVICES CONSOLIDATION ACT 1951 (ACT NO. 22 OF 1951)—

An Act to amend the *Social Services Consolidation Act* 1947–1950.

STATES GRANTS ACT 1951 (ACT NO. 33 OF 1951)—

An Act to grant and apply out of the Consolidated Revenue Fund sums for the purposes of Financial Assistance to the States of South Australia, Western Australia and Tasmania.

STATES GRANTS (ADMINISTRATION OF CONTROLS REIMBURSEMENT) ACT 1951 (ACT NO. 34 OF 1951)—

An Act to make provision for the grant of Financial Assistance to the States in connexion with the administration of the Control of Prices and Rents.

STATES GRANTS (SPECIAL FINANCIAL ASSISTANCE) ACT (NO. 2) 1951 (ACT NO. 35 OF 1951)—

An Act to grant and apply out of the Consolidated Revenue Fund sums for the purposes of Financial Assistance to the States.

STATES GRANTS (UNIVERSITIES) ACT 1951 (ACT NO. 81 OF 1951)—

An Act to make provision for the grant of Financial Assistance to the States in connexion with Universities.

STEVEDORING INDUSTRY CHARGE ACT 1951 (ACT NO. 57 OF 1951)—

An Act to amend the *Stevedoring Industry Charge Act* 1947–1949.

SUPERANNUATION ACT 1951 (ACT NO. 49 OF 1951)—

An Act to amend the *Superannuation Act* 1922–1950, and for other purposes.

SUPERANNUATION ACT (NO. 2) 1951 (ACT NO. 62 OF 1951)—

An Act to amend the *Superannuation Act* 1922–1950, as amended by the *Superannuation Act* 1951, and for other purposes.

SUPPLY ACT (NO. 2) 1951–52 (ACT NO. 23 OF 1951)—

An Act to grant and apply a sum out of the Consolidated Revenue Fund for the service of the year ending the thirtieth day of June, One thousand nine hundred and fifty-two.

THE ACTS OF THE SESSION—*continued.*

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SUPPLY (WORKS AND SERVICES) ACT (NO. 2) 1951–52 (ACT NO. 24 OF 1951)—

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

TEA IMPORTATION ACT 1951 (ACT NO. 73 OF 1951)—

An Act to make provision with respect to the Importation of Tea into the Commonwealth.

TRANSFERRED OFFICERS ALLOWANCES ACT 1951 (ACT NO. 50 OF 1951)—

An Act to amend the *Transferred Officers Allowances Act* 1948.

WAR SERVICES HOMES ACT 1951 (ACT NO. 74 OF 1951)—

An Act to amend the *War Service Homes Act* 1918–1949.

WHEAT BOUNTY ACT 1951 (ACT NO. 82 OF 1951)—

An Act to provide for the Payment of a Bounty upon the Production of Wheat delivered to the Australian Wheat Board.

WHEAT INDUSTRY STABILIZATION (REFUND OF CHARGE) ACT 1951 (ACT NO. 32 OF 1951)—

An Act to provide for the Payment, through the Australian Wheat Board, to Growers of Wheat of a certain Season of certain Moneys in the Wheat Prices Stabilization Fund.

WOOL (CONTRIBUTORY CHARGE) ASSESSMENT ACT 1951 (ACT NO. 53 OF 1951)—

An Act to amend the *Wool (Contributory Charge) Assessment Act* 1945–1950.

WOOL (CONTRIBUTORY CHARGE) ACT (NO. 1) 1951 (ACT NO. 54 OF 1951)—

An Act to amend the *Wool (Contributory Charge) Acts (No. 1)* 1950.

WOOL (CONTRIBUTORY CHARGE) ACT (NO. 2) 1951 (ACT NO. 55 OF 1951)—

An Act to amend the *Wool (Contributory Charge) Acts (No. 2)* 1950.

WOOL SALES DEDUCTION LEGISLATION REPEAL ACT 1951 (ACT NO. 30 OF 1951)—

An Act to repeal the *Wool Sales Deduction (Administration) Act* 1950, the *Wool Sales Deduction Act (No. 1)* 1950 and the *Wool Sales Deduction Act (No. 2)* 1950, and for other purposes.

BILLS OF THE SESSION.

ACTS INTERPRETATION BILL 1951. Initiated in House of Representatives. Second Reading.

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EDUCATION.

Mr. ALLAN FRASER.—I desire to ask a question of the Vice-President of the Executive Council, and to explain it by referring to the case of a Goulburn lad whose parents were unable to keep him at school but who, by working for several years, was able to earn enough money to pay his way through high school. This year, at the age of 21, he is sitting for his leaving certificate, and my question relates to the eligibility of a lad of that age to compete for a Commonwealth university scholarship. At first this lad was declared to be ineligible, but I made representations to the Prime Minister, who, in turn, intervened with the University Commission, with the result that the lad has been given eligibility. In conveying my thanks to the Prime Minister for his kindly and humane intervention, I ask the Vice-President of the Executive Council whether he will ask the right honorable gentleman to examine the rules governing Commonwealth university scholarships with a view to having them liberalized so as to cover cases of the kind to which I have referred?

Mr. ERIC J. HARRISON.—I shall see that the honorable member's question is brought to the notice of the responsible Minister, and I have no doubt that action will be taken along lines suggested.

House of Representatives.

Tuesday, 30 October, 1951.

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

DEATH OF DR. L. W. NOTT.

Mr. ERIC J. HARRISON.—Honorable members are aware of the tragic passing of Dr. L. W. Nott, who was the first member of this House for the Australian Capital Territory, and a citizen of renown. I am sure that many honorable members would wish to take the opportunity to pay a tribute to his memory by attending his funeral service this afternoon. For that reason, I suggest to you, Mr. Speaker, that it is the desire of honorable members that you leave the chair until 4 o'clock.

Mr. CALWELL.—The Opposition agrees to the suggestion of the Vice-President of the Executive Council (Mr. Eric J. Harrison).

Mr. SPEAKER.—In the circumstances, I suspend the sitting until 4 o'clock. The bells will be rung at 3.55 p.m. *Sitting suspended from 2.30 to 4 p.m.*

POSTAL DEPARTMENT.

Mr. GEORGE LAWSON.—Is the Postmaster-General aware that grave discontent exists among members of the staff of telegraphists employed in his department at the Brisbane General Post Office? Is he also aware that in all States except Queensland telegraphists are allowed a respite of ten or twelve minutes when rostered on certain shifts, as this is regarded by the Director-General as essential to health? Will the Postmaster-General see that telegraphists in Queensland are given the same health respite, when rostered on certain shifts, as is enjoyed by telegraphists in other States?

Mr. ANTHONY.—I am not fully acquainted with the conditions under which telegraphists work at the General Post Office in Brisbane, but I shall have the matter examined.

Mr. FAIRBAIRN.—Can the Postmaster-General state the approximate cost of issuing each new design of stamp? In view of the need for economy in government departments, does he believe that a worthwhile saving would be effected by keeping to the one design?

Mr. ANTHONY.—I do not think that a worthwhile saving would be effected by keeping to one design. It is the custom of all postal administrations throughout the world to issue a number of stamps of varying design in the course of each year. Although it costs between £600 and £800 for the work of engraving and the making of dies for each new design, the profit reaped from the activities of philatelists alone very considerably exceeds the cost. Many people throughout the world buy stamps of each new design but never use them for postal purposes, so that the price of the stamps represents clear profit to the department. In some parts of the world postal authorities raise considerable revenue by issuing new stamps about once a month. New stamps will be issued next year in connexion with the visit of Princess Elizabeth and the Duke of Edinburgh. The issues that had been planned previously had to be cancelled because of the changed arrangements for the Royal tour. The Australian postal administration usually issues about four new sets of stamps each year.

DEFENCE.

Mr. BRUCE.—Will the Minister for Defence give consideration to the establishment of adequate permanent defence installations in northern Queensland, which was our first point of contact with the enemy during World War II.?

Mr. McBRIDE.—Defence problems are constantly exercising the minds of the defence authorities and the Government, and the honorable member's request will receive consideration.

RAYON.

Mr. WIGHT.—Can the Minister representing the Minister for Trade and Customs inform the House whether the termination of the by-law concessions on woven rayon piece goods, announced by the Minister for Trade and Customs last week, is restricted to woven rayon piece

goods that are classified as finished cloth only, or whether action is being taken also to restrict the volume of grey cloth that is imported under by-law, printed in Australia and sold as Australian rayon in unfair competition with rayon that is wholly woven and finished in Australia?

Mr. SPEAKER.—The question should go on the notice-paper.

Mr. ERIC J. HARRISON.—I have no personal knowledge of this subject, but I shall have the question referred to the Minister for Trade and Customs, who will provide the honorable member with a reply.

BROADCASTING.

Mr. KEON.—Is the Postmaster-General aware that overseas newspaper interests have recently purchased a chain of broadcasting stations in New South Wales? Is there any bar to overseas interests controlling those broadcasting stations? If not, will the Government give consideration to the introduction of legislation to prevent overseas bodies of any sort from controlling means of public information in Australia?

Mr. ANTHONY.—I understand that certain overseas interests have acquired, or are in the process of acquiring, a certain Australian broadcasting network. The transaction relates not necessarily to broadcasting licences but to stations that control certain licences. I think that the matter will require examination in the light of the suggestion that the honorable member has made, with a view to determining the degree to which overseas interests should be permitted to acquire rights in Australian broadcasting stations. This matter raises a new problem. It is not dealt with in the existing legislation and does not seem to have been envisaged when that legislation was being considered by the Parliament. In view of the circumstances that have arisen, special attention is now being directed to this aspect of Australian broadcasting, and consideration will be given to the suggestion that the honorable member has made.

Mr. ALLAN FRASER.—Will the Postmaster-General say whether it is a fact that the capital being invested in the Australian commercial broadcasting system is British and not foreign? Has

there been any change in the attitude of welcoming the investment of British capital in Australian enterprises? Is it a fact that a number of trading banks which exercise considerable control over the financing of Australian industry are operated by overseas capital and controlled by overseas directors? Does the Postmaster-General's answer to the question asked by the honorable member for Yarra indicate that the Government is considering limiting the investment of British capital in this British country or that it is proposing to take a severer view of the investment of British capital in an Australian enterprise with Australian directors, than it does of the indirect investment through the banking system which is controlled both by overseas finance and overseas directors?

Mr. ANTHONY.—My reply to the honorable member for Yarra indicated that when the Australian Broadcasting Act was passed, the possibility that overseas interests would endeavour to secure control of Australian broadcasting stations was apparently not envisaged. In my view, there is quite a difference between the investment of overseas capital in Australian industries and the use of such capital to secure control of an instrument of publicity and propaganda within Australia. To permit the use of foreign capital in that way without hindrance would be detrimental to the national interests. I am speaking now, not of British capital particularly, but of foreign capital. British investment might be a matter for further consideration, but I think the position requires careful scrutiny.

ROYAL AUSTRALIAN AIR FORCE.

Mr. GRAHAM.—In view of the fact that ill-informed and misguided reports and leading articles were published in some newspapers recently, will the Minister for Air indicate the degree to which the Australian Government is seeking to purchase from overseas markets modern aircraft for the Royal Australian Air Force, and inform the House of what has been achieved in that connexion?

Mr. McMAHON.—I am unable to give details of what is being done by the Australian Government to purchase air-

craft and aircraft equipment from overseas. We have procurement agencies in the United Kingdom and the United States of America. Those agencies are endeavouring to obtain from overseas the requirements of the Royal Australian Air Force that cannot be supplied by local production. I do not want to say now how much equipment has been obtained from overseas, but the quantity is not great. Aircraft and aircraft equipment are coming forward in dribs and drabs. We hope that, in the future, supplies will be increased to some degree. Our prospects of obtaining aircraft and aircraft equipment from overseas are not good now and will not be good for at least two years.

INDUSTRIAL ARBITRATION.

Mr. ROSEVEAR.—Recently I directed to the Minister for Labour and National Service a question about an application to the Commonwealth Arbitration Court by certain employers' organizations for the restoration of a 44-hour working week. In the course of my question I directed the attention of the honorable gentleman to a press report in which it was suggested that the Australian Government proposed to interest itself in the application and to be represented at the hearing before the court. Is the Minister now able to inform me whether the Commonwealth intends to interest itself in the case, the hearing of which will commence this week? If that be the intention of the Government, will the Ministers say whether the Commonwealth will be represented by counsel and join with the employers' organizations in advocating the restoration of a 44-hour week?

Mr. HOLT.—I understand that at a hearing before the Chief Judge of the Commonwealth Arbitration Court yesterday a number of matters were raised. Some related to applications by employees' associations for a shorter working week and others related to applications by employers' organizations for a longer working week. During the hearing the Chief Judge, with the authority of his brother judges, asked representatives of the parties to meet him in his chambers on Wednesday, the 21st November. I understand that he made it clear that he

did not want interveners to be present at that meeting. I think that what he has in mind is to ascertain the intentions of the parties. At this stage, the question of intervention by the Commonwealth does not arise, and it will not do so until the intentions of the parties to the applications before the court have been further clarified.

ALIEN DOCTORS.

Mr. JOSHUA.—Will the Minister for Immigration say whether he has been considering a plan under which some immigrant doctors will be permitted to practice medicine in Australia without having undergone, as they are now required to do, training for three years at an Australian university? If he is considering such a plan, will he indicate what it is proposed to do to ensure that students who have undertaken a six-year course in medicine at Australian universities shall not be placed at a disadvantage because of competition by immigrant doctors?

Mr. HOLT.—The Commonwealth is not in a position to determine any plan in regard to this matter. The registration of medical practitioners is a matter for determination by State governments. As far as I am aware, most States have legislation which deals with that matter. We are conferring with representatives of the British Medical Association with a view to ascertaining what can be done to make the best use of the talents of medical men in this country who were trained in European countries. We have had discussions also with the State Premiers. I do not think there is any danger that the rights and opportunities of Australian medical students will be endangered in any way by the registration of a limited number of medical men from overseas. I shall give a more detailed reply to the honorable gentleman when I have more information upon this matter at my disposal.

IMMIGRATION.

Mr. EGGINs.—My question, which is directed to the Minister for Immigration, relates to the very serious need for additional experienced rural labour in country industries. Having regard to existing immigration requirements, it is almost necessary for primary producers

to nominate persons to be brought to this country for employment in rural industries, with all the delay and cost that such a course involves, and with no guarantee that on arrival in Australia such nominated immigrants will remain in the service of their nominators. Has the Minister any proposal in mind that will assist in making available to country areas added numbers of immigrants with experience in rural industries?

Mr. HOLT.—I have previously intimated to the House the concern that the Government feels about the need for a very much greater proportion of our immigrant intake to go into rural production than is the case at present. It is true that until now the facilities available to persons in Australia to bring immigrant labour into rural production have been limited very largely to the nomination scheme. As the honorable member has pointed out, it is not always practicable to ensure that persons so nominated will remain on the properties to which they were brought in the first instance. The problem has been referred by me to the Immigration Planning Council. I understand that that body, at its most recent meeting, decided to constitute a committee to inquire into the problem as a matter of urgency. The committee will include in its membership such well-known figures as Professor Wadham and Mr. W. S. Kelly, who have been associated with the Commonwealth Scientific and Industrial Research Organization, and also representatives of the Department of Immigration, the Department of Labour and National Service and the Bureau of Agricultural Economics. I am also considering inviting a representative of the rural organizations to participate in the committee's discussions. It would be of considerable assistance to the Government if organizations that represent rural industries would themselves, as far as it is practicable for them to do so, ascertain from their members the likely demand for rural labour. If we can obtain from the rural groups a clearer indication than we have had of their need for labour and the facilities that they can make available, such as accommodation and the like, the Government will be able to establish a more clearly defined target to aim at in

formulating its immigration plans. In the preliminary plans for the intake of immigrants next year a very much larger proportion of immigrants will be chosen for rural production than has been the case this year.

Mr. WILSON.—In view of the urgent need for increased food production, will the Minister for Immigration consider the erection in rural areas of small hostels, to accommodate, say, eight families, to house immigrants who could farm 8 to 10 acres of land in their spare time, in addition to retaining their normal employment? I consider that the food situation in his country is so urgent that we need a certain amount of peasant farming, which could be carried out in conjunction with the present employment of many new Australians.

Mr. HOLT.—As I have already intimated to the House, we are conscious of the need for the intensive cultivation of certain kinds of agricultural products, an increase of the production of which is obviously necessary if our population is to grow and if we are to be able to meet our domestic needs and also help to supply the requirements of countries such as the United Kingdom. I shall consider the honorable gentleman's suggestion. I know that he has given a good deal of thought to this problem. I point out, however, that one of our difficulties at the present time is that the level of public works that were being carried out by this Government and State governments has been such that it has added to our problem of inflation. Consequently, the Government has found it necessary to reduce its works programme for the current year. In the result, the construction of certain immigrant hostels which had been planned for country districts has had to be deferred. The practicability of continuing with the construction of such hostels in country areas will, to some degree, be affected by the progress of the public works programme. However, I shall see whether I can give a more detailed statement to the honorable member after I have considered his suggestion.

Mr. ROSEVEAR.—I desire to ask the Minister for Immigration whether difficulty is experienced in securing immigrants from Great Britain and Europe

because the rural and building industries of those countries need to retain their labour for their own development? Will the Government explore the possibilities of securing immigrants from the North American continent? I understand that there is a large number of unemployed people in the United States at present and it may be possible to bring white people here from that country and, perhaps from Canada.

Mr. HOLT.—From the information available to me it would appear that there are still many people in Europe who would be suitable for rural work and who would be glad to come to Australia under suitable conditions. That is not so in the United Kingdom where there is a shortage of agricultural labour. The Government has been endeavouring to attract as many immigrants as possible from those European countries in which they are available. I should not think that we would meet with much success in endeavouring to attract immigrants from Canada because that country is developing very rapidly and is actively engaged in a programme of immigration in order to assist it in its own work of development. I agree with the honorable member that there should be possibilities of obtaining immigrants from the United States, yet, from time to time special efforts are made by the United States, particularly when seasonal labour is required, to bring people there from South African countries such as Puerto Rico. However, I have always considered that with adequate publicity, and provided that shipping was available, Australia could attract a number of people from the United States. I discussed this matter informally with a representative of an American shipping company this morning. The Government would be glad to welcome citizens from the United States of America to Australia and I am sure that they would make admirable settlers.

HOUSING.

Mr. ANDREWS.—Following upon inquiries that have been addressed to me by some of my electors, I ask the Minister for Social Services whether his department is prepared to take over mortgages on war service homes being

constructed under co-operative housing schemes, to the maximum extent of £2,750, which is the figure that applies to the homes now under construction?

Mr. TOWNLEY.—New legislation in connexion with war service homes and proposed amendments to the existing legislation are now before the House. The debate on that measure will, I consider, provide a more convenient and appropriate opportunity than the present for a discussion of the matter that the honorable member has raised. Such housing schemes as the honorable member has mentioned have their own singular and peculiar commitments, and if the honorable member will let me have the details of the particular scheme that he is interested in I shall be pleased to let him have a reply to his question.

TELEPHONE SERVICES.

Mr. BOSTOCK.—In view of the difficulty which is being experienced by many intending subscribers to the telephone system in country areas and of the unsatisfactory telephone communications that exist in certain country areas I ask the Postmaster-General to indicate whether the procurement of automatic telephone switchboards is progressing satisfactorily? In general, will he indicate what progress is being made with the plan to install rural automatic telephone exchanges, particularly in Victoria?

Mr. ANTHONY.—We have on order about 750 rural automatic exchanges which have been coming forward in the normal way. The rate of supply is only about 100 or 150 a year, which is also the rate at which we have the technical means to carry out installations. These exchanges are being installed according to schedule.

Mr. WARD.—In view of the repeated statements by the Postmaster-General to the effect that failure to install telephone services has been due to lack of equipment, I ask the Minister whether, as a result of the Government's decision to dismiss 10,000 employees, any dismissals occurred from the department's workshops where telephone equipment is produced? If so, how many were dismissed?

Mr. ANTHONY.—I am not able to say what dismissals took place in any particular establishment. However, the department has adequate stocks of some varieties of equipment although it is short of others. Therefore, it is possible that men who were producing materials of which the department has adequate supplies may have been dismissed. I shall investigate the matter raised by the honorable member.

Mr. CLARK.—Will the Postmaster-General inform the House whether progress has been made by his department towards the early establishment of radio telephone facilities for people who live in the more remote areas of Australia?

Mr. ANTHONY.—I presume that the honorable member has in mind areas in the vicinity of the Western Darling River and Wilcannia. I am not familiar with the exact position, but shall obtain the desired information and convey it to the honorable member.

COMMONWEALTH PROPERTY.

Mr. McLEAY.—Is the Vice-President of the Executive Council aware of the concern of all local governing bodies throughout Australia because of the Commonwealth's evasion of its share of the cost of essential community services? Does he know that this matter was discussed at a conference of the town clerks of the capital cities which was recently held in Adelaide? Will he bring the matter before the appropriate authority so that a prompt decision may be made on it? If the Minister will examine the relevant file, he will find that this matter dates back to 1904.

Mr. ERIC J. HARRISON.—I am not aware in detail of the matter which the honorable member has raised in his first question. I assure him that the necessity for making a prompt decision on it will be examined, and that he will be given a satisfactory reply.

MR. WINSTON CHURCHILL.

Mr. EGGINNS.—Last week, following the lead of Australia and New Zealand, the United Kingdom removed a socialist administration from office, and once

again, that great war-time leader, Mr. Winston Churchill, has become Prime Minister of Great Britain. Will the Vice-President of the Executive Council recommend to the Prime Minister that an invitation be extended to Mr. Churchill to visit Australia at the earliest possible opportunity so that the people of this country may pay a personal tribute to him for the great service that he rendered during the war years and the inspiration that he gave to the nations of the British Commonwealth in those difficult times?

