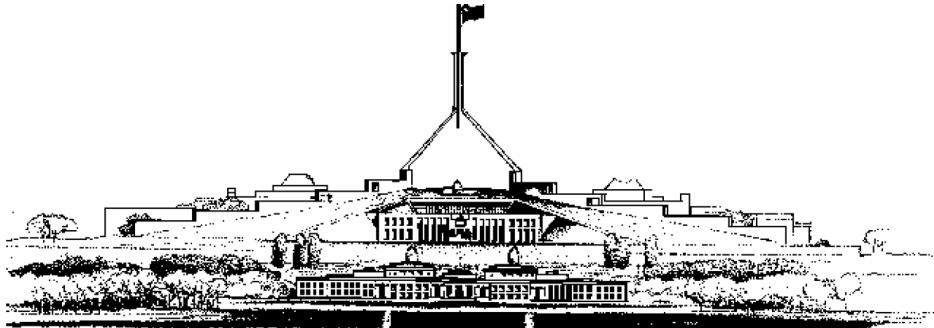




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 16, 1956
Thursday, 19 April 1956

TWENTY-SECOND PARLIAMENT
FIRST SESSION—FIRST PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

PARLIAMENT OF THE COMMONWEALTH.

TWENTY-SECOND PARLIAMENT—FIRST SESSION: FIRST PERIOD.

GOVERNOR-GENERAL.

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

SIXTH MENZIES GOVERNMENT.

(FROM THE 12TH JANUARY, 1956.)

Prime Minister	The Right Honorable Robert Gordon Menzies, C.H., Q.C.
Treasurer	The Right Honorable Sir Arthur William Fadden, K.C.M.G.
Vice-President of the Executive Council; and Minister for Defence Production				The Right Honorable Sir Eric John Harrison, K.C.V.O.
Minister for Labour and National Service; and Minister for Immigration				The Right Honorable Harold Edward Holt.
Minister for Trade	The Right Honorable John McEwen.
Minister for External Affairs	The Right Honorable Richard Gardiner Casey, C.H., D.S.O., M.C.
Minister for Defence	The Honorable Sir Philip Albert Martin McBride, K.C.M.G.
Minister for the Navy	Senator the Honorable Neil O'Sullivan.
Attorney-General	Senator the Honorable John Armstrong Spicer, Q.C.
Minister for National Development	Senator the Honorable William Henry Spooner, M.M.
Minister for Air; and Minister for Civil Aviation				The Honorable Athol Gordon Townley.
Minister for Territories	The Honorable Paul Meernaa Caedwalla Hasluck.
[The above Ministers constitute the Cabinet.]				
Minister for Repatriation	Senator the Honorable Walter Jackson Cooper, M.B.E.
Minister for Supply	The Honorable Howard Beale, Q.C.
(¹)Minister for Primary Industry	The Honorable William McMahon.
Minister for Shipping and Transport				Senator the Honorable Shane Dunne Paltridge.
Minister for Health	The Honorable Donald Alastair Cameron, O.B.E.
(²)Minister for the Army	The Honorable John Oscar Cramer.
Postmaster-General	The Honorable Charles William Davidson, O.B.E.
Minister for Customs and Excise	The Honorable Frederick Meares Osborne, D.S.C.
Minister for the Interior; and Minister for Works				The Honorable Allen Fairhall.
(³)Minister for Social Services	The Honorable Hugh Stevenson Robertson.

(¹) Designation altered, 28th February, 1956.

(²) Appointed, 28th February, 1956.

THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

TWENTY-SECOND PARLIAMENT—FIRST SESSION: FIRST PERIOD.

Speaker—The Honorable Archie Galbraith Cameron.

Chairman of Committees—Charles Frederick Adermann.

Temporary Chairmen of Committees—George James Bowden, M.C., Charles William Jackson Falkinder, D.S.O., D.F.C., Gordon Freeth, William Robert Lawrence, Philip Ernest Lucock, John McLeay, M.M., Thomas Frank Timson, M.B.E.

Leader of the Opposition—The Right Honorable Herbert Vere Evatt, Q.C.,

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

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

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

Adermann, Charles Frederick	Fisher (Q.)
Allan, Archibald Ian	Gwydir (N.S.W.)
Anderson, Charles Groves Wright, V.C., M.C.	Hume (N.S.W.)
Anthony, Hon. Hubert Lawrence	Richmond (N.S.W.)
Aston, William John	Phillip (N.S.W.)
Barnard, Lance Herbert	Bass (T.)
Bate, Henry Jefferson	Macarthur (N.S.W.)
Beale, Hon. Howard, Q.C.	Parramatta (N.S.W.)
Beazley, Kim Edward	Fremantle (W.A.)
Bird, Alan Charles	Batman (V.)
Bland, Francis Armand	Warringah (N.S.W.)
Bostock, William Dowling, C.B., D.S.O., O.B.E.	Indi (V.)
Bowden, George James, M.C.	Gippsland (V.)
Brand, William Alfred	Wide Bay (Q.)
Brimblecombe, Wilfred John	Maranoa (Q.)
Bruce, Hon. Henry Adam	Leichhardt (Q.)
Bryant, Gordon Munro	Wills (V.)
Buchanan, Alexander Andrew	McMillan (V.)
Cairns, James Ford	Yarra (V.)
Calwell, Hon. Arthur Augustus	Melbourne (V.)
Cameron, Hon. Archie Galbraith	Barker (S.A.)
Cameron, Clyde Robert	Hindmarsh (S.A.)
Cameron, Hon. Donald Alastair, O.B.E.	Oxley (Q.)
Cahey, Rt. Hon. Richard Gardiner, C.H., D.S.O., M.C.	La Trobe (V.)
Chambers, Hon. Cyril	Adelaide (S.A.)
Chaney, Frederick Charles, A.F.C.	Perth (W.A.)
Clarey, Hon. Percy James	Bendigo (V.)
Clark, Joseph James	Darling (N.S.W.)
Cleaver, Richard	Swan (W.A.)
Cope, James Francis	Watson (N.S.W.)
Costa, Dominic Eric	Banks (N.S.W.)
Coutts, Wilfred Charles	Griffith (Q.)
Cramer, Hon. John Oscar	Bennelong (N.S.W.)
Crean, Frank	Melbourne Ports (V.)
Curtin, Daniel James	Kingsford-Smith (N.S.W.)
Daly, Frederick Michael	Grayndler (N.S.W.)
Davidson, Hon. Charles William, O.B.E.	Dawson (Q.)
(¹)Davies, William	Cunningham (N.S.W.)
Davis, Francis John	Deakin (V.)
Dean, Roger Levinge	Robertson (N.S.W.)
Downer, Alexander Russell	Angas (S.A.)
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.)
Erwin, George Dudley	Ballaarat (V.)
Evatt, Rt. Hon. Herbert Vere, Q.C.	Barton (N.S.W.)
Fadden, Rt. Hon. Sir Arthur William, K.C.M.G.	McPherson (Q.)
Failes, Laurence John	Lawson (N.S.W.)
Fairbairn, David Eric, D.F.C.	Farren (N.S.W.)
Fairhall, Hon. Allen	Paterson (N.S.W.)
Falkinder, Charles William Jackson, D.S.O., D.F.C.	Franklin (T.)
Fox, Edmund Maxwell Cameron	Henty (V.)
Fraser, Allan Duncan	Eden-Monaro (N.S.W.)
Fraser, James Reay	(A.C.T.)
Fraser, John Malcolm	Wannon (V.)

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

v

Freeth, Gordon	Forrest (W.A.)
Galvin, Patrick	Kingston (S.A.)
Graham, Bruce William	St. George (N.S.W.)
Griffiths, Charles Edward	Shortland (N.S.W.)
Hamilton, Leonard William	Canning (W.A.)
Harrison, Eli James	Blaxland (N.S.W.)
Harrison, Right Hon. Sir Eric John, K.C.V.O.	Wentworth (N.S.W.)
Hasluck, Hon. Paul Meernaa Caedwalla	Curtin (W.A.)
Haworth, Hon. William Crawford	Isaacs (V.)
Haylen, Leslie Clement	Parkes (N.S.W.)
Holt, Right Hon. Harold Edward	Higgins (V.)
Holt, Hon. Robert Wilfred	Darebin (V.)
Howse, John Brooke	Calare (N.S.W.)
Howson, Peter	Fawkner (V.)
Hulme, Alan Shallcross	Petrie (Q.)
Jack, William Mathers	North Sydney (N.S.W.)
James, Rowland	Hunter (N.S.W.)
Johnson, Hon. Herbert Victor	Kalgoorlie (W.A.)
Johnson, Leslie Royston	Hughes (N.S.W.)
Joske, Percy Ernest, Q.C.	Balaclava (V.)
(¹)Kearney, Victor Dennis	Cunningham (N.S.W.)
Kent Hughes, Hon. Wilfred Selwyn, M.V.O., O.B.E., M.C., E.D.	Chisholm (V.)
Killen, Denis James	Moreton (Q.)
Lawrence, William Robert	Wimmera (V.)
Lawson, Hon. George	Brisbane (Q.)
Leslie, Hugh Alan	Moore (W.A.)
Lindsay, Robert William Ludovic	Flinders (V.)
Luchetti, Anthony Sylvester	Macquarie (N.S.W.)
Luck, Aubrey William George	Braddon (T.)
Lucock, Philip Ernest	Lyne (N.S.W.)
Mackinnon, Ewen Daniel	Corangamite (V.)
Makin, Hon. Norman John Oswald	Bonython (S.A.)
McBride, Hon. Sir Philip Albert Martin, K.C.M.G.	Wakefield (S.A.)
McColl, Malcolm Llewellyn	Bowman (Q.)
McEwen, Rt. Hon. John	Murray (V.)
McIvor, Hector James	Gellibrand (V.)
McLeay, John, M.M.	Boothby (S.A.)
McMahon, Hon. William	Lowe (N.S.W.)
Menzies, Rt. Hon. Robert Gordon, C.H., Q.C.	Kooyong (V.)
Minogue, Daniel	West Sydney (N.S.W.)
Morgan, Charles Albert Aaron	Reid (N.S.W.)
Nelson, John Norman	(N.T.)
O'Connor, William Paul	Dalley (N.S.W.)
Opperman, Hubert Ferdinand, O.B.E.	Corio (V.)
Osborne, Frederick Meares, 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	Scullin (V.)
Pollard, Hon. Reginald Thomas	Lalor (V.)
Riordan, Hon. William James Frederick	Kennedy (Q.)
Roberton, Hon. Hugh Stevenson	Riverina (N.S.W.)
Russell, Edgar Hughes Deg	Grey (S.A.)
Snedden, Billy Mackie	Bruce (V.)
Stewart, Francis Eugene	Lang (N.S.W.)
Stokes, Philip William Clifford, E.D.	Maribyrnong (V.)
Swartz, Reginald William Colin, M.B.E., E.D.	Darling Downs (Q.)
Thompson, Albert Victor	Port Adelaide (S.A.)
Timson, Thomas Frank, M.B.E.	Higinbotham (V.)
Townley, Hon. Athol Gordon	Denison (T.)
Turnbull, Winton George	Malice (V.)
Turner, Henry Basil	Bradfield (N.S.W.)
Ward, Hon. Edward John	East Sydney (N.S.W.)
Watkins, David Oliver	Newcastle (N.S.W.)
Webb, Charles Harry	Stirling (W.A.)
Wentworth, William Charles	Mackellar (N.S.W.)
Wheeler, Roy Crawford	Mitchell (N.S.W.)
Whitlam, Edward Gough	Werriwa (N.S.W.)
Wight, Bruce McDonald	Lilley (Q.)
Wilson, Keith Cameron	Sturt (S.A.)

(¹) Death reported, 21st February, 1956.(²) Elected 11th April, 1956.

THE COMMITTEES OF THE SESSION.

JOINT.

CONSTITUTIONAL CHANGE.—Senator Spicer (Chairman), the Prime Minister, the Leader of the Opposition in the House of Representatives, Senator Kennelly, Senator McKenna, Senator Wright, Mr. Calwell, Mr. Downer, Mr. Drummond, Mr. Hamilton, Mr. Joske, Mr. Pollard, Mr. Ward, and Mr. Whitlam.