Mr. ERIC J. HARRISON.—I assure the honorable member that nothing would give me greater pleasure than to sponsor a move to bring Mr. Churchill to this country and to bring the proposal to fruition.

BRITISH COMMONWEALTH OF NATIONS.

Mr. WILSON.—Now that the great empire builder, Mr. Winston Churchill, has been returned to power in Great Britain, will the Vice-President of the Executive Council suggest to the Government that a conference of all Prime Ministers of the British Commonwealth of Nations be called with a view to discussing ways and means of restoring the British Commonwealth of Nations to its previous position of leadership of the democratic nations of the world?

Mr. ERIC J. HARRISON.—It will give me great pleasure to make a recommendation on the lines suggested by the honorable member.

TELEVISION.

Mr. DALY.—Some time ago the Postmaster-General made a statement in the House to the effect that a special committee had been sent abroad to study various aspects of the development of television. When does the Minister expect to be able to inform the Parliament and the people of Australia of the Government's detailed proposals for the development of television in this country?

Mr. ANTHONY.—I have seen the report of the committee to which the honorable member has referred and I am in the process of making certain

recommendations to Cabinet in the matter. When decisions have been made the House and the country will be informed of them.

SECRET SOCIETIES.

Mr. CREMEAN.—Has the Minister for Immigration read the extraordinary allegations, apparently without foundation, that have appeared in a Melbourne newspaper—

Mr. SPEAKER.—Order! I have ruled time and time again that questions must not be based on newspaper paragraphs.

Mr. CREMEAN.—Has the Minister heard the extraordinary allegations that appear to be current in some quarters in Melbourne about the supposed existence of secret societies such as the Mafia, the Black Hand, and the Camorra in certain communities in the capital cities of this country? As these allegations are causing unwarranted distress to thousands of new Australians of foreign origin, will the Minister inform the House whether he or the officers of his department have seen any evidence of the existence of such societies in Australia?

Mr. HOLT.—From time to time I have read press reports of the existence of such bodies in this country. Those reports prompted me to inquire whether there was any basis for the allegations. The matter has been discussed with the police authorities, and, as far as the State of Victoria is concerned, with which State I am most familiar, I understand that extensive investigations were carried out. Nothing has been brought to my notice that would justify my taking action against any person or organization.

LIBERAL PARTY.

Mr. CLYDE CAMERON.—Will the Vice-President of the Executive Council inform the House whether the political sympathy of the Australian Government rests with the Liberal party of Great Britain headed by Mr. Davies or with the Tory party of Great Britain headed by Mr. Winston Churchill?

Mr. ERIC J. HARRISON.—The question asked by the honorable member is interesting. If the name "Liberal" implied that we were associated with the Liberal party of Great Britain, then

obviously the Australian Labour party should be associated with the recently defeated Socialist Government of Great Britain.

Mr. CLYDE CAMERON.—Who has said that we are not?

Mr. ERIC J. HARRISON.—The Liberal party of Australia is not affiliated with any other political party in the world.

VICTORIAN CENTENARY CELEBRATIONS.

Mr. KEON.—During the week after next Victoria will celebrate the glorious event of its emancipation from the control of New South Wales. In view of the record progress made by Victoria during the 100 years that it has been so emancipated, will the Vice-President of the Executive Council indicate whether the Government proposes to be represented at those celebrations? Can the Minister give honorable members any inkling of the Government's programme of business in this House, in order that Victorian members of the Parliament who desire to return to that garden State for the celebrations may be in a better position to know whether they can accept the invitations that have been extended to them by the Premier of Victoria?

Mr. ERIC J. HARRISON.—I have recently received the impression that a great number of the people of Victoria, because of the present régime in that State, would welcome a return to New South Wales control. However, I may be mistaken about that. The Government does not intend to allow any local dispute or local celebration to interfere with the important work of the National Parliament of Australia.

TELEPHONE EXCHANGE, SOUTHPORT, QUEENSLAND.

REPORT OF PUBLIC WORKS COMMITTEE.

Mr. McDONALD.—As Chairman, I present the report of the Public Works Committee on the following subject:—

Automatic telephone exchange and postal building at Southport, Queensland—proposed erection.

Ordered to be printed.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION BILL 1951.

In Committee of Ways and Means:
Consideration resumed from the 13th October (*vide page 535*), on motion by Sir ARTHUR FADDEN—

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION Definitions.

That, in this resolution—

10.—(1.) That there be imposed upon the taxable income of a company . . .

(2.) That this paragraph do not apply to—
(a) A private company;

(*Vide page 525.*)

Mr. ERIC J. HARRISON (Wentworth—Vice-President of the Executive Council and Minister for Defence Production) [4.43].—On behalf of the Treasurer (Sir Arthur Fadden), I move—

That, in paragraph 10, after clause (a) of sub-paragraph (2.), the following clause be inserted:—

“(aa) so much of the taxable income of a company which is a non-resident as consists of income from dividends;”

Paragraph 10 of the motion before the committee proposes the imposition of an additional rate of tax of 2s. in the £1 upon the taxable income of public companies.

Certain exemptions from this special levy are proposed and they have been described in the explanatory memorandum circulated to honorable members. The amendment that I have just moved will exempt companies resident outside Australia from the special levy of 2s. in the £1 in respect of dividends included in the taxable income. The omission to provide for this exemption in the motion was due to inadvertence.

The dividends which the amendment proposes to exempt from the special levy will generally be paid out of profits subjected to that levy, and it would be inappropriate to impose the levy a second time when dividends are paid. Moreover, the severity of the total burden of tax on the profits and on the dividends paid out of those profits would be a serious deterrent to the investment of overseas capital by means of subsidiary companies operating in this country.

A corresponding freedom from the special levy in the case of dividends paid to companies resident in Australia is achieved through the allowance of the tax rebate already provided for by the income tax law. The amendment now proposed will establish uniformity in this regard as between resident and non-resident companies.

Amendment agreed to.

Mr. TOM BURKE (Perth). [4.45]:—The object of the motion is to give effect to the increases of the rates of tax that have been outlined in the budget. The Opposition believes that the procedure that the Government now proposes to follow is inequitable and that it will not achieve the results that the Government claims that its financial policy has been designed to achieve. The Government proposes, first, to impose a flat rate increase of 10 per cent. on all taxable incomes derived from personal exertion. It thereby proposes to abandon all the ordinary principles of taxation that have been observed in the past. Although under this flat rate increase taxpayers will pay varying amounts, the increase will be in the same proportion in respect of all incomes from the lowest to the highest ranges. Such a procedure is inequitable, and it is wrong in practice. The Opposition urges the Government to desist, even at this stage, from following such a procedure. What is the reason for the Government's proposal? After persistent questioning by the Opposition, the Postmaster-General (Mr. Anthony) gave the astonishing explanation that the Government believes that it will be easier to remove an increase that is imposed at a flat rate on all taxable incomes than it would be to remove an increase that is imposed proportionately according to income ranges. That is an ingenuous and unrealistic approach to this problem. Evidence is not wanting that the Government proposes to adopt this method because it will make it easier later to increase the income tax still further. It is likely that under the next budget that the Government introduces the rates of tax will be further increased not by another 10 per cent. or by 15 per cent. or 20 per cent. but by 100 per cent.

The Opposition cannot accept the reason that the Government has given for this imposition of a flat rate increase of 10 per cent. Last week, the honorable member for Port Adelaide (Mr. Thompson) pointed out that whilst the imposition of a flat rate increase of 10 per cent. on the tax payable by taxpayers in the lower ranges of income will not amount to very much, the basic wage is increasing to such a degree, as the result of the normal processes of cost rises, that such taxpayers are being lifted progressively into higher tax ranges. Whereas a few years ago the basic wage was approximately £6 a week, it is now over £10 a week; and it is probable that within the next six months it will be increased to approximately £12 a week. As the result of the quarterly adjustments of the basic wage persons who are earning incomes that are considered to be merely sufficient to provide a minimum standard of frugal comfort for a man and his family are being taxed at increasingly greater rates. In addition to that, the Government now sees fit to impose this inequitable and unjust 10 per cent. levy. It is an imposition which cannot be justified. The ultra-simple statement has been made that it is being imposed because it will be easy to remove. Government commitments and expenditure are increasing from day to day, and it is certain that the next budget will be larger than that at present before the Parliament. I suggest that instead of this tax being removed, further impositions of tax, possibly up to 100 per cent., will be made by this new and unjust method.

The Government has again indicated that it considers that the only persons in the community who are responsible for rising prices are, first, wage-earners, whom it endeavours to attack on every possible occasion, and, secondly, the primary producers. By means of this motion, the Government proposes to go back to a completed financial year, during which farmers budgeted for their commitments and their normal outgoings, and to impose a heavy additional tax upon them. I suggest that under this measure an added impost may be placed upon taxpayers generally, including primary producers. The immediate effect

of the motion will be to bring in additional revenue estimated at £47,000,000. I have no doubt that the Government considers that that is a small amount of money in view of its belief that the farmers have far too much money at the present time. That will be retrospective taxation, which is always bad taxation. It will be retrospective not only to the few months of the current financial year, but also to the previous financial year.

The Government now asserts that the averaging system no longer applies and that primary producers will pay tax for the year ended the 30th June, 1951, under the ordinary principles of taxation. The Treasurer (Sir Arthur Fadden) has stated that there are some unsatisfactory aspects of the averaging system of taxation. I suggest that it has taken the right honorable gentleman a long time to arrive at that conclusion. I contend that the averaging system is not a bad method and is capable of expansion in order to include other categories of taxpayers who receive in one year a large income which has been earned over a period of years. I do not agree that the averaging system is bad and should be avoided. I consider, rather, that it should be far more thoroughly investigated before it is done away with in the summary manner proposed by the Government. It seems clear that the members of the Government are resentful of the attitude that was adopted by farmers towards the infamous wool stabilization scheme. It has found that it must repay to the wool-growers £45,000,000, and has now conceived means by which that £45,000,000 may be recovered. The Government has taken from the wool stabilization fund money belonging to the taxpayers and has used it for its own purposes. In addition to recovering the £45,000,000 by means of this motion, a fine of £2,000,000 will be imposed on the farmers, because they had the temerity to vote against the Government's stabilization scheme. I do not wonder that members of the Australian Country party are restive, because this proposal is a new attack upon the people whom they claim, quite wrongly, to represent. Members of the Australian Country party, if they genuinely claim to be the representatives of the farmers, should stand for them.

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

Mr. LESLIE (Moore) [4.50].—The speech by the honorable member for Perth (Mr. Tom Burke) is typical of all the attempts that have been made to deceive the people about this budget. I do not know whether the honorable gentleman is completely ignorant of the meaning of the motion that has been submitted by the Treasurer (Sir Arthur Fadden) or whether he has, with malice aforethought, distorted it.

Mr. ERIC J. HARRISON.—He is reading the motion now, for the first time.

Mr. LESLIE.—He probably is, because his speech revealed that he did not seem to understand it.

Mr. BEAZLEY.—In that case, the Chairman does not know the contents of the motion.

The CHAIRMAN.—Order! If the honorable member for Fremantle (Mr. Beazley) has reflected on the Chair, he must withdraw his remark.

Mr. BEAZLEY.—I withdraw the reflection on the Chair, but I point out that, when I interjected, I thought that the honorable member for Moore (Mr. Leslie) had reflected on the Chair.

The CHAIRMAN.—Order! The honorable member for Fremantle will withdraw his remark—unqualified.

Mr. BEAZLEY.—I withdraw it—unqualified.

Mr. TOM BURKE.—I rise to order. I point out, Mr. Chairman, that the honorable member for Fremantle said that the honorable member for Moore had reflected on the Chair when he suggested that I was permitted to speak about matters which were not relevant to this motion.

Mr. BEAZLEY.—Of course, the statement by the honorable member for Moore was a reflection on the Chair.

The CHAIRMAN.—There is no point of order.

Mr. LESLIE.—The honorable member for Perth referred to the proposal to increase by 10 per cent. the tax that will be levied on incomes during the current financial year. He said, in no uncertain terms, that the Government intended to apply that increase of tax retrospectively to the incomes of primary producers.

Mr. BOWDEN.—Shame!

Mr. TOM BURKE.—The honorable member for Moore does not know what he is talking about.

Mr. LESLIE.—The honorable member certainly conveyed that impression not only to me but also to a considerable number of honorable gentlemen on this side of the chamber, who will confirm my statement. I attempted, by signs, to correct the honorable member for Perth when he was making that erroneous statement, but he ignored me. I desire to make it perfectly clear that the proposed increase of income tax will not be applied retrospectively to the incomes of primary producers. In fact, none of the current taxation proposals will operate retrospectively. The increased tax will apply to the incomes of the primary producer, the wage earner, the salary earner, the business man and the professional man during the current financial year. No section of the community has been singled out for special treatment. Frankly, I prefer the imposition of a special tax, when the Government requires increased revenue, because that levy can be abolished more easily at the appropriate time than a general increase of rates of income tax can be reduced. The Government will be able to abolish the special imposition of 10 per cent. more quickly if various sections in this country can be persuaded to co-operate in the national interest. Labour governments in the past, when they required additional revenue, preferred to increase the general rates of income tax, and private members subsequently had the greatest difficulty in persuading those governments to reduce them.

The honorable member for Perth also discussed the Government's wool stabilization scheme, although that subject is not specifically referred to in this motion. I point out to the honorable gentleman, for his information, that the Government did not have a wool stabilization scheme. I shall deal briefly with the position, because it requires clarification. The Government, at the request of the wool-growers, placed means at their disposal to enable them, if they so desired, to have a stabilization scheme. That action was in conformity with the policy of the Australian Country party, which is to provide legis-

lation to enable the wool-growers and other primary producers themselves to make the necessary arrangements for the operation of marketing schemes, if they so desire. A Labour government would have taken the management of their affairs out of their hands and attempted to control their industry in accordance with socialist principles. That is the vital difference between the policy of this Government and that of the Labour party. Wool stabilization was not a government scheme. This Government was prepared to implement a decision of the wool-growers if they were in favour of stabilization, but a majority of them decided that they did not want it. Honorable gentlemen on this side of the chamber are not worried about that decision, because it does not interfere in any way with the Government's proposals. The levy of 7½ per cent. was made at the request of the wool-growers, and the Government promised that the proceeds of it would be refunded to them as soon as the necessary arrangements could be made in that direction. Those facts should be made known to the people.

Mr. MCLEOD.—What is the honorable gentleman complaining about?

Mr. LESLIE.—I am complaining because the honorable member for Perth deliberately misrepresented the position.

The honorable gentleman also referred to the proposed alteration of the averaging system. He is well aware of conditions and happenings in my electorate, and he probably knows that I told primary producers in Moore months ago that the averaging system, and the payment of provisional tax, would act adversely to their interests, and that the time was opportune for them to consider an alteration of those systems. The producers know to-day exactly where they stand, and they are eager that the averaging system be altered in order to remove from them the obligation to repay to the Government the whole of the moneys representing the amount by which they have so far benefited under the averaging system. I also point out that the averaging system is not being abolished. It might be questionable whether we should be justified in abolishing that system. It is being altered so

that it will deal fairly with the producer and with other sections of taxpayers. Thank goodness that the Australian Country party is not so sectional in its outlook that it disregards the interests of every section other than the primary producers. We aim to give a fair deal to every individual and every section of the community, and to ensure that one section shall not be exploited at the expense of another section. I hope that I have clarified those matters sufficiently so that the people will not be deceived by the speech of the honorable member for Perth.

Mr. KEON (Yarra) [5.3].—In considering the Government's taxation proposals, we should carefully examine the use on this occasion of the taxation weapon, which will not be employed simply to raise the revenue that is required for the purposes of administration. Probably for the first time in our history, taxation is to be used purely as an economic weapon to enable the Government to give effect to its financial policy. The proposed rates of income tax and social services contribution bear no relation to the revenue requirements of the Government, and to its much-vaunted policy of encouraging production by reducing taxes. I shall address my remarks to that subject. The Government claims that an increase of production is the only answer to the problem of inflation. That statement has been accepted by every honorable member, and, indeed, by the people as a whole, because, obviously, until the supply of goods is sufficient to meet the demand, there can be no final answer to inflation.

The CHAIRMAN.—Order! I ask the honorable member not to develop that theme. The motion under consideration deals with the proposed rates of income tax and social services contribution.

Mr. KEON.—The point which I am endeavouring to make in relation to the proposed rates of income tax and social services contribution is that the Government has decided to use taxation as a weapon to enable it to give effect to its financial policy. I contend that the use to which such a weapon is put should be much more flexible than is proposed in the budget.

Mr. EGGINs.—Why does the honorable member call it a weapon?

Mr. KEON.—I shall call it an instrument, if the honorable member for Lyne (Mr. Eggin) prefers that term. The Government, which has pledged itself to increase production, is using taxation as a weapon, or an instrument, of financial policy. The particular form of production in which I am interested at the moment, and in which we all must become increasingly interested, is primary production. It is becoming a simple, stark fact that unless somebody does something to increase primary production, the Australian people will not continue to eat, and the Australian standard of living, of which we are so proud, will be no more. I should have thought that the Government would pay particular attention to the alarming drop in primary production. When we look at the graph prepared by the Commonwealth Grants Commission we see that, with the exception of wheat, the production of foodstuffs has not kept pace with the increased population. If this trend continues we shall not be able to pay for the machinery we need to bring about increased production. We shall not be able to pay for imports from overseas, because it is an economic fact that we pay for our imports with our surplus primary products. Responsible economists now say that Australia is within an ace of having to import wheat. If that should happen what would we have to pay for it? We are now importing butter, and before long we may have to import potatoes and onions.

The CHAIRMAN.—I do not mind the honorable member discussing the effect of taxation on production, but I cannot allow a general debate on production when a tax rate bill is being considered.

Mr. KEON.—I hoped to produce some effect on members of the Australian Country party who support the Government. I want to get the Government to use taxation as a method for increasing production where it is required.

The CHAIRMAN.—It is not a question of whether the instrument of taxation is being used well or otherwise. We are here now to consider the rate of the tax set forth in the motion.

Mr. KEON.—I am criticizing the bill because I believe that it should have

provided for differential rates. Surely it is germane to the discussion to suggest that when, for instance, butter is scarce the Government should, by use of a differential rate of tax, encourage people to produce more butter.

Mr. ERIC J. HARRISON.—Is the honorable member advocating sectional taxation?

Mr. KEON.—Certainly.

Mr. ERIC J. HARRISON.—That is a new Labour policy, at any rate.

Mr. KEON.—The Government is using taxation as an instrument of economic policy. Obviously, if Australia is faced with a food famine, as seems likely within the next decade, the Government ought to use taxation to encourage the production of more food. It should endeavour to stimulate the production of butter, potatoes, onions, cheese, &c. Instead of slugging every one indiscriminately, the Government should have considered the place of each group in the economic fabric of the country, and have adjusted its tax rates accordingly. In particular, it should have considered the food needs of Australia over the next ten years. I suggest that members of the Australian Country party, who misrepresent the primary producers, might well use their peculiar talents to induce the Government to accept the policy that I have outlined. Obviously, unless the Government uses every means at its disposal, and differentiates between those who are producing fancy goods in the cities and the primary producers who are engaged in the production of food so urgently needed by the community, the present scarcity of food will become more acute, and we shall not be able to pay for the imports needed by our increasing population. According to a report published recently in a Sydney newspaper, the area under wheat has declined from 7,000,000 acres to 4,000,000.

The CHAIRMAN.—How is the honorable member going to link up his remarks with the bill?

Mr. KEON.—I suggest that the 10 per cent. increase of income tax should not have been imposed upon workers in primary industries. Why should a man

who works hard digging potatoes or bagging onions be discouraged from greater effort by the imposition of heavier taxation? When I suggest reducing taxation as a means of increasing production I am using the words of honorable members opposite who, during the election campaign of 1949, declared from every platform that the way to get increased production was to reduce taxation. Now that their party is in power, however, taxation concessions are being granted only to those on larger incomes. Seasonal workers in the primary industries earn a fair income for a few months of the year only, and we should not discourage them by taxing them heavily. If the primary industries are to get the labour they need the workers must be offered a proper incentive, unless there is to be direction of labour. The Government has exhibited grave lack of imagination, and seems incapable of understanding the real needs of the nation. It continues to use taxation as a bludgeon, making no difference between those who should be cared for and those who should be slugged—not an extra 10 per cent., but a great deal more. Before this debate is over, I hope to hear from some members of the Australian Country party.

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

Mr. TURNBULL (Mallee) [5.13].—Let us see just how much the increased taxation will affect farm workers. A man with a taxable income of £600 a year paid under the old rate £24 18s. Under the new rate he will pay £27 8s., an increase of £2 10s. Is it suggested that such an increase will take away the incentive to earn? Let us remember that the increase represents only 10 per cent. on the assessed tax. Members of the Labour party have been trying to confuse the minds of the people. It would be amusing if it were not serious to hear the honorable member for Perth (Mr. Tom Burke) setting himself up as the champion of the primary producers, and to hear his colleague, the honorable member for Yarra (Mr. Keon), speaking as if he were really concerned for the interests of the primary producers when we all remember him describing the wool-growers as the “blood-sucking wool-growers”.

Mr. CREAN.—Who said that?

Mr. TURNBULL.—The honorable member for Yarra. If anybody wants proof, the remark is reported in *Hansard*.

Mr. KEON.—I rise to order, Mr. Chairman. The honorable member for Mallee has attributed to me a remark that I did not make.

Mr. TURNBULL.—It is in *Hansard*.

Mr. KEON.—The people whom I described as blood-suckers were the members of the Australian Country party. I said that they were sucking the blood of the rural community.

Mr. TURNBULL.—It is in *Hansard*. I will not withdraw it.