FOREIGN AFFAIRS.—Mr. Kent Hughes (Chairman), Senator Cole, Senator Gorton, Senator Maher, Senator Pearson, Senator Wordsworth, Mr. Chaney, Mr. Downer, Mr. Drummond, Mr. Failes, Mr. Joske, Mr. Lucock, Mr. Mackinnon, Mr. Timson, Mr. Turner, Mr. Wentworth, Mr. Wheeler, and Mr. Wight.

HOUSE.—The President (Chairman), Senator Amour, Senator Marriott, Senator O'Flaherty, Senator George Rankin, Senator Ryan, Senator Wordsworth, Mr. Speaker, Mr. Failes, Mr. J. R. Fraser, Mr. Hulme, Mr. Morgan, Mr. Opperman, and Mr. Webb.

LIBRARY.—Mr. Speaker (Chairman), the President, Senator Arnold, Senator Kendall, Senator McCallum, Senator Robertson, Senator Sheehan, Senator Tangney, Mr. Bryant, Mr. Downer, Mr. Drummond, Mr. R. W. Holt, Mr. O'Connor, and Mr. Wentworth.

PARLIAMENTARY PROCEEDINGS BROADCASTING.—The President (Chairman), Senator Arnold, Senator Marriott, Mr. Speaker, Mr. Costa, Mr. Falkinder, Mr. Allan Fraser, Mr. Opperman, and Mr. Turnbull.

PRINTING.—Senator Benn, Senator Buttfield, Senator Hannaford, Senator Robertson, Senator Scott, Senator Tangney, Senator Toohey, Mr. Dean, Mr. Drury, Mr. Freeth, Mr. E. James Harrison, Mr. Leslie, Mr. McIvor, and Mr. Stewart.

PUBLIC ACCOUNTS.—Mr. Bland (Chairman), Senator Benn, Senator Seward, Senator Wedgwood, Mr. Barnard, Mr. Cope, Mr. Davis, Mr. Hulme, Mr. Leslie, and Mr. Thompson.

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

HOUSE OF REPRESENTATIVES.

PRIVILEGES.—Mr. Clark, Mr. Allan Fraser, Mr. Freeth, Mr. Galvin, Mr. Joske, Mr. McLeay, Mr. Morgan, Mr. Swartz, and Mr. Turnbull.

STANDING ORDERS.—Mr. Speaker (Chairman), the Prime Minister, the Chairman of Committees, the Leader of the House, the Deputy Leader of the Opposition, Mr. Clark, Mr. Costa, Mr. E. James Harrison, Mr. Joske, Mr. Makin, and Sir Earle Page.

PARLIAMENTARY DEPARTMENTS.

SENATE.

Clerk.—R. H. C. Loof.

Clerk-Assistant.—J. R. Odgers.

Usher of the Black Rod.—R. E. Bullock.

HOUSE OF REPRESENTATIVES.

Clerk.—A. A. Tregear.

Clerk-Assistant.—A. G. Turner.

Second Clerk-Assistant.—N. J. Parkes.

Third Clerk-Assistant.—J. A. Pettifer.

Serjeant-at-Arms.—G. S. Reid.

PARLIAMENTARY REPORTING STAFF.

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

Second Reporter.—L. D. O'Donnell.

Third Reporter.—W. E. Dale.

LIBRARY.

Librarian.—H. L. White.

Assistant Librarian.—L. C. Key.

JOINT HOUSE.

Secretary.—W. I. Emerton.

THE ACTS OF THE SESSION.

(FIRST SESSION : FIRST PERIOD.)

APPROPRIATION ACT (No. 2) 1955-56 (ACT NO. 26 OF 1956)—

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

APPROPRIATION (WORKS AND SERVICES) ACT (No. 2) 1955-56 (ACT NO. 27 OF 1956)—

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

AUSTRALIAN CAPITAL TERRITORY SUPREME COURT ACT 1956 (ACT NO. 47 OF 1956)—

An Act to amend the *Australian Capital Territory Supreme Court Act* 1933-1955.

AUSTRALIAN COASTAL SHIPPING AGREEMENT ACT 1956 (ACT NO. 42 OF 1956)—

An Act to approve an Agreement entered into by the Commonwealth with respect to Australian Coastal Shipping, and for purposes connected with that Agreement.

AUSTRALIAN COASTAL SHIPPING COMMISSION ACT 1956 (ACT NO. 41 OF 1956)—

An Act to establish an Australian Coastal Shipping Commission to operate certain Shipping Services, and for other purposes.

BROADCASTING AND TELEVISION ACT 1956 (ACT NO. 33 OF 1956)—

An Act to amend the *Broadcasting Act* 1942-1954, and for other purposes.

BROADCASTING AND TELEVISION STATIONS LICENCE FEES ACT 1956 (ACT NO. 34 OF 1956)—

An Act to provide for Fees for Licences for Commercial Broadcasting and Television Stations.

CELLULOSE ACETATE FLAKE BOUNTY ACT 1956 (ACT NO. 38 OF 1956)—

An Act to provide for the Payment of a Bounty on the Production of certain Cellulose Acetate Flake.

COAL INDUSTRY ACT 1956 (ACT NO. 52 OF 1956)—

An Act to amend the *Coal Industry Act* 1946-1952 and the *Coal Industry Act* 1951.

COMMONWEALTH AID ROADS ACT 1956 (ACT NO. 31 OF 1956)—

An Act to amend the *Commonwealth Aid Roads Act* 1954-1955.

CONCILIATION AND ARBITRATION ACT 1956 (ACT NO. 44 OF 1956)—

An Act to amend the *Conciliation and Arbitration Act* 1904-1955, and for other purposes.

CUSTOMS TARIFF 1956 (ACT NO. 15 OF 1956)—

An Act relating to Duties of Customs.

DEFENCE FORCES RETIREMENT BENEFITS ACT 1956 (ACT NO. 24 OF 1956)—

An Act to amend the *Defence Forces Retirement Benefits Act* 1948-1955.

EVIDENCE ACT 1956 (ACT NO. 48 OF 1956)—

An Act to amend the *Evidence Act* 1905-1950.

EXCISE TARIFF 1956 (ACT NO. 16 OF 1956)—

An Act relating to Duties of Excise.

EXPORT PAYMENTS INSURANCE CORPORATION ACT 1956 (ACT NO. 32 OF 1956)—

An Act to promote Trade with Countries outside Australia by establishing an Export Payments Insurance Corporation to provide Insurance against certain Risks arising out of that Trade not normally insured with Commercial Insurers.

FISHERIES ACT 1956 (ACT NO. 4 OF 1956)—

An Act to amend the *Fisheries Act* 1952-1953.

FISHING INDUSTRY ACT 1956 (ACT NO. 22 OF 1956)—

An Act to establish a Fisheries Development Trust Account, and for purposes connected therewith.

GOLD-MINING INDUSTRY ASSISTANCE ACT 1956 (ACT NO. 23 OF 1956)—

An Act to amend the *Gold-Mining Industry Assistance Act* 1954.

HOUSING AGREEMENT ACT 1956 (ACT NO. 43 OF 1956)—

An Act relating to Financial Assistance to the States for the purpose of Housing.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ASSESSMENT ACT 1956 (ACT NO. 25 OF 1956)—

An Act to amend the *Income Tax and Social Services Contribution Assessment Act* 1936-1955, and for other purposes.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ASSESSMENT ACT (No. 2) 1956 (ACT NO. 30 OF 1956)—

An Act to amend the *Income Tax and Social Services Contribution Assessment Act* 1936-1955, as amended by the *Income Tax and Social Services Contribution Assessment Act* 1956.

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION (COMPANIES) ACT 1956 (ACT NO. 28 OF 1956)—

An Act to impose a Tax, payable by Companies, by the name of Income Tax and Social Services Contribution.

- JUDGES' PENSIONS ACT 1956 (ACT NO. 49 OF 1956)—
 An Act to amend the *Judges' Pensions Act* 1948–1951.
- MEAT AGREEMENT (DEFICIENCY PAYMENTS) ACT 1956 (ACT NO. 3 OF 1956)—
 An Act to amend the *Meat Agreement (Deficiency Payments) Act* 1955.
- MEAT EXPORT (ADDITIONAL CHARGE) ACT 1956 (ACT NO. 2 OF 1956)—
 An Act to impose a Charge upon certain Meat exported to the United Kingdom, and to repeal the *Meat Export (Additional Charge) Act* 1955.
- MINISTERS OF STATE ACT 1956 (ACT NO. 1 OF 1956)—
 An Act to amend the *Ministers of State Act* 1952.
- NATIONAL HEALTH ACT 1956 (ACT NO. 55 OF 1956)—
 An Act to amend the *National Health Act* 1953–1955.
- NAVIGATION ACT 1956 (ACT NO. 46 OF 1956)—
 An Act to amend the *Navigation Act* 1912–1953.
- NORTHERN TERRITORY (ADMINISTRATION) ACT 1956 (ACT NO. 50 OF 1956)—
 An Act to amend the *Northern Territory (Administration) Act* 1910–1955.
- PARLIAMENTARY ALLOWANCES ACT 1956 (ACT NO. 29 OF 1956)—
 An Act relating to the Allowances of Members of each House of the Parliament.
- PUBLIC SERVICE ARBITRATION ACT 1956 (ACT NO. 51 OF 1956)—
 An Act to amend the *Public Service Arbitration Act* 1920–1955, and for other purposes.
- RAYON YARN BOUNTY ACT 1956 (ACT NO. 39 OF 1956)—
 An Act to amend the *Rayon Yarn Bounty Act* 1954.
- SALARIES ADJUSTMENT ACT 1956 (ACT NO. 18 OF 1956)—
 An Act to provide for Increases in certain Salaries, and for purposes connected therewith.
- SALES TAX ACT (NO. 1) OF 1956 (ACT NO. 6 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 1)* 1930–1954.
- SALES TAX ACT (NO. 2) 1956 (ACT NO. 7 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 2)* 1930–1954.
- SALES TAX ACT (NO. 3) 1956 (ACT NO. 8 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 3)* 1930–1954.
- SALES TAX ACT (NO. 4) 1956 (ACT NO. 9 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 4)* 1930–1954.
- SALES TAX ACT (NO. 5) 1956 (ACT NO. 10 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 5)* 1930–1954.
- SALES TAX ACT (NO. 6) 1956 (ACT NO. 11 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 6)* 1930–1954.
- SALES TAX ACT (NO. 7) 1956 (ACT NO. 12 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 7)* 1930–1954.
- SALES TAX ACT (NO. 8) 1956 (ACT NO. 13 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 8)* 1930–1954.
- SALES TAX ACT (NO. 9) 1956 (ACT NO. 14 OF 1956)—
 An Act to amend the *Sales Tax Act (No. 9)* 1930–1954.
- SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT 1956 (ACT NO. 5 OF 1956)—
 An Act to amend the *Sales Tax (Exemptions and Classifications) Act* 1935–1954.
- SNOWY MOUNTAINS HYDRO-ELECTRIC POWER ACT 1956 (ACT NO. 45 OF 1956)—
 An Act to amend the *Snowy Mountains Hydro-electric Power Act* 1949–1955.
- STATES GRANTS (COAL MINING INDUSTRY LONG SERVICE LEAVE) ACT 1956 (ACT NO. 54 OF 1956)—
 An Act to amend the *States Grants (Coal Mining Industry Long Service Leave) Act* 1949–1950.
- STATES GRANTS (UNIVERSITIES) ACT 1956 (ACT NO. 37 OF 1956)—
 An Act to make provision for the grant of Financial Assistance to the States in connexion with Universities.
- STATISTICS (ARRANGEMENTS WITH STATES) ACT 1956 (ACT NO. 17 OF 1956)—
 An Act relating to arrangements with the States in connexion with Statistics.
- STEVEDORING INDUSTRY ACT 1956 (ACT NO. 53 OF 1956)—
 An Act relating to the Stevedoring Industry.
- SUPERANNUATION ACT 1956 (ACT NO. 19 OF 1956)—
 An Act to amend the *Superannuation Act* 1922–1955.
- SUPPLEMENTARY APPROPRIATION ACT 1954–55 (ACT NO. 56 OF 1956)—
 An Act to appropriate a further sum out of the Consolidated Revenue Fund for the service of the year ended the thirtieth day of June, One thousand nine hundred and fifty-five.

SUPPLEMENTARY APPROPRIATION (WORKS AND SERVICES) ACT 1954-55 (ACT NO. 57 OF 1956)—

An Act to appropriate a further sum out of the Consolidated Revenue Fund for the service of the year ended the thirtieth day of June, One thousand nine hundred and fifty-five, for the purposes of Additions, New Works and Other Services involving Capital Expenditure.