The CHAIRMAN.—Order! If the honorable member for Yarra is calling members of this committee blood-suckers, I ask him to withdraw and apologize to the committee.

Mr. HAYLEN.—But that was in another debate. You are out of order, Mr. Chairman.

The CHAIRMAN.—Order! The honorable member for Yarra will obey the Chair. He must withdraw and apologize.

Mr. KEON.—The remark was made over six months ago, Mr. Chairman.

The CHAIRMAN.—The honorable member has just made a statement by implication. If the honorable member intended that remark to apply to the Australian Country party, he will withdraw and apologize to the committee.

Mr. KEON.—I shall withdraw the remark retrospectively, if it is offensive to you, Mr. Chairman.

The CHAIRMAN.—And apologize!

Mr. KEON.—I will withdraw and apologize, but nobody objected when the remark was made on the previous occasion.

The CHAIRMAN.—I point out that honorable members are not permitted to make such statements on points of order. The honorable member for Mallee will continue.

Mr. TURNBULL.—I was referring to the fact that, about six months ago, the honorable member for Yarra described the wool-growers as "the blood-sucking wool-growers". It is in *Hansard*.

Mr. KEON.—I rise to order. The honorable member for Mallee has attributed to me a remark that I did not make, and I suggest that he should be made to withdraw and apologize.

The CHAIRMAN.—If the honorable member has been misrepresented, he can obtain his remedy by making a personal explanation after the honorable member who is now addressing the committee has concluded his remarks.

Mr. TURNBULL.—I am perfectly willing to show to the honorable member and anybody else who may be interested the report of his remarks in *Hansard*. That report cannot be denied.

Mr. KEON.—Will the honorable member apologize if the alleged remark is not in *Hansard*?

Mr. TURNBULL.—Certainly. If it is not there, I shall publicly apologize for the remarks that I am making now.

The CHAIRMAN.—Order! The honorable member must address the Chair.

Mr. TURNBULL.—Apparently the honorable member for Yarra varies the tone of his speeches in order to tickle the ear of the public and tries by that means to gain more votes or some favorable comment for the Labour party. If he thinks that advantage may be gained by supporting the wool-growers, he makes a speech such as we have just heard from him. The same course appears to have been followed by the honorable member for Perth, because no speech could possibly cause more confusion of thought than that of the honorable member.

There are approximately 300,000 primary producers in Australia, and over 250,000 of them will continue to pay taxes under the averaging system. Only those who have received exceptionally large wool cheques will be affected by the proposed legislation. Not one member of the Labour party in this chamber has ever been known to express any sympathy for the wool-growers who have been receiving large incomes in recent years. As I look at the various members of the Opposition, I recall the statements that they have made and I know that they have no sympathy for the wool-growers. If I were to ask all members on the other side of the chamber who represent

primary producing constituencies to stand in their places, only about two of them would rise to their feet.

The CHAIRMAN.—Order! What has this to do with the motion?

Mr. TURNBULL.—I am pointing out that the sympathies of honorable members opposite are not with the wool-growers and other primary producers, and that the sympathies of the primary producers are not with the Labour party. The farmers know exactly what to expect from the Labour party.

The CHAIRMAN.—The honorable member must connect his remarks with the motion.

Mr. TURNBULL.—The 10 per cent. tax increase will not be retrospective. It will apply only to income of the year 1951-52. The relative incidence of income tax will be on the same scale as previously. The proposal will not put any more weight on the shoulders of a man with a small income than it will put on the shoulders of a man with a large income. As I have said, a man earning £600 a year will have to pay only £2 10s. more in 1951-52 than he paid last year. This issue can be debated more fully at a later stage when the authorizing bill is under consideration. Then, if honorable members opposite have anything more to say on the subject, we shall be very happy to answer their objections.

Mr. CREAN (Melbourne Ports) [5.20].—I propose to discuss the averaging provisions that are dealt with in the motion. For the sake of clarity, it should be emphasized at the outset that wool-growers are not the only primary producers to whom the averaging provisions apply. Under the averaging system, a taxpayer pays tax at a rate determined by taking the average of his income for the tax year and the preceding four years. One effect of the motion will be to remove from the scope of the averaging provisions primary producers whose current income and average income over the preceding four years is in excess of £4,000 a year. Individuals whose actual income for the current year will be less than £4,000, but whose average income over the previous four years was over £4,000, will be taxed at the rate applicable to £4,000 as laid down in the First Schedule. Furthermore, taxpayers who

have been paying tax under the averaging provisions will be given the option of paying under the ordinary system in future.

In the process of removing from the scope of the averaging provisions primary producers whose current income and average income for the past five years are both in excess of £4,000 a year, an anomaly in the averaging provisions will be eliminated. I shall explain how that anomaly arises. For some years prior to the financial year 1950-51, taxpayers claimed concessions in respect of dependants, insurance premiums, medical expenses and so forth by the concessional rebate system. But, commencing from 1950-51, the concessional deduction system was re-instituted. The effect of changing back to the concessional deduction system was to alter the concept of taxable income. That fact has an important bearing upon individuals whose income is less than £4,000, and I remind honorable members on the Government side of the chamber that there are still many primary producers in receipt of comparatively small incomes. These taxpayers are to be penalized because the Government did not alter the concept of taxable income under the averaging provisions when it re-introduced the concessional deduction system in place of the concessional rebate system. The situation can be best illustrated by reference to a hypothetical case. I take the case of a primary producer who has had an actual income of £1,200 in each of the last five years. I ask honorable members to note the distinction between actual income and taxable income. For the sake of the illustration, I assume that the taxpayer has a wife and children and that the tax concessions to which he is entitled represent £400 a year. Over the period of four years prior to 1950-51, his taxable income for the purposes of the averaging system was £1,200 a year. But in 1950-51, with the same actual income of £1,200, his taxable income was only £800 because the concessions to which he was entitled were first deducted from the total. However, under the averaging system, the rate at which he will be required to pay tax on his taxable income will be determined on the basis of four years at £1,200 and one year at £800. His total income over the five-year period

will be regarded as £5,600, which gives an average figure of £1,120. This year, upon a taxable income of £800, he will pay income tax at the rate applicable to an income of £1,120.

Mr. Davidson interjecting,

Mr. CREAN.—The honorable member for Dawson (Mr. Davidson) has not listened to what I have been saying. All that he wants to do is to defend a mistake that has been made by this Government. The honorable member for Moore (Mr. Leslie) said that the Government was considering the interests of the small people. I am pointing out that the more dependants a taxpayer has, the worse, relatively, is he penalized, because his taxable income for this year is less than was his taxable income for the previous year. Taxpayers should have been permitted to elect, if they so desired, to withdraw from the averaging system, not next year but this year. It would have been easy to make provision for that to be done.

I have worked out some examples. The taxpayer to whom I have referred would pay £90 in income tax this year if the tax were imposed upon his taxable income of £800 a year at the rate applicable to that income, but, owing to the operation of the averaging system, he will pay £120 income tax, because the tax will be imposed at the rate applicable to his average taxable income of £1,120 a year. Therefore, his tax liability will be increased by 33 per cent. as a result of this anomaly. If his actual income were £3,200 a year for the last 4 years and if it remained at that figure this year, his average taxable income would be £3,120 because he, being entitled to concessional deductions to the value of £400, would have a taxable income this year of only £2,800. If income tax were levied upon him at the rate applicable to an income of £2,800, he would pay £826 6s. 8d., but, under the averaging system, it would be levied at the rate applicable to an income of £3,120 a year, and he would pay £885 3s. 5d.—an increase of his tax liability by £60. The lower the general income during the previous years, the harsher is the effect of this provision. I am suggesting that there is, as it were,

a forgotten race. There is a great deal of difference between the concept of taxable income under a concessional rebate system and the concept of taxable income under a system of concessional deductions. We have changed the system but, as far as the averaging system is concerned, we have made no allowance for the fact that in the previous four years we were using the old concept of taxable income and that in the current year we shall use the new concept. We have changed from the concessional rebate system to the concessional deductions system, but we have overlooked the effect that the new system will have upon people who are taxed upon the averaging system.

The CHAIRMAN.—Order! The honorable gentleman's time has expired.

Mr. THOMPSON (Port Adelaide) [5.28].—I was interested in the attempts of the honorable member for Moore (Mr. Leslie) and the honorable member for Mallee (Mr. Turnbull) to hide the fact that this year primary producers will pay an additional £47,000,000 in income tax. The Treasurer (Sir Arthur Fadden) made no bones about that at all. He said that he was going to abolish the averaging system in respect of primary producers with annual incomes of over £4,000 and that the effect of the change would be to increase revenue by £47,000,000. The honorable member for Perth (Mr. Tom Burke) dealt with that matter at some length, and I was amazed when the honorable member for Moore suggested that he had misrepresented the position. I could understand what the honorable member for Perth was saying, even if the honorable member for Moore was unable to do so. The Vice-President of the Executive Council (Mr. Eric J. Harrison) interjected when the honorable member for Perth was speaking and asked whether we on this side of the chamber believed in sectional taxation. Almost immediately afterwards, the honorable member for Mallee pointed out how many primary producers would not be taxed under the averaging system and how many would be. Apparently the honorable gentleman is quite prepared to agree to the imposition of a sectional tax upon primary producers with incomes of over £4,000 a year. It is not the

Opposition but honorable gentlemen opposite who are doing the sectionalizing. The Australian Country party, which is supposed to represent the primary producers, finds it very difficult to explain why they should be called upon to pay an additional £47,000,000 in income tax this year. However, I do not want to dwell at length upon that point. As I said recently, the members of the Australian Country party should be left to argue it.

I am concerned about the Government's attempt to make it appear that income tax is to be increased by only 10 per cent. That is not the position. Last year, the basic wage was approximately £8 a week. This year, it is approximately £10 a week. Therefore, this year a man who is in receipt of the basic wage will pay, not 10 per cent. more income tax than he paid last year, but tax upon an income of £10 a week, plus 10 per cent. The rate at which income tax is imposed upon an income of £10 a week is greater than that at which it is imposed upon an income of £8 a week. I recall that when the Labour party was in office, members of the present Government parties, who were then in Opposition, would say, "Last year the tax paid per head of population was £70, and this year it is £90". They have not argued in that way during this debate. They have not pointed out that, under the rates of tax specified in this motion, the Government will collect from individuals this year 100 per cent. more income tax than it collected last year. When the Government talks about increasing income tax by only 10 per cent., although it knows that it will receive 100 per cent. more from the tax this year than it did last year, it is putting something over the people.

Let us examine the case of a man with a wife and two children whose income last year was £400, or roughly the basic wage. Last year he paid £2 8s. in income tax. If his income tax were increased by only 10 per cent., this year he would pay £2 18s. But his income this year will be approximately £500, because the basic wage has been increased to approximately £10 a week. He will be no better off as a result of the increase, because the price of almost everything has increased,

Mr. Thompson.

but instead of paying £2 8s. income tax he will pay £9 11s. If it can be shown that that is an increase of only 10 per cent., I shall go "he". If the Taxation Branch and the Treasurer had been fair they would have made the rate of tax appropriate to an income of £400 now applicable to an income of £500, because the additional £100 a year received by basic wage workers is intended to cover increased living costs. Under these proposals the unfortunate basic wage worker will be hit both ways. In addition to having to pay tax on an income that has been increased to cover higher living costs, he will have to pay a special levy equal to 10 per cent. of the tax applicable to that higher income. The rates should be scaled down as I have suggested.

Mr. ERIC J. HARRISON.—Does the honorable member suggest that a politician who formerly received £1,000 and now receives £1,500 should pay tax on only £1,000? What a ridiculous argument!

Mr. THOMPSON.—I am arguing the case, not of a taxpayer in a high income group, but of a man on the basic wage. Living costs affect every member of the community and not only one section of it.

Mr. TURNBULL.—What would happen when living costs were reduced?

Mr. THOMPSON.—Costs would be reduced to all persons alike. The honorable member for Mallee referred to the position of a basic wage worker employed by a farmer who previously paid £2 8s. in tax and under the new proposal will pay £2 10s. The honorable member did not say that that tax applied to a taxpayer who had a wife and one child.

Mr. TURNBULL.—I said that it applied to a taxpayer with a wife and two children.

Mr. THOMPSON.—A basic wage worker with no dependants would pay very much more than the amount stated by the honorable member. This proposal is iniquitous because it ignores the fact that increases of the basic wage have been granted solely to offset higher living costs.

The honorable member for Moore (Mr. Leslie) has said that the Government has adopted the simple procedure of imposing

a special levy equal to 10 per cent. of assessed tax and that if a new scale of rates were introduced the people would have great difficulty in understanding it. I need not remind the honorable member that what interests the ordinary man in the street is not the method by which his tax commitment is assessed but the amount he has to pay. Under this proposal, instead of merely paying a special levy equal to 10 per cent. of assessed tax he will pay an amount which may be 20 per cent. higher than that paid last year.

Mr. LESLIE.—He will have additional money with which to pay the increased tax.

Mr. THOMPSON.—The only additional money in the hands of the workers is money that has been awarded to them by the Commonwealth Arbitration Court to offset increased living costs.

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

Mr. HAMILTON (Canning) [5.40].—The honorable member for Port Adelaide (Mr. Thompson) referred to the collection of £47,000,000 from primary producers in consequence of the modification of the averaging system. In order to clarify the position I propose to read what the Treasurer (Sir Arthur Fadden) had to say on the subject. The right honorable gentleman is reported in *Hansard* to have said—

The total number of primary producers is estimated to be 300,000. Of this total number, 202,500 are within the range whose taxable incomes do not exceed £4,000. The modification of the averaging system will thus apply only to 37,500 primary producers out of 300,000, and of the 37,500 about 9,500 would not be affected to any appreciable extent.

Thus, only about 28,000 primary producers will be affected to any great degree by the modification of the averaging system. Listening to the honorable member one would have thought that the whole of the £47,000,000 would be collected as income tax for one year. He is well aware that that is not the case... The Treasurer has explained that of the £47,000,000 to be collected from the primary producers £22,500,000 will be in respect of the income year 1950-51, and £24,500,000 will be in respect

of provisional tax for 1951-52. Opposition members generally have endeavoured to delude the primary producers into believing that the whole amount will be collected in respect of the income year 1950-51. Most of the farmers who will be affected by this proposal have not yet sold their wool. They will not receive their assessments until February next, by which time they will have at their disposal the return from their clip to meet their tax commitments. Opposition members told a similar story last year about the Government's wool deduction scheme and forecast all sorts of dire results from that legislation; but when the wool-growers found out what was really involved they refused to listen further to Opposition scaremongers. The Treasurer has explained that of the total estimated receipts of £47,000,000 in 1951-52, resulting from the modification of the averaging system, primary producers with incomes of between £4,000 and £6,000 will pay only £3,500,000, and that the balance of £43,500,000 will come from those with incomes in excess of £6,000. If primary producers examine this proposal fairly they will see that it will do them a great service. They realize that the prices of primary products will not remain at their present high level and that when prices fall they will have lower incomes with which to meet their tax commitments.

At the commencement of this debate the honorable member for Perth (Mr. Tom Burke) said that the special levy of 10 per cent. of assessed tax would apply to income earned in the income year ended the 30th June, 1951.

Mr. TOM BURKE.—The honorable member can never tell the truth.

Mr. HAMILTON.—The honorable member knows that the special levy applies to income of the taxable year ending the 30th June, 1952, and that it has no retrospective application whatsoever.

I rose principally to deal with some of the remarks of the honorable member for Yarra (Mr. Keon), who seemed to take great delight in telling the people that there is likely to be a very serious shortage of food in Australia. If there is a shortage of food, it will result from

the activities of persons whom the honorable member has supported during the last five or six years.

Mr. KEON.—Rot!

Mr. HAMILTON.—The honorable member spoke about potatoes.

The CHAIRMAN.—Order! The honorable member is getting rather wide of the motion.

Mr. HAMILTON.—The incentive to produce more food—

The CHAIRMAN.—Order! I ask the honorable member to confine his remarks to the motion.

Mr. HAMILTON.—It has been said that we should give some incentive to primary producers by reducing the rates of taxation. If such a reduction were made it would not affect the production of at least some of the foodstuffs that were mentioned by the honorable member. At present primary producers in some States must obtain a permit to grow potatoes. What incentive would be given to a prospective potato-grower by a reduction of taxes if he could not obtain a permit to grow them? Legislation was introduced in the Queensland Parliament recently prescribing that primary producers must deliver foodstuffs where directed. What incentive would be given to Queensland producers by a reduction of taxation while legislation of that kind continues to operate?

Opposition members have advocated the reduction of rates of income tax applicable to farm labourers. When Opposition members sat on this side of the chamber they were supported to the hilt by the Governments of New South Wales and Queensland in their attempt to prescribe a 56-hour week for farm labourers when a 40-hour week was the standard working week for every other section of industry. Yet they come into this chamber and say that the Government should, by reducing tax rates, give the dairy-farmers an incentive to produce more. Honorable members opposite would do better to go into the workshops of this country and encourage the workers to produce more machines for the use of the farmers, because lack of machinery is a brake on rural production at present. Every sane Australian

knows that the increase of taxes that is to operate from the beginning of this financial year is designed for a specific purpose, which is the financing of our intensified defence programme. Have some honorable gentlemen opposite not heard of the fact that a war of international significance broke out in Korea about eighteen months ago, as a consequence of which the whole international situation, and also the internal conditions of this country, have changed? Honorable members opposite say that the Government has not reduced taxes since it took office, although they know that throughout the whole of the last financial year they paid a reduced rate of tax on their parliamentary salaries, because the Government had reduced taxes on all incomes.

Mr. BIRD.—What about indirect taxes?

Mr. HAMILTON.—The position about indirect taxes—

The CHAIRMAN.—Order! That matter is not under discussion.

Mr. HAMILTON.—I was merely answering the honorable member for Batman (Mr. Bird). It is of no use for honorable members opposite to come here and talk about shortages of foodstuffs and offering incentives to farmers by way of reduced tax rates. As I have said, the increase of taxes is designed for a specific purpose, and it does the Opposition little credit to try to cloud the issue by alleging that shortages of foodstuffs have been caused by heavy taxes. We could get plenty of butter and all the foodstuffs we want without any alteration of the Government's tax proposals if a more earnest production effort were made by the workers in the industries which produce machinery and other equipment of which farmers are now unable to obtain enough.

Question put—

That the motion, as amended, be agreed to.

The committee divided.

(THE CHAIRMAN—MR. C. F. ADERMANN.)

Ayes	51
Noes	43
Majority	8
			—

AYES.

Anthony, H. L.	Hughes, W. M.
Berry, D. R.	Hulme, A. S.
Bland, F. A.	Jack, W. M.
Bostock, W. D.	Joske, P. E.
Bowden, G. J.	Kekwick, B. H.
Brimblecombe, W. J.	Kent Hughes, W. S.
Cameron, Dr. Donald	Lawrence, W. R.
Corser, Bernard	Leslie, H. A.
Cramer, J. O.	Luck, A. W. G.
Davis, F. J.	McBride, P. A.
Dean, R. L.	McDonald, A. M.
Downer, A. R.	McLennan, J.
Drummond, D. H.	McMahon, W.
Drury, E. N.	Opperman, H. F.
Eggins, E. J.	Pearce, H. G.
Failes, L. J.	Robertson, H. S.
Fairbairn, D. B.	Ryan, R. S.
Fairhall, A.	Timson, T. F.
Falkinder, C. W. J.	Townley, A. G.
Freeth, G.	Turnbull, W. G.
Graham, B. W.	Wentworth, W. C.
Hamilton, L. W.	Wight, B. M.
Harrison, Eric J.	Wilson, K. C.
Haworth, W. C.	<i>Tellers:</i>
Holt, H. E.	Davidson, C. W.
Howse, J. B.	Swartz, R. W. C.

NOES.

Anderson, Gordon	Haylen, L. C.
Andrews, T. W.	Joshua, R.
Benzley, K. E.	Keon, S. M.
Bird, A. C.	Lawson, George
Bruce, H. A.	Luchetti, A. S.
Bryson, W. G.	McLeod, D.
Burke, Tom	Minogue, D.
Catwell, A. A.	Morgan, C. A. A.
Cameron, Clyde	Mulcahy, D.
Chambers, C.	Mullen, J. M.
Clarey, P. J.	O'Connor, W. P.
Clark, J. J.	Peters, E. W.
Costa, D. E.	Pollard, R. T.
Cream, F.	Riordan, W. J. F.
Cremeann, J. L.	Rosevear, J. S.
Curtin, D. J.	Russell, Edgar
Drakeford, A. S.	Thompson, A. V.
Duthie, G. W. A.	Ward, E. J.
Edmonds, W. F.	<i>Tellers:</i>
Fraser, Allan	Daly, F. M.
Galvin, P.	Sheehan, T.
Griffiths, C. E.	
Harrison, E. James	

PAIRS.

Menzies, R. G.	Evatt, Dr. H. V.
Reece, Howard	Bourke, W. M.
Casey, R. G.	Lazzarini, H. P.
Fadden, Sir Arthur	Davies, W.
Francis, J.	Fitzgerald, J. F.
Hastick, P. M.	Fuller, A. N.
Pope, Sir Earle	James, R.
Gullett, H. B. S.	Watkins, D. O.
McEwen, J.	Johnson, H. V.

Question so resolved in the affirmative.

Resolution reported.

Standing Orders suspended; resolution adopted.

Ordered—

That Mr. Eric J. Harrison and Mr. Holt do prepare and bring in a bill to carry out the foregoing resolution.

Bill presented by Mr. ERIC J. HARRISON, and read a first time.

SECOND READING.

Motion (by Mr. ERIC J. HARRISON) proposed—

That the bill be now read a second time.

Debate (on motion by Mr. WARD) adjourned.

Sitting suspended from 5.57 to 8 p.m.

BUDGET 1951-52.

In Committee of Supply: Consideration resumed from the 25th October (*vide* page 1244), on motion by Sir ARTHUR FADDEN—

That the first item in the Estimates, under Division No. 1—The Senate—namely “Salaries and allowances, £16,400”, be agreed to.

Upon which Dr. EVATT had moved, by way of amendment—

That the first item be reduced by £1.

Sir ARTHUR FADDEN (McPherson—Treasurer) [8.0].—*in reply* — Under ordinary circumstances a debate on the budget is a very important parliamentary activity. I think it can be claimed that this budget is of such dimensions and of such a nature as fully to warrant the very searching debate, disputation and criticism aroused by it. It is an extraordinary budget, presented under extraordinary circumstances in order to meet extraordinary conditions. It is my purpose to spare neither time nor effort in order to bring the Government's financial proposals set out in the budget before the notice of this committee and of the country generally. Over 100 speakers have participated in this debate. By means of the amendment before the committee, the Opposition, in effect, has demanded that the budget be withdrawn. In other words, it has challenged the budget as a whole and it must therefore be defended as a whole. The Government is quite happy to do that and it is my responsibility to discharge that function. After weeks of debate within this chamber and beyond it the Government has every reason to believe that the strong case that it made out for its budget has not been either overthrown or even weakened.

In the budget and in other places, in other ways, the Government has brought its economic and financial policy right out into the open and has told the people about it. It has laid all its cards on the table at every stage. Two months before the budget was presented the Prime Minister (Mr. Menzies) called a conference in

Sydney to discuss the problem of inflation in all its aspects. He invited the attendance of State Premiers, representatives of industry, commerce and primary production, employers' organizations, the trade unions, women's organizations and the churches. He put before that conference a detailed analysis of the economic problem as the Commonwealth saw it and asked the other people present to express their views. They did so and the conference provided a most valuable guide to public opinion on the subject.

In my budget speech I stated again the view of the Government on the economic problem from the financial standpoint. I set out in plain terms what the Government considers to be the basic causes of inflation in this country and the financial measures required to deal with them. The Prime Minister publicly stated that there would be a budget surplus—a real and substantial surplus—and the Government will stand up to that policy. It could not be said that the Labour Government was always so frank about its financial position and financial plans. Whilst it had a surplus once or twice, it never admitted the fact. There used to be talk about reserves and provision for the future. But never once did it say, as the Government has said, "We are budgeting for a surplus. We shall tell you why, and exactly how much we expect it to be".

The essential difference between the policies of the Government and of the Opposition goes still deeper than this. It lies in their opposite approaches to the problem of controlling inflation. The Government is endeavouring to deal with the root causes of inflation. It rejects palliatives and superficial remedies, such as prices control. The Opposition wants to cover up inflation, blanket it with controls and then pretend that it no longer exists. The Leader of the Opposition (Dr. Evatt) harked back in his speech to the legend that the Labour Government preserved a stable economy and a sound financial position. It did nothing of the sort. During the war and for a year or two after the war it kept the economy tightly trussed in a vast network of controls and called that stability. But it was only an illusion. The forces of inflation were banking up underneath the controls and it was certain that once they

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were released they would be all the worse for being held back for so long. The Labour Government kept up this illusion of stability for a time. Once it gave up control of wages, however, the illusion began to fail. Prices and costs started to rise steeply and kept on rising. By the time of the election in 1949 the Labour Government had largely lost control of the situation and had not an idea about what it should do.

This may also be said of the myth of stable Labour finance. Because war and post-war expenditure tapered off quickly, because tax yields rose with rising incomes and trade, and a big amount of income tax arrears was overtaken, the Labour Government was able in two years to balance its budget. That, however, was of no particular credit to it and the position soon changed for the worse. Its last budget resulted in a deficit of £25,000,000 and there can be no doubt that had it remained in office it would soon have been in serious difficulties. It is time we heard the last of the masterly economic and financial policy of the Labour Government.

For the present Government it can be said that though confronted with a far different world from that apparent in December, 1949, which necessitated a steep rise of defence expenditure and general costs, it balanced its budget and reduced taxation in its first year of office. In its second year it has budgeted for a substantial surplus. In other words, it has pulled together a situation which, under Labour, was being permitted to go to pieces:

Opposition members interjecting,

The CHAIRMAN.—Order! Honorable members have spoken on the budget during the last four weeks. I insist upon the Treasurer being heard.

Sir ARTHUR FADDEN.—In the budget for the financial year 1951-52 the Government has frankly set out the financial problem that confronts it, together with the measures it proposes to take, and has invited its critics, both inside the Parliament and elsewhere, to propose an alternative if they have one. It is fair to say that no really practicable alternative has been forthcoming. All the

so-called alternatives that have been espoused would amount, in practice, to one of two things: The Government should either reduce expenditure to a point at which essential services and works could not be carried on, or resort to central bank credit to meet a large part of its expenditure.

The Government gave expenditure the foremost attention, and, as I have shown in my budget speech, achieved very substantial savings. The capital works Estimates that were originally prepared by the departments showed a very large expected increase of expenditure compared with the last financial year. We pruned them back and now the programme for this financial year contains only the most essential undertakings. The estimated expenditure on them is practically the same as was actual works expenditure in 1950-51.

Despite powerful but irresponsible pressures, the Government pegged the dairy products subsidy at £16,800,000—which is a fair thing by any standard. We terminated the woollen goods subsidy, which no longer would have served its original purpose, and we combed a multitude of individual items in the Estimates to effect savings wherever possible. Yet after all this had been done, it was clear that the Government would still have to meet a much larger total expenditure this year than last year. We shall have to find more for defence, more for the States, and more for the National Welfare Fund. Because loan money is likely to be in short supply this year, we budgeted to meet from Consolidated Revenue expenditure on war service homes, which last year was financed from Loan Fund. All told, the estimate of total expected expenditure is about £120,000,000 greater than the actual expenditure in 1950-51.

It was also clear that the revenue in sight from taxation at existing rates would not meet total expected expenditure; in fact, it was likely to be nearly £50,000,000 short of that amount. I shall briefly run over the main figures in order to show how that position came about. It was estimated that the total revenue this year, at existing rates, would be £881,000,000. Of that amount, however, the revenue of £67,000,000 from the business under-

takings, including the Postal Department and the Commonwealth Railways, would just about cover their working expenses. Therefore, only £814,000,000 would be available for the general purposes of the budget.

If we considered only four of the major expenditure items, namely, payments to the States, £161,000,000, transfer to the National Welfare Fund of £185,000,000, war debt charges of £58,000,000, and war pensions and repatriation, £49,000,000, all of which can be regarded as irreducible, it is obvious that an estimated expenditure of £453,000,000 was virtually committed in advance. That left £361,000,000 from which to meet defence, £182,000,000; capital works £102,000,000; subsidies £33,000,000; immigration, ordinary services £12,000,000; departmental £40,000,000; international relief £10,000,000 and other expenditure £28,000,000; making a total of £407,000,000. Obviously, it would not work out. Additional taxes would have to be imposed if the Commonwealth was to finance its own responsibilities for the year without seeking newly created money from the Commonwealth Bank. If any one still argues that we could have reduced estimated expenditure further, I ask them to go over that list of items I have just cited and say which items could or should be still further reduced, by how much, and in what way?

Beyond the provision of funds to meet the Commonwealth's own expenditure, however, we had agreed to see that funds up to £225,000,000 would be available for the Loan Council programmes in 1951-52, comprising the State works programmes and the Commonwealth and State housing programme. I have explained that undertaking in my budget speech and the Prime Minister has discussed it at length in this debate. I do not think that it needs explaining further. It has, however, been insistently criticized in some quarters, and we have heard the argument that if only the States works programmes had been cut back far enough there would not have been any necessity to increase taxation. Those who so criticize should ascertain the views of the State governments in this connexion. Their works programmes have been reduced by 25 per

cent. and the Commonwealth was vehemently assured by the State Premiers that any further reduction would result in default on contracts and similar commitments, as well as the closing down of vital projects and the throwing out of work of large numbers of men, all of which would cause a chaotic condition. The Commonwealth was convinced that many items in the original States programmes could be deferred without much harm being done thereby. At the same time, we knew that the main body of works in the programmes were important and useful, and ought to proceed if labour and materials were available. It is noticeable that the critics who blame the Commonwealth for underwriting State works programmes at a reduced level perennially blame the State governments for deficiencies of power supplies, port facilities, road and rail transport and hospital accommodation. They should make up their minds about what they want. They have claimed that the State governments have curtailed development. But these works are developmental. If they want electricity undertakings, water supply and sewerage, housing, and road construction curtailed they should say so. Then we and the public would know where they really stand.

The Government remains convinced that by making possible the completion of such essential undertakings, it did the right thing in the circumstances. At the same time, it realizes fully the financial implications. We knew that the loan market was likely to yield a good deal less than £225,000,000, and we were not prepared to use treasury-bill finance for works programmes. Therefore, we had to face the fact that our undertaking to the States could be met only by raising more revenue.

The imposition of additional taxation sufficient to produce £160,000,000 in this financial year may well be regarded as a drastic step. But is it out of proportion to the needs and conditions of our times? Let us keep before our minds the fact that we, along with the other countries of the western world, are engaged in preparations against the possibility of war on a world scale. Let us have regard to

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what other western countries are doing in the way of defence preparations. Only a few days ago it was announced that the Congress of the United States of America had voted a further sum, equivalent to nearly £6,000,000,000 in our money, for national security. That brought the total amount appropriated for defence in this year alone to nearly £37,000,000,000. The United Kingdom, a country already far more heavily taxed than is Australia, imposed heavy additional taxation this year. Canada also has increased taxation substantially. Therefore, in what we are doing in this budget we are in very good company.

When the Government came to consider what taxes should be increased, it naturally gave much thought to apportionment of the burden. There were obvious advantages in spreading the burden as widely as possible so that it would fall with the minimum weight on any one class of taxpayers. It was also obvious, however, that some classes of the community could stand more taxation than others, and that some forms of taxes would have less effect on incentives to work and save than would others.

One of the first things to do was to examine the taxation laws as they stood and ascertain whether they were giving an undue advantage to any class of taxpayers when compared with others. There was one outstanding example of this—the operation of the averaging system. As I pointed out in my second-reading speech on the Income Tax Assessment Bill, this system had already given to the taxpayers subject to it an advantage worth many millions of pounds in recent years, and had it been continued unmodified they would have gained a further £62,000,000 in the current financial year. Plainly, a situation like that had to be rectified before we could do anything to increase taxation on other people who had not shared in this most lucrative concession. On the other hand, something had to be done to safeguard the position of producers against the difficulties that would arise in the event of a fall of incomes. It is somewhat ironical that those who are now criticizing the changes made, fair and moderate though they be, are much the same people who last year were

demanding to be treated on the same basis as other taxpayers. They, also, should make up their minds.

The Government also saw much merit in taxing spending rather than earnings, for there can be no doubt that the effect on incentive of such taxes on spending is less than that of taxes levied directly on incomes. There can be no doubt either that, despite shortages of some commodities, the general level of spending on consumption goods has been extraordinarily high. Beer is perhaps the classic example. Last year, the consumption of beer in Australia was 173,000,000 gallons, equal to more than 50 gallons for every man in Australia. The comparative figure for 1938-39 was 90,000,000 gallons, or 28 gallons a man. Consumption of spirits during 1950-51 was 2,900,000 gallons. The figure for 1938-39 was 1,400,000 gallons. Cigarettes cleared from bond last year amounted to nearly 20,000,000 lb. compared with less than 7,000,000 lb. in 1938-39. There were 17,000,000 gallons of ice-cream produced in Australia last year compared with 4,800,000 gallons in 1938-39. This incidentally gives one clue to the reason for the decline of butter production. There were 207,000 domestic refrigerators produced in or imported into Australia last year compared with 37,000 in 1938-39. There were 128,000 new motor cars registered last year compared with 54,000 in 1938-39.

These are just a few examples drawn from a wide range of items, all of which tell the same story. They show that despite shortages, taxation and rising prices, we, as a community, have in many directions been doing ourselves extraordinarily well. It is against this background of heavy consumption spending that the increases of sales tax and of customs and excise duties ought to be judged.

Mr. Bryson interjecting.

The CHAIRMAN.—Order! The honorable member for Wills (Mr. Bryson) is disorderly.

Sir ARTHUR FADDEN.—Next, the Government decided to increase taxation on companies. Whilst I know that the position of individual companies varies a good deal, there can be no question about

the overall position of companies and their ability to pay some additional taxation. These are the figures of the aggregate taxable incomes of companies during the last few years—

Financial Year.	£ m.
1946-47	163
1947-48	194
1948-49	220
1949-50	265
1950-51	355

Thus, in the last financial year the total income of companies exceeded that of the previous year by £90,000,000, or 34 per cent., and by £192,000,000, or 118 per cent., that of 1946-47.

Net company income after taxation has increased during these periods, as follows:—

Financial Year.	£ m.
1946-47	119
1947-48	135
1948-49	158
1949-50	194
1950-51	260

Dividends paid to residents of Australia have increased as follows:—

Financial Year.	£ m.
1946-47	37
1947-48	46
1948-49	57
1949-50	67
1950-51	80

Mr. ROSEVEAR.—They are doing well under the administration of this Government.

Sir ARTHUR FADDEN.—Apparently that is not the opinion of all other honorable members opposite, because they have been unanimous in asking for reductions of all taxes.

The movement of undistributed profits has been—

Financial Year.	£ m.
1946-47	62
1947-48	67
1948-49	80
1949-50	93
1950-51	135

These figures do not leave any doubt that, by and large, companies are in a position to contribute, along with other classes of taxpayers, to the additional revenues required for national purposes.

When the Government had regard to the taxation field as a whole it was evident that, of its main branches none could fairly claim to be exempt from some share

of additional taxation. I have cited elsewhere the fact that national income rose in 1950-51 by no less than £800,000,000, or by 35 per cent. compared with that of the previous year. Of incomes of various sections of the community, farm income—including wool, of course—rose by £325,000,000, wages and salaries by £300,000,000, company income by £90,000,000 and incomes of unincorporated businesses, professions and the like by £80,000,000. Of individual taxpayers within these broad groups some, of course, fared differently from others. The general position of all groups, however, had been one of extraordinary buoyancy. It was because the Government spread the additional taxation widely, sought to correct inequalities in the taxation system and taxed spendings rather than earnings, that it was able to keep the addition to direct taxation down to a moderate figure. No one could say that, in a time like the present, to ask a single man who earns £1,000 a year to pay an extra £13 10s. a year in taxation is to be unreasonable or extortionate. Even with the new scales operating such a man, without dependants, who earns over £19 a week will pay somewhat less than £3 a week. A married man, with two children, who earns £19 a week will pay well under £2 a week. Let me point out, too, that very many people, particularly those with dependants, will still pay less in direct taxes than they would have paid on comparable earnings at the time when the Labour Government left office.

I have had prepared tables which compare amounts of direct tax payable by persons on various income levels at the proposed rates with the tax payable on similar incomes at the rates in force during the last full year of Labour government. This comparison shows that for all except persons on very high levels of income, tax at the proposed rates will still be appreciably lighter than it was then. I ask for leave to incorporate the tables in *Hansard*.

Mr. CALWELL.—No!

Leave not granted.

Sir ARTHUR FADDEN.—Then I shall give a typical example. In respect of a taxpayer, without dependants, with

a taxable income of £600, the relevant figures are as follows:—

	f s. d.
Tax at war-time rates, 1942-43 to 1944-45	178 15 0
Tax and contribution in immediate post-war years—	
1945-46	166 17 0
1946-47	130 0 0
1947-48	97 16 0
Tax and contribution in the last full year of Labour government, 1948-49	74 14 0
Tax and contribution in first full year of present Government, 1950-51	51 13 0
Proposed tax and contribution, 1951-52	56 16 0

On the whole, it is fair to claim that the Government has brought down a well-balanced, fairly distributed scheme of taxation. It does not bear unduly on any class of taxayers. It is absurd to pretend that in these times of high and rising incomes and heavy spending it need seriously discourage effort and enterprise or the will to save and invest. As the scales I have circulated show, our kinsmen in the United Kingdom and New Zealand are putting up with a considerably heavier burden of taxation than we are asked to bear, I know of nothing that shows that their efforts in this time of difficulty are any less willing, or effective, than are ours.

On the day after Cabinet had concluded its meetings to formulate the basic principles upon which the budget should be framed, I received from the Minister for Health (Sir Earle Page), who was then abroad, a copy of the Canadian Government's budget for the current financial year, and I noted a remarkable similarity between it and our budget. The similarity was purely coincidental. Canada has no Professor Copland. The Canadian economy is in many ways like the Australian economy. Canada is a great primary producing country with a big export trade, although, at the same time, it is highly industrialized, as is Australia. Canadians are engaged on a large defence programme and they have a problem of inflation, which springs broadly from the same causes as does inflation here. They are grappling with the problem in much the same way as we are. They have rejected direct controls as being a stop-gap expedient which would not work. They are instead adopting

measures to bring the supply of goods into balance with money demand. They are budgeting for a surplus, restraining non-essential private investment and bank lending, encouraging personal savings and limiting consumer credit. In their budget this year they have imposed higher sales tax and excise duty, and a surtax not of 10 per cent. but of 20 per cent. on income tax on individuals. In brief, their whole budget and plan of taxation was on the same pattern as ours, even to details. It seems significant to me that the two countries, Canada and Australia, when faced with the same problem, should independently have found their way to very much the same kind of solution.

I now propose to comment on Commonwealth borrowing and conditions in the loan market. The misunderstanding of these matters is widespread. Questions in relation to them have been directed to me and there has been a good deal of discussion on them in the press and elsewhere. They also have considerable relevance to the financial measures which the Government has placed before the Parliament. Under the Financial Agreement the amounts which Commonwealth and State Governments seek to borrow each year for purposes other than defence, and the terms and conditions of such borrowing, are determined by the Australian Loan Council, which is a constitutional body. The States have a total of six votes and the Commonwealth two votes and a casting vote on the Loan Council. The Loan Council decides the total amount to be borrowed in any financial year and then, before each loan is floated, the Commonwealth, as the borrowing instrumentality under the Financial Agreement, consults with the States about the rate of interest and other conditions on which the loan shall be offered. This applies to both cash and conversion loans. Decisions on such matters require a majority vote of the Loan Council.

In fixing the rates of interest and other conditions on which loans are offered to the public, governments naturally seek to obtain the best terms possible having regard to the circumstances of the loan market and the amount of money they are endeavouring to raise. This is a duty they have to perform in the interests of

the taxpayers. Interest on public debt is an extremely large item in the budgets of all governments, both Commonwealth and State. The loan market, however, is a free market. It is really a part of the general capital market in which governments and other public authorities compete with business enterprises and other classes of borrowers for the money which the public and various financial institutions are offering for investment. The forces of supply and demand operate in this market just as in any other free market and governments know that, apart from passing circumstances which may temporarily affect the position in one way or another, they have to pay the rates of interest which the forces of supply and demand determine shall be paid. There is, of course, a belief that governments can influence the loan market so as to secure the terms of borrowing they want; but this holds true only within very strict limits and is subject to many reservations. The market will undoubtedly be influenced very greatly by the amounts that governments seek to borrow. The idea, however, is that by arbitrarily fixing rates of interest and other terms, or by buying and selling securities on the stock exchange, the Government can fix whatever terms it likes for its own borrowing and hold them for as long as it likes. From long experience it can certainly be said that this is not true unless, of course, central bank funds are drawn on to support the market, if necessary to an unlimited amount.

There is a good deal of official buying of securities on the market. The National Debt Sinking Fund Commission uses moneys that accrue to it to purchase Commonwealth securities, and so does the Commonwealth Savings Bank. This official buying, the volume of which is varied from day to day according to circumstances, serves a number of very useful purposes. It helps to smooth out fluctuations in the market due to temporary variations in the supply and demand for securities. This is of value both to governments as borrowers and to investors as holders or sellers of securities. It ensures a continuous market for securities, which again is an advantage to investors. It also spreads and evens out the impact on the market of government

operations. But it is obvious that, as the resources available to the National Debt Sinking Fund Commission and to the Commonwealth Savings Bank are comparatively limited, they would not be sufficient to hold the market at any given level if the volume of securities offered for sale on the market were to continue for any length of time to be appreciably in excess of what buyers were prepared to take up.

During the war, the bond rate fell to 3½ per cent., and a great deal of money was raised at that rate. War conditions in the market were, of course, abnormal. The level of savings was high because people then had less opportunity to spend than they had had in peace-time, and they also had a strong patriotic incentive to save. Other avenues for investment were drastically curtailed and war loan appeals were prosecuted vigorously. After the war both the rate of savings and the requirements of the Commonwealth for loan moneys were reduced. Nevertheless, in April, 1947, it was found possible to issue loans at 3½ per cent. Subsequently, eight conversion loans were floated at the rate of 3½ per cent. with satisfactory results, and it was usual for cash loans to be over-subscribed. As time went on, however, the requirements of State governments and of semi-governmental bodies for loan moneys began to rise steeply. Their borrowings in successive years were as follows:—

Year.	£m.
1947-48 73
1948-49 86
1949-50 129
1950-51 214

Works programmes were being pushed ahead as fast as labour and materials would allow that to be done, and with rising costs more money was required to finance a given volume of construction. The requirements of semi-governmental bodies became increasingly important. These bodies borrow on their own account, though under the general aegis of the Loan Council, and often with a guarantee from the State governments concerned. The rates they offer are as a rule appreciably higher than the bond rate.