SUPPLY ACT (NO. 1) 1956-57 (ACT NO. 35 OF 1956)—

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-seven.

SUPPLY (WORKS AND SERVICES) ACT (NO. 1) 1956-57 (ACT NO. 36 OF 1956)—

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-seven, for the purposes of Additions, New Works and other Services involving Capital Expenditure.

TRACTOR BOUNTY ACT 1956 (ACT NO. 40 OF 1956)—

An Act to amend the *Tractor Bounty Act* 1939-1953.

TRANSFERRED OFFICERS' ALLOWANCES ACT 1956 (ACT NO. 20 OF 1956)—

An Act to amend the *Transferred Officers' Allowances Act* 1948-1954.

WHALING INDUSTRY ACT REPEAL ACT 1956 (ACT NO. 21 OF 1956)—

An Act to repeal the *Whaling Industry Act* 1949-1952, and for purposes connected therewith.

BILLS OF THE SESSION.

BANKRUPTCY BILL 1956. Initiated in the House of Representatives. Second Reading.

COMMONWEALTH ELECTORAL BILL 1956. Initiated in the Senate. Second Reading.

THE PARLIAMENT CONVENED.

TWENTY-SECOND PARLIAMENT—FIRST SESSION.

(*Gazette* No. 6A, 1956.)

The Parliament was convened by the following proclamation:—

PROCLAMATION

Commonwealth of
Australia to wit.
W. J. SLIM
Governor-General.

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

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

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

Given under my Hand and the Great Seal of the Commonwealth of
(L.S.) Australia this 7th day of February, one thousand nine hundred and
fifty-six and in the fifth year of Her Majesty's reign.

By His Excellency's Command,

ROBERT G. MENZIES
Prime Minister.

GOD SAVE THE QUEEN!

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QUESTIONS IN WRITING

Answers To Questions

Governmentloans and Finance 1563

Thursday, 19 April, 1956.

Mr. DEPUTY SPEAKER (Mr. C. F. Adermann) took the chair at 10.30 a.m., and read prayers.

MINISTERIAL ARRANGEMENTS.

Sir ARTHUR FADDEN.—The Prime Minister has approved that the administration of war service homes legislation be transferred from the Minister for Social Services to the Minister for National Development, who already has the responsibility for the Commonwealth and State Housing Agreement. An appropriate amendment of the Administrative Arrangements Order will be promulgated at the first opportunity.

APPLICATION FOR EXTRADITION.

Dr. EVATT.—On the 12th April, I asked the Treasurer whether he would make inquiries in connexion with a recent case in which extradition proceedings had been taken against an Australian citizen who had originally been a Yugoslav. I asked the Treasurer then whether it was not a fact that the proceedings had been instituted by departments of the Commonwealth, including the Department of External Affairs and the Attorney-General's Department. May we have an answer to that question?

Sir ARTHUR FADDEN.—As promised, I brought that matter under the notice of the appropriate Ministers. I am surprised that the information has not been furnished. I will see what can be done to expedite it.

COMMUNISM.

Mr. TURNER.—Can the Minister for External Affairs say whether evidence exists of any deliberate plan on the part of Communists or Communist sympathizers to influence the minds of Asian students whilst in this country? Can he say whether any surveys have been made in Asian countries to ascertain what effect their sojourn in Australia has had upon the attitudes of such students on return to their homelands, particularly in regard to Australia and in regard to the ideologies current in this country in common with the rest of the free world?

Mr. CASEY.—I am not aware of any organized attempt to subvert Asian students who are in this country, under the terms of the Colombo plan or otherwise. I have no doubt that a certain amount of it goes on, but I do not think there is any organized attempt. We try to keep as close a contact as possible with that sort of thing and with the students generally. Officers have been directed to look after their welfare and to see that they are getting on all right in this country and, so far as possible, that they are not getting into wrong hands. We have made no survey of what happens when they go back to their own countries. During the visits which I make from time to time to various countries in Asia, this is naturally a question which I ask of the appropriate Minister of the government concerned and, of course, of the officers at our own posts. But we have had no surveys. All the evidence that I happen to have in my own mind on the matter is that coming to Australia for educational purposes is popular in the free Asiau countries, and I should like to believe that it confers an appreciable degree of prestige on the individual on his return to his own country. I do not think that it would be proper for us to make any attempt to have what might be called a survey of the matter; but, naturally, the Department of External Affairs and I are interested in the subject, and we make as many inquiries as we can about it. I appreciate the honorable gentleman's interest in it.

GOVERNMENT PRINTING OFFICE.

Mr. CHAMBERS.—Can the Treasurer say why it was found necessary to go outside the present staff of the Government Printing Office at Canberra in the recent appointment of two Assistant Government Printers in the letterpress and offset sections? Will the Minister recognize that such appointments cut off avenues of promotion and tend to discourage employees who have served apprenticeships and given years of service in the Government Printing Office? Is an appointment shortly to be made of an Assistant Government Printer in charge

of the composing section? Will the Treasurer undertake that, if possible, this appointment will be made from within the Government Printing Office?

Sir ARTHUR FADDEN.—The question involves, of course, a matter of administration, and if the honorable gentleman will place it on the notice-paper I shall have inquiries made into it and supply him with the information he desires.

ATOMIC ENERGY.

Mr. SWARTZ.—Did the Minister for Supply see the recent report prepared by the United Nations Economic Commission for Asia and the Far-East referring to the utilization of atomic power by Asian countries? Is there any information available as to the extent of prospecting for radio-active materials in Asian countries, and on what technical assistance is being given to these areas by the United Kingdom and the United States of America in relation to the development of atomic power for peaceful uses?

Mr. BEALE.—I saw the Unesco report to which the honorable gentleman refers. It was very largely occasioned by the report that arose from the Geneva conference on the peaceful uses of atomic energy, which was so successful last year. I can let the honorable gentleman have a copy of it. Of course, the whole question of atomic energy in Asian countries is one of immense importance for those countries, because it means the production of power; most of those countries, as we know, are lacking in power-producing materials, and their standard of living would be enormously enhanced by increased power resources. I have no details about what is being done, but I should imagine that the sort of assistance that would be rendered by the United Kingdom and the United States would take the form of raw materials, heavy water and technical aid. Beyond that, I do not know anything in detail about it. However, I shall try to find out more about the matter, and let the honorable gentleman have the details.