Along with increased public borrowing the demand for funds for private investment also rose. Industry was expanding and costs were going up. Competition

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in the capital market for investable funds became keener. Incomes rose steeply, but with heavy consumption spending savings tended to fall short of investment. There was a very large inflow of funds from overseas during 1948-49 and 1949-50, with a lesser inflow in 1950-51. But only a minor part of this money was for permanent investment here. Some of it was undoubtedly used to buy Commonwealth securities but mainly with the idea of earning interest for a time and then reselling as the funds were wanted for other purposes. By the middle of last year it had become apparent that the period of super-abundant loan money was drawing to a close, and that was the view which the Commonwealth put to the Loan Council in August, 1950. The State governments had brought forward loan programmes which showed a very large increase on their expenditure in the previous year. With the rise of wool prices and the general upward movement of wages, salaries and other incomes, a higher level of savings could be expected. At the same time, the competition of private enterprise for funds was becoming more and more active, and there was a boom in share values.

Borrowing possibilities in 1950-51 were complicated by the falling due of options on a large block of 4 per cent. securities, amounting to £129,000,000, a part of which represented State debt, and a part Commonwealth debt. As the rate on these securities, which also carried a tax concession, was considerably above the current bond rate, it was obviously desirable to deal with them as early as possible, as the governments concerned had a legal right to do, and the Loan Council was unanimously in favour of exercising that right. Notice of redemption on the 2nd January, 1951, accordingly was given, and conversion was offered at 3½ per cent. There has been a good deal of criticism of this action from various ill-informed quarters, and I might, in passing, refer to one or two aspects of the matter.

Since there was a substantial saving of interest to be made both for the Commonwealth and for the State governments concerned, it was clearly desirable that the governments should act on their legal rights, and their responsibilities to the people generally, and convert these

securities, as far as possible, at the prevailing bond rate of interest, which was 3½ per cent. The governments concerned would have failed in their obligations to the taxpayers if they had missed an opportunity to do this, and they could hardly be expected to put the holders of these securities into a special category, knowing that there was a definite covenant in connexion with them. In the event, the extent of conversion effected was highly satisfactory. Of the £129,000,000 of outstanding securities, some £103,000,000 was converted. It was voluntary conversion, not compulsory conversion, as had been carried out by the Labour Government. In the cash portion of the loan the amount received was £44,000,000, as against the amount of £21,000,000 asked for. This result can be taken to justify the issue of the loan at the rate of 3½ per cent. and to demonstrate that 3½ per cent. could, at the time, be properly regarded as the ruling rate of interest in the market.

In the following months, despite substantial official buying, the prices of government securities fell, and that decline meant a rise in the return to buyers. In March, the effective yield of long-dated securities touched £3 5s. 6d. per cent. Some governmental bodies, which eighteen months earlier had been able to borrow all the money they required at £3 3s. 9d. per cent., had to pay £3 10s. per cent., which was the maximum rate that was then permitted under the National Security (Economic Organization) Regulations for State-guaranteed loans. Even at that rate of interest, those governmental bodies found it difficult to obtain their full requirements. It was becoming clear that the change in the market was not due to temporary factors alone. Institutions such as insurance companies were showing a marked preference for securities with higher yields than were offered by Commonwealth bonds. The share market, on which, in recent times, substantial capital gains had been made from ordinary shares, was attracting much of the money which, in other periods, would have been invested in Commonwealth loans. From time to time fairly strong selling pressures became evident.

Naturally the Commonwealth and the States viewed with reluctance the prospect

of an increase of the bond rate. However, by May it had become apparent that we could not hope to raise at an interest rate of 3½ per cent. the amount that was required to complete the loan programmes for the year. The Australian Loan Council decided that the loan should be issued at a discount of 1 per cent., giving an effective yield of £3 4s. 4d. per cent. It is true that the loan was over-subscribed by some millions of pounds, but it is also true that, even during the time the loan was open, comparable long-dated securities were selling at prices that were appreciably below £99.

At the special meeting of the Australian Loan Council in June, the matter of interest rates was discussed at length. Most of the Premiers expressed strong opposition, in principle, to a general increase of interest rates, and certainly no one showed any enthusiasm for such a move, but, nevertheless, it was recognized that the current trends of the market were strongly in that direction. Although the Premiers of the States were aware of that position, they submitted to the Loan Council loan programmes that would have involved a total government borrowing of £300,000,000 this year, compared with an actual borrowing of £165,000,000 last year. In addition, the programmes of semi-governmental authorities for 1951-52 totalled £81,000,000 compared with raisings of £59,000,000 in 1950-51.

Early in August, the yield of long-dated securities went as high as £3 17s. per cent., and, despite a slight recovery, it was plain that, for the loan in that month, we could not expect to get better terms than £3 15s. per cent. at par. It was necessary to issue a loan at that stage in order to obtain the money that was required for the works programmes of the State governments, but it was recognized that various factors were operating to cause uncertainty and hesitation on the part of investors. Speculation was rife about the contents of the budget; the wool sales had opened unfavorably while the loan was open; and there were, unfortunately, a number of forecasts that the interest rate would rise even higher. The loan was undersubscribed by £7,500,000.

I should like now to say a word about complaints by people who have incurred a capital loss on sales of Commonwealth bonds. When people buy Commonwealth bonds, they lend the money to the Government for fixed periods, which are stated in the bond, in return for interest at a clearly defined rate. The Government's obligation is to pay that interest, and, at the end of the period, to return the money that has been lent. The Government does not undertake to redeem the bonds at face value whenever the holder so desires, but if, during the currency of the bonds, an investor wishes to realize on his holdings, he can do so by sale on the market at the price that other investors are at that time prepared to pay for the bonds. Shares are sold in the same way on the stock exchange. This price depends, not on any government decision, but on the relative desire of people to buy and to sell at that time. It is true that in recent times most issues of Commonwealth securities have been selling at prices below face value but it is equally true that on other occasions in the past such securities have for long periods sold at prices well in excess of face value.

Mr. CALWELL.—That occurred when Labour governments were in office.

Sir ARTHUR FADDEN.—Do not speak to me about what Labour governments have done. As I have said already, in order to ensure a continuous market, the National Debt Sinking Fund Commission uses funds that accrue to it to purchase Commonwealth securities day by day on the stock exchange. The Commonwealth Savings Bank of Australia uses a part of its accruing funds for similar purposes. However, although those purchases constitute a valuable support to the prices of securities, the funds that are available are not unlimited, and when, as occurred in recent months, investors dispose of Commonwealth securities on a large scale in order to invest in other assets, it may be impossible to prevent such sales from depressing prices of Commonwealth securities. The prices of long-term securities are affected by movements of interest rates more than are prices of short-term securities. Business people who have funds to invest for short periods normally seek investments with currencies approxi-

mately corresponding to those periods. With this in mind, the Government has issued for many years short-term securities as well as long-term securities. The short-term securities carry a lower interest rate than do the long-term securities, but the holders of short-term moneys are able to invest with less risk of capital loss. Even if the currencies of the new short-term securities that are regularly offered by the Government are unsuitable to investors, the Government has aimed always to have on the market securities with maturity dates spread to suit all classes of investors.

A part of the recent losses suffered by individuals has undoubtedly been due to the fact that some investors have, despite the availability of short-term securities, invested short-term funds in long-term securities. They earned interest at the higher rate while holding the securities, but there was the prospect of either a capital gain or a capital loss when it became necessary to sell. Those who had to sell recently suffered a capital loss.

Following a thorough review of the whole situation the Commonwealth and the States, as members of the Loan Council, decided to issue the next loan at the same rates and on the same general terms as had applied to the last loan. We are confident that the investing public will find those terms attractive, and will give to the loan the same generous support as they have accorded to the great majority of Commonwealth loans in past years.

It is not possible for me to reply to all the points of criticism—well-directed and mis-directed, well-informed and ill-informed—that have been made in this debate. Clearly the Opposition has not known where it stands on the issue. The discomfort of Opposition members has been understandable. Not having minds of their own on the subject, they looked elsewhere for advice, and got more than they could assimilate. They have tuned in with one ear to the *Sydney Morning Herald*, and with the other to the Premier of Victoria. The one demands a ruthless cutting down of public works; the other demands public works without a limit. They have said that the budget is deflationary, and that it is inflationary. The honorable member for Melbourne, who is their deputy leader, has decried the tax

increases. Yet it was he who promised, during the general election campaign last April, to repeal the wool sales deduction legislation and to spread taxation over the whole community. Their household economist, the honorable member for Fremantle (Mr. Beazley), also deplored the tax increases. It was he who, at the Summer School of Political Science in Perth this year, wanted to abolish sales tax—presumably on furs and jewellery as well as on the rest of the items in the schedule—and get the lost revenue, of about £120,000,000, from higher direct taxation.

Speaker after speaker has denounced the policy of a budget surplus, whilst trying hard to forget that his late leader, Mr. Chifley, commended such a policy less than a year ago. Honorable members opposite have taken up the cudgels for those unfailing friends of theirs, the big wool-growers, against the averaging proposal, which carefully preserves the position of the small producer everywhere, and in the final analysis protects all who have hitherto been advantaged under averaging. They have stood on their right leg and they have stood on their left leg, but their shoes have kept on pinching. They have got up and they have sat down. They have stammered and shuffled and contradicted one another, tried every line they could think of, and at the end of the debate they have still not known where or how to begin. They have scored not one effective point in the whole discussion. They have shown nothing except the complete incoherence of their own thinking, and their lack of an intelligible policy on economic affairs. We may well ask what sort of budget a Labour government would have presented in the light of the election promises honorable gentleman opposite made earlier this year, the attitudes they have revealed in this debate and the confusion which obviously exists amongst them on economic matters generally.

The most astonishing criticism I have heard concerns the policy of the Government on finance for housing. The Commonwealth contribution to housing has been enormous. In this financial year the Government itself will provide between £50,000,000 and £60,000,000 for housing and the Commonwealth Bank will

provide a good many millions more. Under the Commonwealth and State Housing Agreement, advances on relatively cheap terms are made to the four States which participate, and the Commonwealth shares any losses involved in the letting of houses by the States. Last year, the amount advanced to the States under the housing agreement was £21,600,000. The Commonwealth also subsidizes imported prefabricated homes, and this year the amount included in the Estimates for this subsidy is £2,600,000, which is sufficient to pay the maximum subsidy of £300 a house on 8,600 houses. Apart from assistance to State housing, the Commonwealth itself finances the building and acquisition of homes on a huge scale, principally through the War Service Homes Division. Last year, this organization provided 15,165 homes. It built or financed last year 11.6 per cent. of the new houses built in Australia, and its expenditure totalled £25,000,000. This year, a further £25,000,000 is being provided for war service homes, and the amount of the maximum advance to build new homes has been increased from £2,000 to £2,750. Included in the defence programme there is a considerable amount of housing for service personnel. There is also in our programme housing for postal and civil aviation employees, and housing in the Australian Capital Territory and elsewhere. All told, the Commonwealth has in hand a programme of housing, apart from war service homes, which is estimated to cost £9,500,000,

In part, the criticism has been directed at what is termed the restriction of credit for housing, and I want to make the position perfectly clear on that point. First of all, there is the credit the Commonwealth itself provides through advances to States and for war service homes which will total more than £50,000,000 in the current financial year. Next there is the credit provided by the Commonwealth Bank. Last year, the housing division of the bank approved 3,400 new housing loans totalling £4,800,000. Then, there is the accommodation provided by the Commonwealth Bank and Commonwealth Savings Bank for co-operative building societies. Last year, the amount was £8,300,000, which brought the total

for the last seven years to £36,700,000. Finally, there is the matter of policy towards provision of housing finance by the trading banks. Under the advance policy instructions issued by the Commonwealth Bank to the trading banks the position is briefly this—

- (a) Banks may grant accommodation to individuals up to £3,000 for building homes for themselves, and this may be increased to £3,500 where land on which the home is to be erected has to be bought;
- (b) similarly, banks may grant accommodation up to £3,500 to individuals to buy existing homes for their own use;
- (c) banks may finance co-operative building and co-operative housing societies; and
- (d) builders and building companies may be financed for their short term working requirements.

I fail to see that there is anything restrictive or illiberal in these provisions. Even with present prices and costs £3,500 is still a very substantial advance on a home. As regards co-operative building and housing societies, the trading banks are freely permitted to lend to these bodies. Whether the banks undertake this class of business is entirely a matter for themselves.

Outside Parliament, intense discussion of the budget has gone on. The budget has had its share of praise and its share of criticism. I would have been the last to expect it to escape criticism. Proposals so far-reaching were certain to provoke a diversity of views. The press has had some hard things to say about the budget, but on the whole its commentary has been temperate and fair, although I must say that there have been one or two conspicuous exceptions. Like the Labour party, these journals have been somewhat incoherent. They have cried deflation, and they have cried inflation. They have predicted ruin, and demanded that the budget be withdrawn—so giving the Labour party the idea for the amendment now before the committee—and in the same issue they have reported an improvement on the stock exchange. They have said, sometimes in one and the same article, that the

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budget surplus is much larger than admitted, and then that there is not really a surplus at all, and that the Government is straining its resources to make ends meet and avoid a deficit. They have demanded that State works programmes be cut to the level of loan raisings, whilst knowing full well that this would create a chaotic situation. It is difficult not to think that some of the more spiteful press attacks upon the budget are a pay-off for the refusal of the Government to appreciate the exchange rate by which the interests concerned would have profited enormously.

The Government does not claim that the budget and the related measures it is taking will effect a complete and immediate cure of inflation. After all, inflation has been going on in this country for the past twelve years. It has gathered strength in the course of time. Some of the dislocation it has caused will take a long time to rectify. Moreover, some of the forces now contributing to the problem, of both overseas and local origin, may grow still stronger in the coming months. What the Government does claim, however, is that the budget constitutes a major step towards the restoration of balance in our economy, that it will help towards greater concentration of resources on national tasks and that it will do these things without resort to extreme or disruptive action. In particular, it can be said of the budget that—

- (a) it makes adequate provision for our defence responsibilities;
- (b) it treats the States fairly, not to say generously;
- (c) it ensures that essential works in both Commonwealth and State programmes can be carried on;
- (d) it meets the special position of war and civil pensioners;
- (e) it spreads equitably the burden of additional taxation having regard to the economic circumstances of the time.

It is on these broad grounds that the budget should be judged. The Opposition has failed dismally to make out a case against it. Therefore, the amendment before the committee should be rejected.

I understand that the honorable member for Melbourne is now agreeable to my having incorporated in *Hansard* the

tax tables to which I referred earlier in my speech. With the consent of the committee I shall incorporate them. They are as follows:—

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION.

STATEMENT COMPARING TAX AND CONTRIBUTION PAYABLE UNDER PROPOSED RATES WITH TAX PAYABLE AT WAR-TIME RATES AND IN POST-WAR YEARS.

Income.	Tax at War-time Rates 1942-43 to 1944-45.*	Tax and Contribution in Immediate Post-war years.			Tax and Contribution in last full year of Labour Government 1948-49.	Tax and Contribution in first full year of present Government 1950-51.	Proposed Tax and Contribution 1951-52.
		1945-46.	1946-47.	1947-48.			
£	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
<i>Person with Dependent Wife.</i>							
100
150	3 9 0	1 14 0
200	10 18 0	10 5 0	7 3 0
250	18 7 0	17 4 0	13 0 0	3 15 0	2 10 0	1 11 0	1 14 0
300	36 13 0	33 15 0	26 13 0	11 5 0	7 16 0	3 15 0	4 2 0
350	53 13 0	49 12 0	38 11 0	21 0 0	15 0 0	7 0 0	7 14 0
400	71 11 0	66 8 0	51 5 0	30 7 0	21 9 0	11 6 0	12 9 0
500	109 6 0	101 17 0	78 14 0	50 6 0	37 10 0	22 1 0	24 5 0
600	148 19 0	139 1 0	108 7 0	73 7 0	56 1 0	35 6 0	38 17 0
800	232 4 0	217 10 0	173 11 0	128 1 0	101 6 0	69 5 0	76 3 0
1,000	319 17 0	300 3 0	246 0 0	193 18 0	157 0 0	110 16 0	121 18 0
1,250	440 6 0	414 1 0	347 11 0	288 5 0	238 12 0	173 19 0	191 7 0
1,500	577 14 0	544 3 0	462 4 0	392 16 0	331 5 0	247 3 0	271 17 0
2,000	906 5 0	848 4 0	730 14 0	637 6 0	548 10 0	426 15 0	469 8 0
3,000	1,702 2 0	1,607 6 0	1,382 10 0	1,230 0 0	1,077 3 0	876 7 0	964 0 0
4,000	2,577 2 0	2,436 9 0	2,120 0 0	1,892 10 0	1,681 7 0	1,409 8 0	1,550 7 0
5,000	3,485 8 0	3,298 19 0	2,899 3 0	2,613 7 0	2,360 10 0	2,022 9 0	2,224 14 0
6,000	4,410 8 0	4,178 2 0	3,699 3 0	3,363 7 0	3,081 7 0	2,685 13 0	2,954 4 0
8,000	6,260 8 0	5,936 9 0	5,299 3 0	4,863 7 0	4,548 0 0	4,082 4 0	4,490 8 0
10,000	8,110 8 0	7,694 16 0	6,899 3 0	6,363 7 0	6,043 17 0	5,545 8 0	6,099 19 0
12,500	10,422 18 0	9,892 14 0	8,899 3 0	8,238 7 0	7,918 17 0	7,418 13 0	8,160 10 0
15,000	12,735 8 0	12,090 12 0	10,899 3 0	10,113 7 0	9,793 17 0	9,293 13 0	10,223 0 0
<i>Person with Dependent Wife and One Child.</i>							
100
150
200	2 15 0	2 16 0	1 16 0
250	7 7 0	6 18 0	5 4 0
300	22 18 0	21 9 0	15 12 0	2 5 0	1 11 0	0 17 0	0 19 0
350	37 11 0	34 15 0	26 4 0	10 10 0	7 10 0	2 10 0	2 15 0
400	53 13 0	49 15 0	38 9 0	18 0 0	12 17 0	5 3 0	5 13 0
500	88 17 0	82 15 0	63 19 0	37 10 0	26 16 0	13 12 0	14 19 0
600	126 12 0	118 4 0	92 2 0	57 1 0	45 0 0	24 18 0	27 8 0
800	207 7 0	194 3 0	154 19 0	108 7 0	85 15 0	54 19 0	60 9 0
1,000	293 4 0	275 3 0	225 10 0	171 1 0	138 11 0	93 18 0	103 6 0
1,250	411 12 0	387 1 0	324 17 0	262 2 0	216 18 0	153 5 0	168 9 0
1,500	546 15 0	515 0 0	437 9 0	363 14 0	306 14 0	223 15 0	246 2 0
2,000	870 12 0	819 10 0	701 17 0	603 4 0	518 17 0	395 11 0	435 2 0
3,000	1,658 8 0	1,566 0 0	1,346 16 0	1,187 10 0	1,039 15 0	837 7 0	921 2 0
4,000	2,532 2 0	2,391 9 0	2,079 8 0	1,847 10 0	1,638 4 0	1,365 4 0	1,501 14 0
5,000	3,440 8 0	3,253 19 0	2,855 0 0	2,568 7 0	2,315 10 0	1,973 1 0	2,170 7 0
6,000	4,365 8 0	4,133 2 0	3,654 3 0	3,318 7 0	3,036 7 0	2,633 13 0	2,897 0 0
8,000	6,215 8 0	5,891 9 0	5,254 3 0	4,818 7 0	4,503 0 0	4,027 12 0	4,430 7 0
10,000	8,065 8 0	7,649 16 0	6,854 3 0	6,418 7 0	5,998 17 0	5,488 4 0	6,037 0 0
12,500	10,377 18 0	9,847 14 0	8,854 3 0	8,193 7 0	7,873 17 0	7,360 3 0	8,096 3 0
15,000	12,690 8 0	12,045 12 0	10,854 3 0	10,068 7 0	9,748 17 0	9,233 3 0	10,158 13 0

* In 1944-45 25 per cent. only of the tax was payable due to the adoption of the system of Pay-as-you-earn.

INCOME TAX AND SOCIAL SERVICE CONTRIBUTION—*continued.*

Income.	Tax at Wartime Rates 1942-43 to 1944-45.*	Tax and Contribution in immediate Post-war years.			Tax and Contribution in last full year of Labour Government 1948-49.	Tax and Contribution in first full year of present Government 1950-51.	Proposed Tax and Contribution 1951-52.
		1945-46.	1946-47.	1947-48.			
£	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
<i>Person with Dependent Wife and Two Children.</i>							
100
150
200
250	2 18 0	2 14 0	2 2 0
300	17 8 0	16 6 0	11 17 0
350	31 2 0	28 18 0	21 3 0	5 5 0	3 15 0	0 16 0	0 18 0
400	46 10 0	43 3 0	33 7 0	12 9 0	8 11 0	2 8 0	2 13 0
500	80 16 0	75 4 0	58 1 0	30 0 0	21 9 0	8 14 0	9 11 0
600	118 12 0	110 6 0	85 12 0	48 18 0	38 11 0	18 16 0	20 14 0
800	199 7 0	186 3 0	147 11 0	98 10 0	77 19 0	46 6 0	50 19 0
1,000	285 4 0	267 3 0	217 10 0	159 13 0	129 6 0	83 4 0	91 10 0
1,250	403 12 0	379 1 0	316 17 0	240 0 0	206 2 0	139 5 0	153 3 0
1,500	538 16 0	507 0 0	429 9 0	349 3 0	294 9 0	208 3 0	228 19 0
2,000	862 12 0	811 10 0	693 17 0	588 4 0	504 1 0	375 17 0	413 9 0
3,000	1,650 8 0	1,558 0 0	1,338 16 0	1,172 10 0	1,024 15 0	812 8 0	893 14 0
4,000	2,524 2 0	2,383 9 0	2,071 8 0	1,832 10 0	1,623 4 0	1,335 15 0	1,469 6 0
5,000	3,432 8 0	3,245 19 0	2,847 0 0	2,553 7 0	2,300 10 0	1,940 3 0	2,134 3 0
6,000	4,357 8 0	4,125 2 0	3,646 3 0	3,303 7 0	3,021 7 0	2,599 0 0	2,858 18 0
8,000	6,207 8 0	5,883 8 0	5,246 3 0	4,803 7 0	4,488 0 0	3,991 4 0	4,390 5 0
10,000	8,057 8 0	7,641 14 0	6,846 3 0	6,303 7 0	5,983 17 0	5,450 1 0	5,995 1 0
12,500	10,369 18 0	9,839 1 0	8,846 3 0	8,178 7 0	7,858 17 0	7,321 3 0	8,053 4 0
15,000	12,682 8 0	12,037 9 0	10,846 3 0	10,053 7 0	9,733 17 0	9,196 3 0	10,115 15 0

* In 1944-45 25 per cent. only of the tax was payable due to the adoption of the system of Pay-as-you-earn.