SOCIAL SERVICES.

Mr. HAYLEN.—I direct the attention of the Minister for Social Services to an anomaly in the social services legislation, which I could perhaps explain

better by referring to the case of a constituent of mine, whom I shall call Mrs. X. She is an Australian-born girl who served in the Australian Women's Army Service and who married an American ex-serviceman. She divorced him and returned to Australia with her young son. Whilst in America she became an American citizen but, on her return to Australia, applied for naturalization papers and, after a term of one and a half years, gained her Australian citizenship. While she was in one of the southern States of America, this girl contracted poliomyelitis, and is unable to work. She is now in receipt of the sickness benefit, but has been refused an invalid pension because she has not lived in Australia for five years. This is very obviously an anomaly. Will the Minister say that he will do something about it, either by regulation or by amendment of the existing legislation, so that Australian women who have lived or married abroad, who return to this country and seek to regain their Australian citizenship, and who become ill, or invalids, will be entitled to receive social services benefits?

Mr. ROBERTON.—In reply to the honorable member, let me say that cases of this kind, having been submitted to the department, are given the compassionate consideration that is their due. Quite obviously, in the strict terms of the act, there are residential and other qualifications. But if it is possible, without prejudice to other people in the community, to get round these qualifications then each case is met with the maximum of generosity so far as the department is concerned. If the honorable gentleman will submit the case to me personally, I shall see to it that these conditions are observed in the final determination in this particular instance.

NUCLEAR ENERGY.

Mr. IAN ALLAN.—Has the attention of the Minister for Supply been drawn to recent statements by scientists concerning a controlled fusion process in nuclear matters which is said to produce much more heat than atomic energy, and to render the use of uranium unnecessary? Can he say what effect this process

is likely to have upon the Australian uranium industry or on the Government's plans relating to atomic power?

Mr. BEALE.—I have seen a report which I think, although I am not certain, came from some Swiss source. I am not qualified to discuss it except to say in pretty general terms that atomic energy as we understand it is a fission process. That is to say, it is a flying apart of the heavy nuclei of the atom. We use uranium because the nuclei of that particular metal are, in one form or another, susceptible to the process. From that, normally, there is obtained an instantaneous blast, from which comes the atomic bomb. Scientists have discovered a way of slowing down that fission process in order to get a nuclear furnace with a steady flow of heat rather than an instantaneous blast. On the other hand, the fusion process, which is the hydrogen bomb process, is the coming together of certain kinds of nuclei. It is taking place in the sun all the time. The element normally used, or sometimes used, is a form of hydrogen, a plentiful supply of which can be obtained from the ocean. The suggestion is, therefore, that because hydrogen is more readily obtainable than uranium, a cheaper process is in sight. But whereas the scientists have discovered how to make the hydrogen bomb, they have not discovered how to slow down the fusion process in order to get some sort of nuclear furnace, as has been done in the atomic process. The best scientific advice the Government can obtain is that it will be many years before scientists will succeed in that venture. In the meantime, according to the advice we have received, there is no threat to the uranium industry and no need to change the plans that we have for the development of atomic energy for industrial purposes. If the honorable gentleman so desires, I shall have a more scientifically accurate statement prepared and send it to him.

ZEILANITE.

Mr. CLEAVER.—My question is directed to the Minister for Trade. My attention has been drawn to a large accumulation of orders for zeilanite insulat-

ing panel which is used for switch boards. It is understood that electrical contractors who have had no alternative in recent years but to accept this material at substantially higher prices from Ceylon and England, now find that import restrictions have affected the supply position. Will the Minister advise, first, whether he is aware of the delay in electrical construction at mines, mills and industrial projects, due to the shortage of zeilanite; secondly, whether any relief to electrical contractors may be arranged by regrouping zeilanite in respect of import licences; and, thirdly, whether there is any acceptable substitute for zeilanite in Australia? If there is no such substitute, will the Minister request the Commonwealth Scientific and Industrial Research Organization to investigate the possibility of developing a suitable substitute?

Mr. McEWEN.—I thank the honorable member for directing my attention to this matter. I am not aware of any suitable substitute for zeilanite, and, in accordance with the honorable member's request, I will suggest to my colleague, the Minister in charge of the Commonwealth Scientific and Industrial Research Organization, that it is a matter which might be studied. With regard to import licensing, it is common knowledge that we have to treat quite rigidly applications for import licences, but on the other hand, it is the policy and practice of the Government to ensure that materials which are unavailable in Australia, and which are essential for industrial purposes, are made available for purchase from overseas, at least in the minimum essential quantities, by the issue of import licences. I shall take that matter up immediately with the officers of the Department of Trade. I shall be pleased if the honorable member will put me in possession later of the names of some of the applicant companies, so that the particular instances can be examined.

TAXATION.

Mr. GRIFFITHS.—Will the Treasurer inform the House whether consideration has ever been given to allowing, as deductions for income tax purposes, interest payable on mortgages that have been raised by wage and salary earners

for the purchase of homes? Will the Treasurer give the matter consideration, especially in view of the need to encourage thrift and savings, from which salary and wage earners may be persuaded to purchase their own homes? Will the Treasurer also keep in mind the fact that primary producers may claim a special depreciation allowance when they provide dwellings for employees, tenants and share farmers?

Sir ARTHUR FADDEN.—The honorable member's question involves a matter of policy. It will receive consideration at the appropriate time.

WOOMERA ROCKET RANGE.

Mr. KILLEN.—In view of the increasing importance of the activities at the Woomera rocket range, will the Minister for Supply consider providing an opportunity for members of Parliament to visit the range?

Mr. BEALE.—A visit was paid to the Woomera rocket range by an all-party group of members of this Parliament about three years ago, if my memory serves me correctly. No visit has been paid to the range by members of this Parliament since then. It is true that the range is growing in importance to Australia and, indeed, to the free world, and I believe there is much to be said for another visit by members of all parties in this Parliament, so that they may see the developments that are taking place, and the real and considerable contribution that Australia is making to experiments such as those that are in hand at Woomera. The honorable member's suggestion will have my sympathetic consideration. I shall see what can be done, and whether a visit could be arranged, perhaps during the spring session of the Parliament. It is not easy to arrange for a visit. Woomera is a long way distant, special transport arrangements have to be made, and all these visits tend to interrupt the intense scientific work that is proceeding there. However, I shall consider the proposal, and see what can be done.

INDUSTRIAL ARBITRATION.

Mr. E. JAMES HARRISON.—My question, directed to the Minister for Labour and National Service, is

supplementary to a question that I asked several days ago. In reply to that question, the Minister referred to the long-established practice of compulsory arbitration in Australia. I now ask the Minister whether, as would appear to be the case, he is wedded to the continuance of compulsory arbitration, and the related legal sanctions against the unions attached to it; or will he, even at this late hour, before making a final decision upon the future of the Court of Conciliation and Arbitration in Australia examine the very logical findings contained in the report of a royal commission in Great Britain many years ago? That report showed clearly the desirability of bringing management and employees and employees' organizations closer together, by sweeping away compulsory arbitration with its legal sanctions, and substituting moral sanctions through joint consultation committees and the like.

Mr. HAROLD HOLT.—I am certainly not wedded to the present system of compulsory arbitration in all its detail as it operates in Australia. Indeed, even if I were, I should have to recognize that the recent decision of the High Court of Australia in the *Boilermakers* case makes necessary quite substantial modifications if the arbitration system is to continue. Certain judicial treatment will have to be given, also, to various aspects of these industrial questions as they arise from time to time. I have also felt, for a considerable time, that insufficient emphasis has been placed on conciliation in the settlement of industrial disputes. Indeed, the conciliation system has not functioned satisfactorily for very many years, and we have a responsibility to make it work better. I am also aware of the views that are strongly held in some quarters in relation to the enforcement powers as they exist under the present legislation. I can assure the honorable member that, in the review of the system I have been making with the Department of Labour and National Service, and in the discussions that have taken place with senior representatives of management and the trade unions in the Ministry of Labour Advisory Council, these matters have all been kept in mind, and an opportunity has been given for the frankest exchange of views on them.

I hope that in the new legislation which I shall be presenting to the Parliament shortly, it will be seen that due consideration has been given to the arguments and representations which have been put to me.

EDENHOPES POST OFFICE.

Mr. MALCOLM FRASER.—My question, which is addressed to the Postmaster-General, concerns the Edenhope post office. For a very long time, it has been recognized that this post office is out of date and overcrowded, making it impossible to give efficient service to the area concerned. I know that negotiations to buy a neighbouring building have been in process, again for a very long time. Can the Postmaster-General tell me what progress has been made in those negotiations, and can he give me any assurance that the new post office will be in operation before the forthcoming fire danger season, that is, before next December?

Mr. DAVIDSON.—It is correct, as the honorable member for Wannon has said, that the post office premises at Edenhope are not satisfactory for carrying out the work required of postal facilities there. That has been acknowledged by the department, and, some time ago, negotiations were entered into for the purchase of an adjoining building, which would be satisfactory. It is regrettable that those negotiations have taken some time to complete, but I have been informed that they are now nearing finality and that the purchase of the building can be expected shortly. When that takes place, it will be necessary to carry out certain alterations to the building so as to provide properly for the postal and telecommunication services which are required. I can assure the honorable member for Wannon that, on the information available to me, it is very confidently anticipated that those alterations will be completed and the services will be available in the new building well before the advent of the fire danger season.

HEIDELBERG REPATRIATION GENERAL HOSPITAL.

Mr. R. W. HOLT.—Is the Minister for Works aware that at the Heidelberg military hospital there are now ten wards,

administrative buildings and nurses' quarters badly in need of urgent and essential repairs and maintenance, as a cursory inspection will disclose? That being so, will the Minister investigate this situation and arrange for the immediate re-employment of the essential maintenance personnel, comprising painters and carpenters, who, for no obvious reason, were released or dismissed from the Heidelberg military hospital yesterday?

Mr. FAIRHALL.—I am sure the honorable member would not expect me to have in mind the whole of the details of individual sections of a fairly comprehensive works programme, but I assure him that I shall look into the matter he raises and let him have some information on it. I was rather under the impression that there were some quite obvious reasons for the dispersal of certain sections of the staff from the Department of Works. However, I can assure the honorable gentleman that maintenance is, in fact, being continued.

AERIAL TOP-DRESSING OF PASTURES.

Mr. DRUMMOND.—I preface my question to the Minister for Trade by saying that under the auspices of the Commonwealth Scientific and Industrial Research Organization, in co-operation with the Department of Agriculture, a tremendous amount of valuable work has been carried out, particularly in northern New South Wales, in the matter of top-dressing, and excellent results have accrued therefrom. Has the Minister's attention been drawn to the recommendations of the Commonwealth Scientific and Industrial Research Organization in which it is stated that top-dressing from the air has very distinct advantages in increasing production as well as being one way of treating country which is not ordinarily accessible by the usual agricultural methods? If his attention has been so drawn, will he have particular regard to the request of a co-operative group in the New England district of Walcha-Kentucky, who have asked for the importation of a suitable aeroplane capable of carrying 10 tons of superphosphate or other fertilizer and distributing

it from a centre alongside the railway, thus obviating the necessity for making landing strips or, on the other hand, ignoring completely that country where no landing strips are possible? I also ask him to have regard to the fact that, if the department could see its way clear to grant an import licence within the next few months, and if information were given now, the co-operative group could carry out such essential work as preparing the dumps and the landing strip alongside the railway line in order to proceed with this work in the early spring. I ask the Minister to consider that matter so that the preparatory work shall not be delayed for another year.

Mr. McEWEN.—I agree with almost every bit of information that has been conveyed by the honorable member. I shall be glad to confer with my colleague, the Minister for Primary Industry, whose department is particularly well equipped to offer advice on the importance of the arrangement and device to which the honorable member has referred. I am sure that the Minister for Primary Industry will be found to agree on the value of such an arrangement. On the basis of such a consultation, and perhaps having sought even further information from the honorable member, I shall be glad to consider the proposal closely.

TREASURY INFORMATION BULLETIN.