The general debate being concluded,

Question put—

That the first item proposed to be reduced (Dr. EVATT's amendment) be so reduced.

The committee divided.

(THE CHAIRMAN—MR. C. F. ADERMANN.)

Ayes	46
Noes	57

Majority	11
—	—

AYES.

Anderson, Gordon	Haylen, L. C.
Andrews, T. W.	James, R.
Beazley, K. E.	Joshua, R.
Bird, A. C.	Keon, S. M.
Bruce, H. A.	Lawson, George
Bryson, W. G.	Luchetti, A. S.
Burke, Tom	McLeod, D.
Catwell, A. A.	Minogue, D.
Cameron, Clyde	Morgan, C. A. A.
Chambers, C.	Mulcahy, D.
Clarey, P. J.	Mullens, J. M.
Clark, J. J.	O'Connor, W. P.
Costa, D. E.	Peters, E. W.
Crean, F.	Pollard, R. T.
Cremeen, J. L.	Riordan, W. J. E.
Curtin, D. J.	Rosevear, J. S.
Drakeford, A. S.	Russell, Edgar
Duthie, G. W. A.	Thompson, A. V.
Edmonds, W. F.	Ward, E. J.
Fitzgerald, J. E.	Watkins, D. O.
Fraser, Allan	Tellers:
Galvin, P.	Daly, E. M.
Griffiths, C. E.	Sheehan, T.
Harrison, E. James	Sir Arthur Fadden.

Anthony, H. L.	Hulme, A. S.
Bate, Jeff	Jack, W. M.
Berry, D. R.	Joske, P. R.
Bland, F. A.	Kekwick, B. H.
Bostock, W. D.	Kent Hughes, W. S.
Bowden, G. J.	Lawrence, W. R.
Brimblecombe, W. J.	Leslie, H. A.
Cameron, Dr. Donald	Luck, A. W. G.
Corser, Bernard	McBride, P. A.
Cramer, J. O.	McColm, M. L.
Davis, F. J.	McDonald, A. M.
Dean, R. L.	McLeay, J.
Downer, A. R.	McMahon, W.
Drummond, D. H.	Opperman, H. F.
Drury, E. N.	Osborne, F. M.
Eggins, E. J.	Pearce, H. G.
Fadden, Sir Arthur	Robertson, H. S.
Failes, L. J.	Rynn, R. S.
Fairhall, A.	Swartz, R. W. C.
Falkinder, C. W. J.	Timson, T. E.
Francis, J.	Townley, A. G.
Freeth, G.	Turnbull, W. G.
Graham, B. W.	Wentworth, W. C.
Hamilton, L. W.	Wheeler, R. C.
Harrison, Eric J.	Wight, B. M.
Haworth, W. C.	Wilson, K. C.
Holt, H. E.	Tellers:
Howse, J. B.	Davidson, C. W.
Hughes, W. M.	Gullett, H. B. S.

PAIRS.

Evatt, Dr. H. V.	Menzies, R. G.
Bourke, W. M.	Benle, Howard
Davies, W.	Page, Sir Earle
Fuller, A. N.	Hasluck, P. M.
Johnson, H. V.	McEwen, J.
Lazzarini, H. P.	Casey, R. G.

Question so resolved in the negative.

Amendment negatived.

Question put—

That the first item be agreed to.

The committee divided.

(THE CHAIRMAN—MR. C. F. ADELMANN.)

Ayes 58
Noes 46
Majority 12
	—

AYES.

Anthony, H. L.	Hulme, A. S.
Bate, Jeff	Jack, W. M.
Berry, D. R.	Joske, P. E.
Bland, F. A.	Kekwick, B. H.
Boatstock, W. D.	Kent Hughes, W. S.
Bowden, G. J.	Lawrence, W. R.
Brimblecombe, W. J.	Leslie, H. A.
Cameron, Dr. Donald	Luck, A. W. G.
Corser, Bernard	McBride, I. A.
Cramer, J. O.	McColm, M. L.
Davis, F. J.	McDonald, A. M.
Dean, R. L.	McLeay, J.
Downer, A. R.	McMahon, W.
Drummond, D. H.	Opperman, H. F.
Drury, E. N.	Osborne, F. M.
Eggins, E. J.	Pearce, H. G.
Fadden, Sir Arthur	Roberton, H. S.
Falles, L. J.	Ryan, R. S.
Fairbairn, D. E.	Swartz, R. W. C.
Fairhall, A.	Timson, T. F.
Falkinder, C. W. J.	Townley, A. G.
Francis, J.	Turnbull, W. G.
Freeth, G.	Wentworth, W. C.
Graham, B. W.	Wheeler, R. C.
Hamilton, L. W.	Wight, B. M.
Harrison, Eric J.	Wilson, K. C.
Haworth, W. C.	
Holt, H. E.	
Howse, J. B.	
Hughes, W. M.	

Tellers:
Gullett, H. B. S.
Davidson, C. W.

NOES.

Anderson, Gordon	Haylen, L. C.
Andrews, T. W.	James, R.
Beazley, K. E.	Joshua, R.
Bird, A. C.	Keon, S. M.
Bruce, H. A.	Lawson, George
Bryson, W. G.	Luchetti, A. S.
Burke, Tom	McLeod, D.
Calwell, A. A.	Minogue, D.
Cameron, Clyde	Morgan, C. A. A.
Chambers, C.	Mulcahy, D.
Clarey, P. J.	Mullens, J. M.
Clark, J. J.	O'Connor, W. P.
Costa, D. E.	Peters, E. W.
Crean, F.	Pollard, R. T.
Cremean, J. L.	Riordan, W. J. F.
Curtin, D. J.	Rosevear, J. S.
Drakeford, A. S.	Russell, Edgar
Duthie, G. W. A.	Thompson, A. V.
Edmonds, W. F.	Ward, E. J.
Fitzgerald, J. F.	Watkins, D. O.
Fraser, Allan	
Galvin, P.	
Griffiths, C. E.	
Harrison, E. James	

Tellers:
Sheehan, T.
Daly, F. M.

PAIRS.

Menzies, R. G.	Evatt, Dr. H. V.
Beale, Howard	Bourke, W. M.
Page, Sir Earle	Davies, W.
Hasluck, P. M.	Fuller, A. N.
McEwen, J.	Johnson, H. V.
Casey, R. G.	Lazzarini, H. P.

Question so resolved in the affirmative.
Progress reported.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION BILL 1951.

SECOND READING.

Debate resumed (*vide* page 1271).

Mr. WARD (East Sydney) [9.26].—Since the presentation of the budget, Government spokesmen have endeavoured to arouse some enthusiasm for it by telling the people that they would be worse off than they are if Labour were in control of the affairs of the country. The Treasurer (Sir Arthur Fadden), in an attempt to bolster the Government's case, cited some completely misleading figures when he referred to the position that existed at the time Labour was defeated at the end of 1949. Prior to that time, there had been a succession of reductions in taxes. Those reductions would have continued had Labour remained in office. It must be remembered that Labour governed in Australia during the most difficult war years, when all kinds of burdens were readily shouldered by the community. To-day we are not at war but at peace. During the general election campaign of 1949, the people of this country, who had endured the stresses and strains of the war, little realized that after two years of rule by an anti-Labour Government they would be asked to bear the colossal burden of taxation that they are being asked to bear now.

The proper approach to this matter is to ask, first, whether increased taxes are necessary; and secondly, whether the Government is distributing the added burden in an equitable manner. The Treasurer, by referring to what the Government is doing in regard to company profits, has endeavoured to persuade the people that the big companies of this country are being dealt with savagely, but the reactions of the stock exchange indicate that those companies are very pleased with this Government and with its taxation proposals. The Treasurer said that the Labour party had made several changes of front. Let me remind the House of a change of front by the Treasurer in regard to the proposed excess profits tax. During the general elections of 1949 and 1951, we heard a great deal about

what the present Government parties proposed to do in regard to the exorbitant and greatly increased profits that were being made by companies in this country. On the 10th October, 1950, I directed to the Prime Minister (Mr. Menzies) a question about the Government's promise to introduce a system of profit sharing. In the course of his reply to the question, the right honorable gentleman said—

I am aware that I indicated recently that the Government proposed to introduce an excess profits tax, and that that proposal brought down the most bitter criticism by the right honorable member for Barton.

Earlier the honorable member for Melbourne (Mr. Calwell) had sought information about the proposed excess profits tax. Before I conclude my speech I shall endeavour to show that the charge of the Opposition that this is a rich man's government, and that the budget is a rich man's budget, can be proved by the evidence that I shall submit. The honorable member for Melbourne asked the Treasurer whether it was his intention to introduce during that sessional period the legislation to impose a tax on excess profits to which he had referred in his budget speech. The Treasurer then replied—

The reply to the honorable member's question is "Yes".

The right honorable gentleman did not say that the Government was investigating the matter in order to ascertain whether such a measure could be introduced. He spoke as though the Government had already made a decision on the subject. Again, on the 1st December, 1950, the honorable member for Melbourne asked the Treasurer what he proposed to do about the imposition of an excess profits tax. The right honorable gentleman replied—

Certain difficulties have arisen with respect to the drafting of the proposed legislation to impose a tax on excess profits. That matter as a whole was referred to the expert committee on taxation, which is the most appropriate body to investigate in detail a complex question of that kind. . . . I am able to console the honorable member by assuring him that although it will be impossible to introduce the relevant legislation during this period of the current session that fact will not advantage those who will come within its scope because it will be made retrospective to the 1st July last . . .

Mr. Ward.

I remind honorable members that that was said on the 1st July, 1950. The Treasurer continued—
and will be based on profits of the current year or for the accounting year that the Commissioner for Taxation accepts in substitution therefor.

Instead of introducing a measure to impose an excess profits tax, however, the Treasurer introduced a budget which deals very lightly with the big companies, as I shall show in a moment. Even in his budget speech the right honorable gentleman still persisted in stating that the Government proposed to introduce an excess profits tax. That statement was made to silence the opposition to the Government that was being aroused by persons outside this Parliament who found that the higher prices charged for their every-day needs were leading to greatly increased profits by practically every commercial and manufacturing concern in Australia. The right honorable gentleman said—

In my last budget speech I stated that, as part of a balanced plan to bring inflationary forces under control, measures to draw off some part of abnormal profits were being considered.

This statement has been interpreted in some quarters to mean that the Government proposed an excess profits tax on all forms of business profits.

He spoke of the difficulties that prevented the introduction of such a measure and how impossible it was to apply an excess profits tax equitably. He continued—

The Government proposes that the additional contribution to revenue by public companies shall be in the form of a special levy at the rate of 2s. in the £1.

Public companies are to be asked to pay 9s. in the £1, but they already pay tax at that rate on a great deal of their profits, because under the present law they pay 5s. in the £1 on the first £5,000 of profit, 6s. in the £1 on all profit in excess of the first £5,000, a super tax of 1s. in the £1 on profit in excess of £5,000, and 2s. in the £1 on undistributed profits. What "colossal" burden has the Treasurer imposed on the great companies that make enormous profits out of the exploitation of the people? In his budget speech he said that estimated increased taxation this year would be £160,000,000. He continued—

By imposing these rates and abolishing the super-tax and undistributed income tax the

net yield in a full assessment year will be £13,000,000 and in this financial year £10,900,000.

Approximately only 7 per cent. of the additional increased tax proposed in the budget is to be met by the taxation of the enormous profits earned by great public companies! Is it any wonder that the directors of those companies are satisfied with the Government and the budget and that the stock exchange is buoyant? The Treasurer has gone further and has discriminated in favour of the larger companies. I do not suggest that the smaller public companies that are struggling for their very existence can expect to be befriended by the Government, because it is the representative of big business and it wants to destroy small businesses in order to assist the great monopolies. A small public company that earns a profit of £5,000 in a year is at present taxed at 5s. in the £1, or a total amount of £1,250. Under the present proposal the special provision relating to such companies is to be wiped out and small companies in common with large companies will be called upon to pay 9s. in the £1. A small company of the kind I have mentioned will now be obliged to pay a tax amounting to £2,250, or an increase of 80 per cent. on present rates. Let us consider the case of a company of somewhat larger dimensions, which earns a profit of £20,000 a year and pays half of its profits in dividends and carries the other half to reserve. Under the existing law such a company would pay 5s. in the £1 on the first £5,000 of income, or £1,250; 6s. in the £1 on £15,000, or £4,500; 1s. in the £1 on £15,000, or £750; and 2s. in the £1 on the £10,000 placed in reserve, or £1,000; or a total tax of £7,500. Under the new tax rates such a company will pay £9,000, or an increase of only 20 per cent. compared with an 80 per cent. increase in the case of the small company.

Let us now consider the case of a large company which earns a profit of approximately £500,000 a year, of which it distributes £200,000 in dividends and places the remainder in reserve. Under existing rates such a company would pay a total tax of £204,500. Under the new proposals it will pay £225,000, or an increase of 10 per cent. Thus, the higher the earnings of the great monopolistic

concerns the more leniently are they treated by the Government which tries to make the Australian people believe that it is applying the tax burden equitably. The Treasurer, obviously realizing that there would be some criticism of these proposals, had this to say in his budget speech—

Both super tax and undistributed income tax were war-time measures.

The right honorable gentleman undoubtedly seeks to justify the wiping out of those taxes on the ground that we are no longer at war. On the one hand he says to the workers, "You must accept a greater tax burden because of the war preparations in which the country is now involved". On the other hand he justifies the lifting of the burden of taxation on the great monopolies on the ground that the war has ended. Surely the right honorable gentleman will admit his inconsistency. I do not suggest that any of our great companies will be seriously inconvenienced by the slight additional burden of taxation that they will now be called upon to bear. We all are aware that in the final analysis the increased taxes will be paid by the worker because this additional impost will eventually be added to the prices of commodities bought by the worker. Political parties in this Parliament and elsewhere represent particular interests. The Government parties represent the big business interests of this country. In order to prove the truth of that assertion I do not have to depend on the statements of members of my own party or of the bodies with which it is affiliated. I can prove its truth by quoting the words of honorable members in the ranks of the Government. I refer in particular to the Minister for Commerce and Agriculture (Mr. McEwen). During the Menzies régime in 1939 when members of the Australian Country party were not members of the Government but were merely supporters of it, they were occasionally frank in their expressions of opinion in this House. The present Minister for Commerce and Agriculture said on one occasion, when he was speaking during the debate on the Supply and Development Bill 1939, just prior to the outbreak of war—

I very much doubt whether the big business interests of this country, with whom the

present Government has a not too remote connexion, will relish contemplating the handing over to a Minister for Supply drawn from the ranks of honorable members opposite this most complete authority to demand information concerning the innermost secrets of the big industrial enterprises of Australia. These big business interests will not contemplate with any jubilation the possibility of a Minister in a government formed by honorable members opposite probing to the very depths the secrets of the Colonial Sugar Refining Company Limited, the Broken Hill Proprietary Company Limited, General Motors-Holden Limited, and other companies. It is a very interesting possibility to contemplate, and I am not sure that some of my friends who were responsible for the drafting of this bill will not find themselves hauled over the coals by their masters.

There are many honorable members opposite who sat behind the right honorable member for Kooyong (Mr. Menzies) when he was Prime Minister in 1939, who will not deny that they had, and, indeed, still retain, a very close connexion with big business. When the Minister for Commerce and Agriculture made that statement in 1939 he was castigating a government that was led by the same right honorable gentleman who leads the present Government, and which was of the same political colour as the present Government. He was frank enough then to admit that that government had a very close connexion with big business. So has the present Government. As a matter of fact, we have endeavoured, by means of questions, to establish that some members of the present Government still retain connexions with big business interests in this country while, as members of the Cabinet, they are supposed to be serving the community generally and not serving sectional interests only. We have had great difficulty in establishing that fact only because of the failure of Ministers to answer questions that we have directed to them about it.

The companies to which I have referred are doing very well under the present régime. They are making provision, in advance, to meet their taxes. They do not pay their taxes out of profit after it is earned. Instead, they budget in advance to cover the taxes that they are likely to be called upon to pay in the succeeding twelve months. I shall give one illustration of that fact from the official record of the stock exchange for last August. The company concerned is Noyes

Mr. Ward.

Brothers (Melbourne) Limited. This is what the chairman of directors of that company had to say—

In providing for taxation the directors have had in mind the statements which have been made that the rate of company tax may be increased.

So that company was actually making provision for the increased taxes that it expected to be imposed by the Government. As a result of the methods that companies employ in relation to taxes the workers of this country are being exploited as never before. Big business, which is supported by the Government, adopts all sorts of snide methods to keep from the general public a knowledge of the exact position in regard to the profit earning of large companies. For instance, companies have all sorts of ways of boosting what they term "the business expense account". If the wife of a director of a company wants a new motor car, it is bought and put down on the business expense account. If a director wants a new motor car for himself, or wishes to entertain his friends at some fashionable hotel, or to pay a visit overseas, the expenditure on the item is added to the business expense account. The worker in industry, the real producer who is always being lectured on the need to work harder and produce more, is the person upon whom this country entirely depends for its existence.

Let us examine how one big company, the Broken Hill Proprietary Company Limited, is faring. Last year it made a profit of £1,723,000, after having set aside £1,209,000 for depreciation and £1,000,000 for taxation. The worker is taxed right at the source. He has his taxes deducted from his pay, and he cannot pass on to anybody else what he has lost in taxation. He has no opportunity to budget to meet tax payments in the same way as the great companies can do it. Therefore I say that it is entirely wrong to tax workers who earn below the basic wage, because the basic wage is determined by an authority which decides what shall be a mere subsistence wage for a man, wife and child. That authority, the Commonwealth Arbitration Court, does not take into account any tax payments that a man may have to make. So, when additional taxes are imposed on the workers, who are now having

a terrific struggle to exist, a great burden is imposed on them, and their living standard is, in effect, reduced. But if a higher rate of tax is imposed on a person who already has more money than he needs or can spend, no real burden is imposed on him. I shall show honorable members how the Government's scale of taxes on personal income works in favour of wealthy people. By doing so, I shall rebut the false arguments that honorable members opposite have based on incorrect comparisons between the tax policy of the Labour party when it was in office and the tax policy of the present Government. An examination of the results of the Government's tax policy could lead to no other conclusion than that the Government is favouring the wealthy section of the community. When we were in office our taxation methods were entirely different from those adopted by this Government. At one stage during the last war the rate of tax on large incomes was as high as 18s. 6d. in the £1. That rate applied to incomes of over £5,000 a year, and was applied right through the scale of income. It did not matter how much a man received above £5,000, he had to pay the maximum rate of tax on his total income.

Last year, on the plea that it was simplifying tax methods, the Government, without drawing very much attention to its action, adopted a new system which the Treasurer (Sir Arthur Fadden) said was a method of imposing taxation in steps. Under that system the lower down the scale of income a man is, the shorter the steps are. On the higher levels the rate of tax increases with every £2,000 of income earned, whereas on the lower income ranges it increases with every £50 of income earned. I shall tell the House what a great advantage the use of that method gives to the people who earn the very highest range of income. As I have said, under the Labour Government, a person paid the same rate of tax right through the whole range of his income. Under this provision the rate of tax increases by various steps, so that a man who earns £10,000 or £20,000 a year will pay on the first £100 of his income only 1d. in the £1, which is the same rate as is paid by a man on the lowest range of income. Then for the next £50 the rate goes up to 11d. in the

£1, and so up the scale until he gets to the rate of 15s. in the £1 after the first £10,000. He does not pay 15s. in the £1 in respect of the whole of his income. The rate goes up by stages. I shall take, as a typical case, a man with an income of £12,000, who, under the scale that is operating at the moment, would be liable to pay £5,621 in tax on the first £10,000, and 15s. in the £1 on the remaining £2,000 of his income, making a total tax liability of £7,121 13s. 4d. If the Labour Government's old system had been operating he would have been paying 15s. in the £1 in respect of the whole £12,000, which would have meant that he would pay £9,000 in tax. That represents a saving of £1,879 to the man on an income of £12,000 a year. Even with the 10 per cent. increase this year he will still be saving compared with what he would have had to pay had the maximum scale applied to his entire income. Can there be any wonder that people in fortunate circumstances in this country are rather delighted with the Government. When the Treasurer compared the taxes paid by workers to-day with those paid when the Labour Government was in office he did not state the position fairly. It is true that controls were exercised by the Labour Government, but at least workers could buy commodities at fixed prices and get a fair share of goods that were in short supply. Under this Government's system the basic wage is fixed on prices for which, in many instances, goods cannot be procured. Anybody who lives in the cities or is at all realistic knows that workers are compelled to pay more than the fixed prices if they want to buy some scarce commodities. Price-fixing is not properly policed and cannot be applied effectively by the State governments. This Government aims to avoid Commonwealth prices control because it knows—

Mr. SPEAKER (Hon. Archie Cameron).—Order! The honorable member is getting away from the bill, which is a taxation measure.

Mr. WARD.—I shall return to the taxation field. When Labour was in office, a worker who was earning £340 a year, which was approximately the base rate, paid £15 a year in tax. This year, a worker who receives the base rate of

£538 a year will pay £45 in income tax and, as I have shown, he will be relatively much worse off. The same discrepancy is obvious right throughout the lower income scale. Everybody in this country knows that no man can exist and maintain a family on the prevailing basic wage. What is happening, of course, is that bread-winners are working overtime, and in many cases the members of the family have to go to work to supplement the household income. They can do that at present because of the great demand for labour but, if families were forced to exist on the basic wage, starvation would result because the basic wage, reduced by this Government's tax imposts, is insufficient to meet the needs of a family.

The Treasurer invited the Opposition to show how the proposed tax increases could be avoided. He complained that no constructive suggestions had been made from the Labour side of the chamber. I propose to make a few now. The Government is budgeting for a surplus. The Treasurer's excuse for doing so is that Australia is following the example set by Canada. The right honorable gentleman did not refer to New Zealand, of course, because in that country where the Administration is faced with the identical problems—including increasing defence expenditure—that confront this Government, taxes are being reduced. It is ridiculous to argue that inflation can be met by increasing taxes. We have been told repeatedly that the only real counter to inflation is to increase production, and that production can be increased only if the right incentives are provided. Will higher taxes give an incentive to increase production? Even the Prime Minister (Mr. Menzies) in the 1949 election campaign conceded that a reduction of taxes was essential to stimulate production. He said—

It has, by way of outstanding example, been most reluctant to grapple with the problem of tax reduction. This is partly because it seems to believe that Government departments can spend our earnings for us more wisely than we can (which is a common Socialist delusion), and, therefore, that it is more important to maintain Government expenditure than to reduce the taxes which maintain them; and partly because the Government has never come to understand that real tax reductions would be the best of all incentives to increased effort, earnings and production.

Mr. Ward.

That statement was made by the Prime Minister who now uses exactly the opposite argument. The Government is saying to the people, "We have to draw off some of your surplus funds to meet the inflationary situation". It is quite true that if surplus money is abroad in the community the demand for scarce commodities will be accentuated, but how will inflation be reduced if the Government, after drawing off the surplus spending power, itself expends that money, and thus does exactly what the Prime Minister complained about in the 1949 election campaign? To-day the right honorable gentleman is saying to the Australian people, "We can expend the money much more efficiently and much more satisfactorily than you can". I am not arguing that there is no surplus money in the community. If the volume of money is continually increasing, it must have some effect on prices unless there is a corresponding increase of production, but surely the Government's plan should not be to draw money away from people who cannot spare it. Obviously people in the lower income groups have no surplus funds. With the high cost of living to-day, many of them have a great struggle to make ends meet. The Government should draw surplus money from the people who have too much but that is just what it does not propose to do. It will not take surplus money from the wealthy monopolies to which I have referred. Of the estimated increase of £160,000,000 in taxation revenue this year, the wealthy companies will contribute only 7 per cent. Let us see what the Treasurer himself has said. [Quorum formed.] His views in 1949 were similar to those held by the present Prime Minister. He said—

The Chifley Government might blame the coal-miners, wharfslabourers, or the Communists for the slowing down of production, but it alone is responsible for the paralysing effect of restrictive taxation.

The Government's policy of maintaining taxation at unduly high levels has killed the incentive to produce. This, in turn, has contributed to industrial dislocation, absenteeism, spasmodic stoppages of work and a general disinclination to work overtime.

Therefore, substantial and immediate taxation reductions must be made to remedy the country's economic ills.

The most practical way to alleviate industrial unrest and encourage full employment is by a substantial reduction of individual taxation. Tax reduction is the most effective way of increasing wages. Every penny taken from a pay envelope by the Government represents a reduction in wages.

That is the Opposition's contention. But there will not be any reduction of dividends. I challenge the Government to produce any recent instance of a company which has been compelled to reduce its dividend rate because its profits have fallen, or any instance of a company which will have to reduce its dividend rate because of the present taxation proposals. The people who draw dividends from these great companies will find greater amounts going into reserves and greater profits being earned. Their incomes will not be affected by the proposals of the Government. Only the workers who have no way of passing the taxation on will be affected by these proposals.

The Treasurer has cited figures in regard to the increased profits of the great companies. He said that during the last financial year they earned an additional £90,000,000 in profit. Of that amount the Government has proposed to take £10,900,000, but that amount will not be taken from the individual shareholders. The proposal will result in only a small token payment being made from the inflated profits of these companies. The workers have been very harshly treated by the Government. The proposed taxation is inequitable. The Treasurer has stated that the Government's policy is to tax spending rather than earning. The result of such a policy will be that workers who maintain families will have to pay a disproportionate amount of the tax because they are compelled to spend all their income, in most cases, in order to exist. The honorable member for Fremantle (Mr. Beazley) was criticized by the Treasurer because he advocated the abolition of the sales tax. I consider that the sales tax should be abolished. The Treasurer has proposed that the taxation burden on large companies should be eased, on the plea that such taxes were imposed as a war-time measure. Was not the sales tax imposed as a war-time measure in the first instance? Surely this tax which

was imposed in order to provide some of the finance for World War I. could be removed now that so many years have passed since that war terminated. Indirect taxation bears most heavily on the worker and the family man. The fairest method of taxation has always been a direct tax on a graduated scale according to the ability of the individual to pay.

Reference was made in a previous debate to the policy of the Government in regard to wool-growers. Members of the Australian Country party have twitted Opposition members by calling them the friends of the wool-growers and by telling them that they do not represent rural constituencies. Many members of the Labour party are directly representative of rural industries, and all members of the Labour party are Australians and regard themselves as representatives of Australia. We do not believe that any section of the community should be treated unfairly, regardless of what electorate it lives in. Many wool-growers are probably better off now than they have ever been before. It is quite true that many of them could bear a greater proportion of the taxation burden than they have borne in the past. But that is not relevant to the proposition before the House. As the honorable member for Perth (Mr. Tom Burke) said, the Government is peeved because the wool-growers had the audacity to reject the wool stabilization scheme when they voted on that matter, so that the Government is obliged to repay to them £45,000,000. The Government now intends to give that amount back to the wool-growers with one hand and take £47,000,000 away with the other. I do not argue that the primary producers generally are not in a very prosperous position. I wish that some so-called representatives of primary interests in this House were less eager to extract higher prices from our unfortunate kinsfolk overseas and were satisfied with their present returns.

The subject of taxation is associated with the Government's defence programme. There is no member of the Opposition who does not believe in the adequate defence of Australia. But the Government must

take into account the capacity of the country to meet defence expenditure and contribute to a joint effort with other countries. Surely honorable members opposite recognize that there must be a limit to what this country can do in the matter of defence.

Mr. SPEAKER.—Order! I am sorry to say that the honorable gentleman is getting away from taxation.

Mr. WARD.—The Government has asked the Opposition to suggest ways in which increased taxation could be avoided. In order to show how it can be avoided it is necessary to deal with the subject of expenditure.

Mr. SPEAKER.—Order! The honorable gentleman cannot deal with expenditure in this debate. This is purely a taxation bill.

Mr. WARD.—The bill relates to taxation for a special purpose. The Government should review its programme. It should reduce its expenditure on immigration because of the difficulties—

Mr. SPEAKER.—Order! The honorable gentleman is getting away from taxation.

Mr. WARD.—I am only making a passing reference.

Mr. SPEAKER.—The honorable gentleman will have an opportunity in Committee of Supply to deal with other matters. He cannot deal with them now, but must confine himself to taxation.

Mr. WARD.—It is not necessary for the Government to impose this burden of taxation on the people. The Government's proposals will place an inequitable burden on the community and benefit wealthy interests to the disadvantage of the workers. The Government will not encourage greater production by treating the workers, who are the real producers, unfairly, but only by treating them more equitably. No worker in receipt of the basic wage or less should have to pay taxes, because that would leave him with insufficient money on which to live. If the Government proposes to increase the rate of taxation with every additional £50 earned in the lower incomes, why does it not propose to do so regardless of total income? Why should the rate of

tax payable by a man in receipt of £8,000 a year not be subject to increase until his salary has increased by £2,000?

Despite the attempts of the Treasurer to work up some measure of enthusiasm for the budget, the people are disturbed and alarmed at the Government's proposals and they are continually heard asking how much longer the Government will remain in office. I suggest that the Government parties should do what they invited Labour governments to do in the past if they consider that this is a popular budget—test the feeling of the people by giving them an opportunity to demonstrate whether they consider that the Government has acted in a fair and reasonable manner. As a matter of fact, this Government was elected by fraud, because it has reversed every one of its election promises.

Mr. SPEAKER.—Order! The honorable gentleman is getting away from taxation.

Mr. WARD.—The Government parties promised to reduce taxation, but—

Mr. TURNBULL.—I rise to order! The honorable member for East Sydney (Mr. Ward) said that this Government was elected by fraud. I ask for that statement to be withdrawn.

Mr. SPEAKER.—I do not think that "fraud" is a parliamentary word. However, no member of the Ministry took objection to its use by the honorable member for East Sydney.

Mr. ANTHONY.—We take no notice of what the honorable member for East Sydney says.

Mr. TURNBULL.—Surely a private member has some rights, Mr. Speaker?

Mr. SPEAKER.—A private member has rights but the Government was referred to. However, I think that the honorable member for East Sydney should withdraw the expression.

Mr. WARD.—In deference to you, Mr. Speaker, I withdraw it.

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

Mr. WENTWORTH (Mackellar) [10.11].—Some of us wonder whether the honorable member for East Sydney (Mr. Ward)—

Conversation being audible across the table,

Mr. SPEAKER.—As there is a microphone between the two honorable gentleman at the table, I ask them to refrain from continuing their conversation.

Mr. WENTWORTH.—Some of us are often inclined to wonder whether the honorable member for East Sydney really knows the direction in which his argument could lead him. He devoted more than half of his speech to a frustrated and bitter plea for higher taxation on companies. I wonder whether he realized the implication of that proposal. When company taxation is increased, a wealthy shareholder's own taxes are decreased by almost an equivalent percentage. Therefore an increase of company taxation means very little to a wealthy shareholder. On the other hand, an increase of company taxation means a great deal to a small shareholder, because dividends in his hands are not subject to so high a rate as when they are in the hands of a wealthy shareholder. Therefore the proposal of the honorable member for East Sydney would mean little to the wealthy shareholders that the honorable member professes to hate, and cuts at the small shareholders almost exclusively. It is characteristic of the honorable member for East Sydney, that, in his zeal, or whatever it may be, he hurts those for whom he professes concern, and who might in return try to be friendly with him. The House should not be bothered about the crocodile tears that were shed by the honorable member for East Sydney on behalf of the wool-growers.

I shall now turn to the bill that is before the House, and shall ignore the irrelevancies that were introduced by the honorable member for East Sydney. This measure relates to the general budget that has been discussed by the House. The general level of taxation that it seeks to impose relates to the budgetary proposals that have been already dealt with. A taxation structure must be judged in the light of both temporary and long-term factors. [Quorum formed.] The present taxation level must be judged in relation to the temporary situation covered by the budget and the general economic structure of the country. The budget provides

for a levy of £427,000,000 on individual incomes and £135,000,000 on companies—a total of £562,000,000. In addition, wool credits aggregating about £100,000,000 are carried into this taxation year. Therefore the total levy during this financial year will be about £660,000,000. That tremendous levy is necessary in view of the economic position that has been revealed during the budget debate.

It is perhaps justifiable to recall the facts concerning the imposition of provisional taxation, which drastically increased the immediate tax yield. The tax paid by a person who conducts a business, a rural producer, or one who derives income from property, can be calculated approximately by doubling his current assessment and subtracting his assessment for the last financial year. I know that that formula is not strictly applied, but in general it is applied. Its effect is to make very evident swings in the yield from taxation as incomes vary. There is a very pronounced variation when, as was the case with wool, incomes were so unexpectedly high last year. It is not unreasonable that the Government should look to the high taxation yield, due partly to high incomes and partly to the incidence of provisional taxation, as a means to enable a surplus to be paid into the National Debt Sinking Fund, in view of the state of the loan market.

It is frequently claimed that high direct taxation acts as a deterrent to incentive and results in reduced output. To a degree, that is true. It is particularly true when a man has little left of the income that he has earned. Both Mr. Colin Clark and Professor Hicks have agreed that bad effects on incentive are inevitable when there is left to a taxpayer less than one-third of his income, that is, less than 6s. 8d. in each £1 of his additional earnings. It is interesting to recall that at the top rate of tax on income a taxpayer will be left with only 3s. 6d. in the £1 at the rates proposed in this budget or about half of the minimum safe limit. The tax rate of 10s. for each additional £1 of income earned is reached at about the income of £2,500 a year. Therefore, the budget proposals will act as a definite deterrent to incentive for those who earn the higher

incomes. That of course is not true of the lower income earners. Consider a man who earns £900 a year, which is a medium low income. If such a man should earn an additional £1 he would retain 15s. 3d. of it, the Treasury taking 4s. 9d. Therefore it will be readily seen that such a man will still have an incentive to earn more money. That disposes of the contention put forward in some quarters that people will not work overtime because their additional income will be taken from them through taxation. A man who earned £900 a year would have 15s. 3d. left to him of each additional £1 earned whereas a man who earned what may be described as one of the top incomes would have only 3s. 6d. left after paying his income tax. The importance to the whole economy of not destroying the incentive to earn of those on higher incomes is clearly set out by Mr. Colin Clark in his lecture on the Principles of Public Finance and Taxation which was delivered on the 14th August, 1950. He said *inter alia*—

When such marginal rates are high, as they are in many tax systems, the company executive soon comes to realize . . . that of each additional pound which he spends on the company's account, half or more may be borne by the Treasury. It is remarkable how soon this begins to have an effect on expense accounts, advertising appropriations, staff bonuses and pensions, and many other categories of expenditure. But most important of all is its effect in wage negotiations. The employer no longer performs his natural economic function of resisting demands for wage increases. As a result the inflationary spiral keeps on turning, with higher wages leading to higher prices, and higher prices in turn leading to a demand for a further wage increase.

We are now in the economic condition which was described by Mr. Colin Clark. That is to some extent attributable to the destruction of the incentive of the higher income earners by the almost confiscatory taxes. The harmful effect of these taxes is particularly shown by companies. In these concerns not only is there a tax on the earnings of the company, but there is also a tax on those earnings when they are paid as dividends to shareholders. It is probable that out of every £1 that a company earns, only 4s. or 5s. goes to the owners of the company, the remainder finding its way to the Treasury and becoming one of the main supports of the Go-

Mr. Wentworth.

vernment's expenditure on social services and other commitments.

These are facts, supported by figures, and are probably inconvenient from the point of view of the Opposition because they destroy the main thesis of the honorable member for East Sydney. One can say that the present scale of taxation is justified as a temporary expedient, in view of our commitments, but it would not be justified as a long-term system because it would inevitably lead to a further turning of the inflationary spiral in the way that Colin Clark has so ably described. In considering future taxation policy one is led to think that perhaps some fundamental changes in taxation outlook are now overdue. Those of us who can perceive gathering tensions in the economy, who are a little disturbed at the progress of events and who think that unless remedial action is soon taken we may be in for a hard economic time, wonder whether a change of taxation policy may not be one of the measures which will lead to the overcoming of inflation and the improvement of our economic health. I am not criticizing the present proposals, which I believe to be fully justified in the present emergency. I do say, however, that considering the long-term effects of the proposals, we should envisage another kind of policy.

I agree that taxation policy is only one part of the main financial policy, but it is an important part and one which should not be neglected. I suggest that some part, perhaps 10 per cent. or 15 per cent. of every tax payment, could be regarded as a loan repayable at a future date. Such an action would restore incentive, especially in view of the fact that a large part of the revenue mentioned in the budget is to be transferred to a sinking fund. Of course, so far as this budget is concerned, it may be argued against my proposal that in view of the likely sharp fall in tax yield as wool incomes are reduced and the effects of provisional taxation amplify the fall, it may be necessary to make financial provision for next year, and therefore it would be inadvisable to treat a part of this year's taxes as a loan. Nevertheless, as a matter of permanent policy my suggestion might be considered as one of the means of financing the

defence expenditure which every honorable member in this chamber knows is necessary in the years immediately ahead but trusts will be only temporary and will be relaxed when the present world tension passes.

Property income carries a special impost from £100 a year upwards. That is not right. In the lower groups of property income owners have suffered particularly because of inflation, and I suggest that the first £500 or £600 of property income should be treated on the same basis as income from personal exertion. That suggestion is directed to helping the small property income owner and is of no significance to persons with large property income. There is a group of small property owners who should be helped, who deserve to be helped, and who can be helped at small expense to the Treasury.

My third point concerns allowances for depreciation. They become more important because of the general rise of all prices, including those of machinery used in factories. Let us suppose that a company bought a machine for £1,000. When the machine has worn out and after its value has been completely written off, the company would have £1,000 in its depreciation reserve. However, when the time came to replace the machine, the company would be obliged to pay the new price, which would probably be £2,000 or £3,000, and it would not have in reserve sufficient to meet that contingency. Capital is being eroded in that way. According to figures produced in this House by the Treasurer, in his statement on national income, the amount allowed for depreciation last year was £225,000,000. If that figure is correct, it indicates a very serious degree of capital erosion, this tendency is very serious and further provision will have to be made in that respect if industry is to continue producing to its full capacity. Whilst I believe that the Treasurer is correct in suspending, or abolishing, the special depreciation allowance of 40 per cent., at the same time, it might have been possible selectively to continue that allowance in relation to industries that we particularly desire to expand. I refer to industries in which bottlenecks are holding up production. Every one should

realize that the standard of living in this country is kept low as a result of those bottlenecks; and all who are concerned about maintaining living standards in this country should recognize that such action, whatever its cost might be to the Treasury, would return much more to the taxpayer and the community generally.

The Treasurer has acted rightly in modifying the averaging provision in relation to primary producers. Such action had to be taken during the current financial year or it could not have been taken at all, because those who had enjoyed the benefits of the system on the rise would have been relieved of the correspondingly increased payments on the fall. In view of the very steep rise in the incomes of primary producers during last financial year this change had to be made this year or it could never have been made. However, I agree with some honorable members that instead of abolishing the averaging system, we could, perhaps, modify it substantially. I am wondering whether it might not be possible for all persons to do their own averaging within certain prescribed limits by electing to deposit a proportion of their income with the Treasury. Such deposit would be a deduction from taxable income, but would be an accretion to taxable income in the year of its withdrawal. Such a proposal involves certain technical difficulties, which I have not time to discuss at this juncture, but it would have some substantial resemblance in certain respects to the system that is now in operation in the United States of America. It would help not only primary producers but also other persons whose incomes fluctuate considerably, such as authors or business men who expend efforts for two or three years, but receive their reward in one year. The entrepreneur is an important factor in the economy, but under the existing system he suffers hardship when working at a loss whilst the Treasury takes the bulk of any profit that he may eventually make. If a system of voluntary averaging were applied to not only primary producers but also taxpayers generally, the whole of the taxation scale would have a much fairer incidence.

The final point that I wish to make is the most important of those that I have

raised. It is that the most inflationary force in the community to-day, not excepting the rise in overseas prices and wool incomes, is the body of wives and children for whom allowance is made in the computation of the basic wage but who do not actually exist. The basic wage, whatever the legal technicalities may be, is in fact determined on the needs of a man, his wife and two children.

Mr. SPEAKER.—Order! The honorable member is getting away from taxation.

Mr. WENTWORTH.—I am showing that the basic wage is insufficient for a man and his family whilst, at the same time, it is too high for the needs of the single man. It thus makes it possible to bring single recipients into the taxation field on higher scales. We must consider regrading the whole taxation scale in order, perhaps, to bring it nearer to the British, or New Zealand, model. In Great Britain and New Zealand the rate of income tax on the lower grades of income is much heavier than it is in Australia, but the allowances in respect of families are much greater. Under a similar system of taxation it would be possible to give more to a man with a family, who really needs more, without inflicting hardship on a taxpayer who has no family. By regrading the taxation scale the Government would remove the most powerful inflationary force in the community to which I have referred. The last census, which was taken in 1947, revealed that out of approximately 3,000,000 persons who are gainfully employed in this country no less than 1,300,000 had not married. There is the real inflationary force in the community, because not only do single persons spend money—and their expenditure on their own consumption is in the most inflationary category—but their expenditure involves capital equipment provided by other investors to satisfy their needs. We should attack this major problem. We should help to restore health and justice to the community as a whole by giving more to the married man and, perhaps, leaving less for those who are not so much in need of additional income. I suggest, for example, that the present deduction of £104 from the taxable income that is allowed in respect of a

wife might be increased to £250 in the case of a wife who is an invalid or who cannot work, and that the deduction in respect of the first child, which is now £78, might be increased to about £250, and that the deduction of £52 at present allowed in respect of other children might be increased to at least £100. The deduction which I am glad to note the Government proposes to make in respect of aged people should also be increased.

Generally speaking, single persons wish to have the opportunity to save in preparation for marriage. Therefore, under the regrading, I suggest that they should be allowed to save a certain sum, say £400 or £500 free of income tax for that purpose. That sum could be deposited at the Treasury to be released to the persons concerned on the day on which they marry. A re-fashioning of the taxation scale in the way that I have suggested is of major importance and is overdue, because unless we take action of that kind we shall not succeed in checking inflation. It will be of advantage to everybody, whether single or married, because it will tend to curb existing inflationary forces and prevent the basic wage from rising still higher. Most single persons would agree with the fundamental justice of this proposal, because they have the family outlook, and if they live for long enough they themselves will graduate into the married class. In the interests of the whole community it should be possible for us to look forward to a re-fashioning of the taxation scale, perhaps not exactly in the manner that I have suggested, but in some other way, in order to place a heavier burden of taxation on the single man without dependants. That practice is followed in Great Britain and in other countries. Greater taxation relief should be afforded married men with dependants. They should be helped by the removal from the market of the competition the "hot" money of single men provides, thus allowing them to live at a reasonable standard and within their income. Whilst a decision on such a matter cannot be made straight away, I suggest to the House that it is at least worth thinking about.

Debate (on motion by Mr. CREAN) adjourned.

ADJOURNMENT.

IMMIGRATION—PUBLIC SERVICE.

Motion (by Mr. ERIC J. HARRISON) proposed—

That the House do now adjourn.

Mr. CLYDE CAMERON (Hindmarsh) [10.41].—I wish to direct attention to a matter that vitally affects the immigration policy of this country. I believe that we should do everything possible in order to encourage British people to emigrate to Australia in as large numbers as possible. The treatment of British immigrants on their arrival here is such that it is amazing that Britishers continue to come here. I refer to the policy of the Government in relation to the charges that are made for hostel accommodation in Adelaide. I presume that the same charges operate in other parts of the Commonwealth.

Mr. SPEAKER.—Order! I point out that the honorable gentleman is raising a matter which may be dealt with during the debate on the Estimates which are before the Committee of Supply. He is fully entitled to debate this matter on another occasion.

Mr. CLYDE CAMERON.—I shall not continue to discuss the charges that are made. However, I wish to raise an important and urgent matter concerning the food which immigrants are expected to eat. I suggest that I cannot very well refer to that subject during the debate on the Estimates. I have in my hand the breakfast that was served to a British immigrant in Adelaide last Friday. I have here a piece of what appears to be bacon, which was served raw. I have also a concoction that looks something like a green plum, with batter round it. That was all that was served to the person concerned at the immigrant hostel at Rosewater. I consider that the Minister for Immigration (Mr. Holt) should sample this breakfast to-morrow morning. Having done so, he should then inform the House whether he thinks that the food that is being provided for British immigrants in Adelaide is worth £11 8s. a week, which is the amount that the Government charges the immigrant family that I have in mind. The husband is obliged to pay £3 10s. a week. The wife, who is working, pays an additional £3 2s. a week. For two children over

ten years of age, £1 11s. 6d. a week each is paid; and, in addition, £1 5s. a week is paid for a child four years of age. The husband is also obliged to pay 8s. a week to the nursery for the care of the child of four years for 38 hours a week. For any period in excess of 38 hours he must pay an additional 2s., making a total of £11 8s. a week, or £11 10s. a week if the mother is not able to return in sufficient time to relieve the nursery of the care of the child after 38 hours.

Government supporters interjecting,

Mr. SPEAKER.—Order! If honorable members do not keep quiet, I shall leave the chair.

Mr. CLYDE CAMERON.—This matter cannot be taken lightly. It is very well for honorable members opposite to sit there grinning and laughing, but if they are serious about the question of immigration, I suggest that some of the flowery pledges and promises that are made to people in England should be honoured.

Mr. SPEAKER.—Order! The honorable gentleman is commencing to deal with matters that he may discuss when the estimates of the Department of Immigration are being debated.

Mr. CLYDE CAMERON.—With your permission, Mr. Speaker, I should like, if I may, to present to the Clerk of the House—

Mr. SPEAKER.—Order! The honorable gentleman will do nothing of the kind.

Mr. CLYDE CAMERON.—Then I should like these samples to be incorporated in *Hansard*.

Mr. SPEAKER.—Order! If the honorable gentleman thinks that he is going to produce exhibits in this chamber and make jokes about them in that way, he will not be permitted to proceed. If he has information of the kind that he claims to have, he should move a substantive motion.

Mr. CLYDE CAMERON.—I conclude with a plea to the Minister to look into this matter immediately. If he is interested in the question that I have raised, these two exhibits will be available, in my office, for his inspection.

Mr. WARD (East Sydney) [10.46].—I bring to the notice of the House a most urgent and important matter. Recently in this chamber the dismissal of 10,000 public servants, under the plan of the Government, was discussed. On that occasion the Prime Minister (Mr. Menzies) indicated that a certain order of priority of dismissal had been decided upon by the Public Service Board. Honorable members were assured that that order of priority was being observed in the dismissals that were being carried out in the various government departments, although there was some doubt whether it was being followed in the Department of Labour and National Service. Recently, I referred a case to the Minister for Repatriation (Senator Cooper). The man to whom I refer is 57 years of age, a returned soldier of World War I. and World War II., and in receipt of a 100 per cent. disability war pension. He had been working for the Repatriation Department for approximately five years. He received a dismissal notice. I took the matter up with the Minister for Repatriation, and received the following reply:—

In carrying out the decision of the Government in regard to reduction in the Public Service my department acted in accordance with instructions issued by the Public Service Board and in selecting those employees to be retrenched the practice followed was to retain, within any group or class of employment, the efficient employee in preference to the one who was less efficient or unsuitable for any particular type of work.

That reply is in direct conflict with what the Prime Minister said would be the order of priority. I understood the right honorable gentleman to say—and I think my understanding is similar to that of other honorable members—that the last persons to be displaced would be disabled ex-servicemen. Yet here is a man being retrenched who has served in two world wars, who is in receipt of a 100 per cent. disability pension and who was obliged to spend six months this year in the Prince of Wales Repatriation Hospital at Randwick. He received his dismissal notice after he had been discharged from that hospital, the reason for his dismissal being that it was thought that other employees were more efficient than he was. Although his inefficiency is due to his war-caused disabilities, he is

being penalized because of those disabilities. In the light of those facts, it is reasonable to ask: What of the Government's talk about preference to returned soldiers and of the system under which such dismissals are to be effected? It is difficult to find out the exact position, if we cannot believe the statements of the Prime Minister, which are not in accordance with those of two of his Ministers. I consider that there is an obligation on the Government to inform honorable members of the facts regarding the dismissals that have been taking place in the various departments. This is the third disabled ex-serviceman, formerly employed by the Repatriation Department, whose plight has been brought to my notice. In turn, I have brought the particulars of each of them to the notice of the Government. I ask the Vice-President of the Executive Council (Mr. Eric J. Harrison), if he is unaware of the exact position, to ascertain the facts so that we may be informed at the earliest possible moment of the action that the Government proposes to take regarding those disabled ex-servicemen, who, under the retrenchment programme, have been dismissed. I should like to know whether the gentleman to whom I refer is to be regarded as ineligible for employment in any branch of the government service. Does the Government propose to provide him with alternative employment, and compensate him for loss of time during the period which may elapse before he is found another position? The man to whom I refer is urgently in need of work. The 100 per cent. disability pension which he receives is insufficient to maintain him, and he must supplement it by accepting a job. The Minister for Repatriation (Senator Cooper) has been informed of his name, but if the Vice-President of the Executive Council also requires it, I am prepared to supply it to him. I ask for an explanation of the exact position regarding those dismissals.

Mr. FRANCIS (Moreton—Minister for the Army) [10.51].—As the Minister representing the Minister for Repatriation (Senator Cooper), I ask the honorable member for East Sydney (Mr. Ward) to supply me with the name of the person to whom he has referred. If he

does so, I shall discuss the position tomorrow with the Minister, and furnish the honorable gentleman with a reply to his questions.

Mr. ERIC J. HARRISON (Wentworth—Vice-President of the Executive Council and Minister for Defence Production) [10.52].—*in reply*—The remarks of the honorable member for Hindmarsh (Mr. Clyde Cameron) about immigration camps in South Australia seem to be so completely fantastic that he cannot be taken seriously. Indeed, he even did not take himself seriously in presenting his case. I have no knowledge of the circumstances that he has described. I am certain that the record of the Minister for Immigration (Mr. Holt) with respect to British immigrants is second to none, or in other words, is not surpassed by that of any of his predecessors. I know of no circumstances that warrant the honorable member for Hindmarsh making the statements that he has uttered this evening. Therefore, I propose to direct the attention of the Minister to them, and leave him to deal with the honorable gentleman, factually, as he will do. I have no doubt that he will prove conclusively that the matters raised by the honorable member have no foundation in fact.

Question resolved in the affirmative.

PAPERS.

The following papers were presented:—

Judiciary Act—Rule of Court, dated 15th October, 1951.

Public Service Act—Appointments—Department—

External Affairs—I. G. Bowden, P. G. F. Henderson.

Repatriation—A. R. F. Chapple, A. Stoller.

Works and Housing—J. R. P. Cronin, S. G. Gilles.

House adjourned at 10.53 p.m.

ANSWERS TO QUESTIONS.

The following answers to questions were circulated:—

LAND SETTLEMENT OF EX-SERVICEMEN.

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

1. Is it a fact that, up to the 30th June, 1951, a total of 2,007,783 acres of land was submitted to the Commonwealth by the Western Australian Government for settlement

under the War Service Land Settlement Agreement and that no less than 258,215 acres were rejected by the Commonwealth?

2. What, apart from the general question of unsuitability, are the specific reasons for the rejection of each block or lot of land?

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

1. Yes.

2. The acreage rejected was contained in 93 properties. General unsuitability would be a sufficient reason for rejection of any property. To set out specific reasons for the rejection of each of the 93 properties will entail a considerable amount of work and it would take too long to read the full statement to the House. However, I shall see that the honorable member is supplied with the information.

"A.B.C. WEEKLY".

Mr. FULLER asked the Postmaster-General, *upon notice*—

1. Is it a fact that the cost of the *A.B.C. Weekly* has recently been increased to 6d. a copy?

2. Is this paper still being published at a loss?

3. What has been the financial position of this publication since its inception?

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

1. Yes.

2. No.

3. Since the inception of this journal to the 30th June last, payments have exceeded receipts, but since that date a profit has been made.

GOVERNMENT LOANS AND FINANCE.

Mr. LESLIE asked the Treasurer, *upon notice*—

1. Is it a fact that, in order to encourage investment in Government securities and to facilitate the handling of deceased estates, arrangements have been in existence whereby the taxation authorities accepted Commonwealth bonds at face value in payment of probate or death duties?

2. If so, what are the conditions attaching to this arrangement and is it still in operation?

3. If the arrangement is not now operative, when was it discontinued and why?

Sir ARTHUR FADDEN.—The answers to the honorable member's questions are as follows:—

1, 2 and 3. Securities of Commonwealth loans issued prior to the year 1934 carried the privilege of being acceptable at par by the Government in payment for Commonwealth estate duty. In October, 1934, the Loan Council, in pursuance of its general loan policy, decided that this concession should not be granted in respect of future Commonwealth

loans, and no loans issued by the Commonwealth since then have had this privilege attached to them. This question was further discussed by the Loan Council in November, 1939, and again in January, 1944, but on both occasions the Loan Council affirmed its previous decision. As securities subject to this arrangement have matured, they have become converted into new loans to which the concession does not apply, and there are not now any Commonwealth securities acceptable at par in payment for Commonwealth estate duty.

CIVIL AVIATION.

Mr. CLYDE CAMERON asked the Minister for Civil Aviation, *upon notice*—

1. Who are the principal shareholders of Australian National Airways Proprietary Limited?
2. What is the company's paid-up capital?
3. Does it publish a balance-sheet; if so, will he supply a copy to the honorable member for Hindmarsh?

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

1 and 2. This information is available to any person who cares to pay a fee and search the records of the company in the Victorian Registrar-General's Office.

3. The company being a proprietary company is not required to publish a balance-sheet and the contents of any unpublished balance-sheet could not be made public without the permission of the company.

Mr. DRAKEFORD asked the Minister for Civil Aviation, *upon notice*—

What were the respective percentage loadings of passengers carried by Australian National Airways Proprietary Limited, Ansett Airways Proprietary Limited and Trans-Australia Airlines for the year ended the 30th June, 1951?

Mr. ANTHONY.—The answer to the honorable member's question is as follows:—

The passenger load factors, paying and total, in respect of each of the three companies speci-

fied for the year ended the 30th June, 1951, are as follows:—

	Paying. Per cent.	Total. Per cent.
Australian National Air-ways Proprietary Limited	60.9	62.1
Ansett Airways Proprietary Limited ..	61.0	61.0
Trans-Australia Airlines	70.2	70.9

WHEAT.

Mr. LESLIE asked the Minister representing the Minister acting for the Minister for Commerce and Agriculture, *upon notice*—

What is the cost per bushel for receiving and handling wheat, exclusive of transportation, in each State?

Mr. ANTHONY.—The Minister acting for the Minister for Commerce and Agriculture has furnished the following reply:—

The costs for receiving and handling wheat (including road transport) for the last completed Pool—No. 13—which covered the 1949-50 wheat crop were as follows, per bushel:—New South Wales, 5.18d.; Victoria, 2,394d.; South Australia, 4.775d.; Western Australia, 5.261d.; Queensland, 4.611d.; average, 4.339d.

Mr. LESLIE asked the Minister representing the Minister Acting for the Minister for Commerce and Agriculture. *upon notice*—

1. What was the total wheat production in each State for the seasons 1946-47, 1947-48, 1948-49, 1949-50 and 1950-51 respectively?

2. What was the quantity of wheat used for—(a) human consumption and, (b) stock feed in each State in each season?

3. What is the estimated proportion of wheat for each State exported—(a) in accordance with Australia's obligation under the International Wheat Agreement, and (b) on the open or free market?

Mr. ANTHONY.—The Minister acting for the Minister for Commerce and Agriculture has furnished the following replies:—

1. The quantities of wheat, delivered to the Australian Wheat Board for sale, have been as follows:—

States.	1946-47.	1947-48.	1948-49.	1949-50.	1950-51.
New South Wales	Bushels. 8,635,200	Bushels. 89,415,835	Bushels. 58,357,787	Bushels. 75,444,625	Bushels. 38,000,000
Victoria	44,482,497	44,402,234	46,661,487	55,236,158	49,000,000
South Australia	24,818,108	29,572,116	23,515,051	26,375,611	29,250,000
Western Australia	20,521,547	31,128,167	32,827,698	34,577,301	46,400,000
Queensland	444,156	10,017,322	13,544,396	11,195,200	78,000,000
Tasmania	67,970	58,623	102,880	88,164	100,000
Total	98,969,478	204,594,297	175,009,299	202,917,059	170,550,000

2. The following table shows (a) wheat used for human consumption ; (b) wheat used for stock feed :—
(Unit—1,000 bushels).

States.	1946-47.		1947-48.		1948-49.		1949-50.		1950-51.	
	(a)	(b)								
New South Wales ..	14,566	8,965	13,916	7,324	14,105	8,599	14,576	8,619	15,270	10,350
Victoria ..	10,263	5,805	10,330	6,636	10,193	5,853	10,726	6,337	10,950	7,500
South Australia ..	3,062	2,144	2,963	1,881	3,049	1,967	3,118	2,060	3,155	2,000
Western Australia ..	2,185	2,288	2,229	1,858	2,237	1,919	2,342	2,111	2,470	1,650
Queensland ..	5,135	1,839	4,092	2,321	5,198	3,557	5,492	3,606	5,740	4,240
Tasmania ..	1,096	599	1,171	686	1,245	680	1,283	741	1,330	760
Total ..	36,307	21,640	35,601	20,706	36,027	22,575	37,537	23,474	38,915	26,500

3. No definite proportion of wheat is exported from any State under International Wheat Agreement or for open market sales. The quantities exported, as wheat and flour, in terms of wheat, for the periods shown, were :—

(Unit—1,000 bushels.)

Season.	New South Wales.	Victoria.	South Australia.	Western Australia.	Queensland.	Australia.
1946-47	7,623	16,357	11,455	11,970	3	47,408
1947-48	55,351	28,536	21,243	27,051	928	133,109
1948-49	41,213	29,322	20,406	27,097	5,040	123,078
1949-50	42,096	30,296	15,664	27,090	1,080	116,226
1950-51 (to end September) ..	22,874	29,454	18,950	38,458	243	109,979

POSTAL DEPARTMENT.

Mr. LESLIE asked the Postmaster-General, upon notice—

1. What is the basis of remuneration to persons operating non-official post offices and telephone exchanges?

2. What operations and transactions, normally conducted by his department, are taken into account in calculating the remuneration paid?

3. What is the rate of remuneration attaching to each of these operations and transactions?

4. What specific conditions are required to be met and what volume of business transacted to secure a change from a non-official to an official post office?

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

1. Each item of business transacted by a non-official postmaster is accorded a particular unit value based on the time normally occupied in handling the transaction to finality, and the postmaster's rate of pay is calculated on the aggregate number of units earned annually. The number of units is translated into salary by application of a formula in the case of scale rate postmasters and telephone office keepers

and by application of a table in the case of full-time service postmasters, the formula and table being prescribed in the relative determination of the Public Service Arbitrator.

2. In calculating the number of work units earned credit is given for all types of postal, telephone and telegraph business transacted and for the rendition of services which the Postal Department undertakes for other Government Departments.

3. The scale used is broadly similar to the confidential points scale adopted in the classification of official post offices and the only difference in the minimum basic payment at an official grade 1 office and a full-time service non-official office in the lowest group is £36 per annum. This amount represents the current value of telegraphic qualification which the non-official postmaster is not as a general rule required to possess but if he has those qualifications and is required to exercise them he receives the additional payment of £36 per annum.

4. Conversion of a non-official Post Office to official status does not take place automatically upon a certain volume of business having been reached or under any other specific conditions. Each case is examined on its merits, and regard is paid to the local circumstances. When a non-official office is converted to official status every effort is made by the Department to place the non-official postmaster at another suitable office.

RAIL TRANSPORT.

Mr. ANTHONY.—On the 27th September, the honorable member for Macquarie (Mr. Luchetti) asked the following questions:—

1. Is the Minister for Transport aware that the Government of New South Wales has technicians in the United States of America investigating the latest forms of transportation including diesel and electric, and that work is proceeding for the electrification of the western railway line to Lithgow?

2. Is the Minister aware that a power station is to be built at Wallerawang in conjunction with this project?

3. I should like to know whether the Australian Government is co-operating with the Government of New South Wales to the fullest possible extent in regard to the provision of finance and other facilities necessary for the completion of this work?

The Minister for Shipping and Transport has supplied the following information:—

1. During the past year, two officers from the New South Wales Railways have been overseas investigating various forms of transport. In addition, three New South Wales officers were in America recently for intensive training in the best methods of maintaining and operating Alco diesel electric locomotives, a number of which have been ordered by that department. It is a fact that work is proceeding for the electrification of the railway line at Lithgow.

2. A power station is being built at Wallerawang for the Electricity Commission of New South Wales. This power station was considered to be necessary in order to meet the demand for electrification of the railway line to Lithgow and the expanding electricity requirements of the western district.

3. As an earnest of the Government's desire to assist the States, the Commonwealth has undertaken to ensure that finance will be available for the States for the current year to the extent of £225,000,000 for States works programmes.

Mr. ANTHONY.—On the 27th September, the honorable member for Mackellar (Mr. Wentworth) asked the following questions:—

1. Is the Minister representing the Minister for Shipping and Transport aware that the Clyde Engineering Company Limited is in process of delivering eleven diesel electric locomotives to the Commonwealth Railways for use on the Trans-Australia line? I understand that the deliveries have already started and that they are scheduled to complete next April.

2. Is the Minister aware that these locomotives are eminently suitable for coal haulage in New South Wales Railways and in fact were tested by hauling coal over New South Wales lines?

3. Is it also a fact that owing to lack of foresight by the McGirr Government, the New South Wales Railways are short of suitable locomotives for coal haulage and cannot transport all the coal that requires transport?

4. Since coal haulage is of top priority will the Minister consider diverting some of these locomotives for use on coal haulage in New South Wales until the McGirr Government is able to remedy the deficiencies caused by its former lack of foresight?

The Minister for Shipping and Transport has supplied the following information:—

1. Yes. One diesel electric locomotive has been delivered and is in service. The remaining ten are to follow at short intervals until deliveries have been completed in May, 1952.

2. The diesel electric locomotives are suitable for hauling both passenger and freight trains. The builders, by arrangement with the New South Wales Railways, tested the first locomotive on a freight train on that system.

3. It is understood that the New South Wales Railways, in common with most railway systems in Australia, is short of locomotive power at present. The Government of New South Wales has a substantial number of diesel electric and steam locomotives under construction overseas.

4. The eleven diesel electric locomotives under construction by Clyde Engineering Company Limited are urgently needed for Commonwealth Railways and their diversion to New South Wales Railways could not be agreed to.

Mr. ANTHONY.—On the 27th September, the honorable member for Blaxland (Mr. E. James Harrison) asked the following questions:—

1. Is it not a fact that diesel electric locomotives being manufactured by the Clyde Engineering Company Limited for the Commonwealth Railways have dollar content?

2. Is it not a fact that because of that dollar content priority was given to the Commonwealth Railways in view of the difficulties experienced in their transport system?

3. Is it not a fact that because of the priority given to the Commonwealth Railways, the New South Wales Government Railways had to obtain steam locomotives from England in order to haul the coal required in New South Wales?

4. Is it not a fact that because of the dollar restrictions that have been imposed by the Commonwealth Government the New South Wales Government has had to turn to the electrification of the line between Lithgow and Sydney because it is not able to obtain the dollars necessary to purchase locomotives from America?

The Minister for Shipping and Transport has supplied the following information:—

1. Yes. Licences have been granted for the importation of certain components from the United States of America representing about 50 per cent. of the cost of the locomotives.

2. The Commonwealth Government has not taken any action to determine priorities as between the requirements for locomotives of Commonwealth and State railway systems.

3. I am not aware of the New South Wales Government Railways reason for placing orders for steam locomotives in England.

4. I am not aware of the reasons for the New South Wales Government Railways decision to electrify the Sydney-Lithgow line. However, licences have been granted to the New South Wales Government Railways for importation of twenty complete diesel electric locomotives from Canada and twenty complete oil-fired, steam locomotives from the United States of America. No applications by the New South Wales Government Railways for licences to import locomotives from the dollar area have been refused.