Mr. CALWELL.—My question is directed to the Treasurer. I have in my hand a copy of Treasury Information Bulletin No. 1, which was issued in January last and which was a welcome innovation. It may not be quite correct to say that, at the time of its issue or earlier, the Prime Minister or the Treasurer suggested that the document would be published quarterly, but it was stated that it would be published periodically, and honorable members thought that it would be published at least three or four times a year. I ask the Treasurer whether he will ensure that the second bulletin is issued to honorable members as early as possible so that the valuable information that will be contained in it shall be available during debates on such matters as imports, and trade generally.

Sir ARTHUR FADDEN.—It is the desire of the Government and the Treasury that the bulletin shall be published as often as is practicable. I am very pleased to hear the honorable member state his appreciation of its value. His request will be considered.

MEAT.

Mr. PEARCE.—I remind the Minister for Primary Industry of discussions we have had in relation to the price of frozen and chilled beef in the United Kingdom, and I ask him whether he is in a position to announce a decision in relation to the suspension or termination of the present levy of $\frac{1}{4}$ d. per lb. on export beef, and whether consideration has been given to the re-introduction of the bounty on beef that will go into store within the next few months.

Mr. McMAHON.—Under the terms of the long-term meat agreement between the United Kingdom and Australia, the United Kingdom is obliged to make up the difference between the guaranteed price for certain kinds of meat and the price that is actually realized on the market. At the present time the market price is below the guaranteed price, and therefore the Australian Meat Board made a recommendation to the Australian Government that a subsidy of 2d. per lb. should be paid on meat placed into store for export to the United Kingdom. The honorable member's great interest in this matter is well known. I think his interest probably springs from the fact that meat export or packing works are located at Rockhampton. Knowing his great interest, I have had a document prepared, and I shall be only too happy to give it to him as soon as question-time is over. As to the first part of the question, regarding the cancellation of the levy of $\frac{1}{4}$ d. per lb., that has actually been agreed to, and the Government's decision will be conveyed to the industry this morning.

SPECIAL ADJOURNMENT.

Motion (by Sir ERIC HARRISON) agreed to—

That the House, at its rising, adjourn until Tuesday, the 1st May, at 2.30 p.m.

FLOOD DAMAGE AND RELIEF.

Motion (by Mr. TURNBULL) proposed—

That notice of motion No. 1, General Business, be postponed until Thursday, the 3rd May.

Mr. CALWELL (Melbourne) [11.7].—The Opposition will not offer objections to the passage of this motion, but I shall take the opportunity of making a few remarks about the continued absence of the right honorable member for Cowper (Sir Earle Page), who has given notice of his intention to move the motion on flood damage and relief, whenever this item of business comes before the House. We were told that this was a most important matter, indeed, that it was one of the most important matters that any parliament could consider. The right honorable gentleman has been in politics since 1919. Why, when he was a member of successive governments since that time, he did not arrange to have the matters attended to that are proposed in the motion which appears in his name on the notice-paper, is beyond my comprehension. I understand that the right honorable gentleman is on an Asian walk-about. He was sent by the Minister for External Affairs (Mr. Casey), I believe, to represent this country at a most important happening in a sister dominion. He is helping to celebrate the establishment of the Republic of Pakistan, helping to celebrate the fact that Pakistan is taking a step towards removing itself from the British Commonwealth of Nations. If his motion is as important as members of the Australian Country party say it is, they should have arranged for their former leader, who, I think, is still their real leader, to be here to move his motion.

Mr. TURNBULL.—He is ill.

Mr. CALWELL.—If his presence could not have been arranged, then at least some other member of the Australian Country party should know something about the matter, and should be able to give the House all relevant information about it. The continued absence of the right honorable member for Cowper seems to indicate either his indifference to the importance of his motion,

or the incompetence of any other member of the Australian Country party to handle the problem.

Sir ERIC HARRISON (Wentworth—Vice-President of the Executive Council and Minister for Defence Production) [11.9].—The remarks that we have just heard are characteristic of the Deputy Leader of the Opposition, the honorable member for Melbourne (Mr. Calwell), in his most ungenerous mood. The honorable member seeks to take again some political advantage from the absence of the right honorable member for Cowper (Sir Earle Page), who has given notice of his intention to move a motion under the heading of general business, and who is representing this Parliament—

Mr. CALWELL.—No, he is not!

Sir ERIC HARRISON.—He is representing the Government and this Parliament in Karachi. Let us have a look at the printed motion, in order to see just how far one can stretch a statement to gain a political advantage, to the detriment of the person who wishes to move it. The right honorable member for Cowper put a motion on the notice-paper and had every intention of proceeding with it until he was asked to represent this Government at Karachi. He followed out that duty and left for Karachi. During the period that he was away, another general business day came on. The right honorable gentleman, at that point of time, was not in a position, because of the duty that he had undertaken, to deal with that motion. On his return he was suffering some ill health relative to the duties that had been imposed upon him in representing the Government at Karachi. He rang me from Grafton and suggested to me that he send his speech down and that somebody be allowed to read it in the House; but at the same time, he pointed out that this was a matter about which he was gravely concerned. I, as the Leader of the House, told him that I thought the House would be generous enough to appreciate his inability to be present because of his indisposition, and that it would allow him on another occasion to state his motion. I was wrong in that, because I did not know that the House would be so ungenerous, nor did I know that the honorable member for Melbourne, the Deputy Leader of

the Opposition, would be mean enough to take advantage of circumstances such as those to hold the right honorable member for Cowper up to ridicule.

I put it to the House that this is a genuine matter. It is a special motion set down by the right honorable member for Cowper concerning matters about which he has special information and in relation to which he has had particular experience. Nobody could do justice to a motion of that nature unless he had the specialized knowledge that the right honorable member for Cowper has. The fact that he has had to carry out a duty for this Government and that his indisposition at the present moment prevents him from coming into the House should not be made use of by the honorable member for Melbourne to seek to gain some party political advantage and, to that extent, to put the right honorable gentleman at some personal disadvantage in the matter.

Mr. CALWELL.—I wish to make a personal explanation. I am in daily contact, unfortunately, with my friend the Vice-President of the Executive Council (Sir Eric Harrison). He tells me a lot of things, but he never once told me that the right honorable member for Cowper (Sir Earle Page) was back in Australia.

Sir ERIC HARRISON.—I am not obliged to make a report to the honorable gentleman about all the comings and goings.

Mr. CALWELL.—The right honorable gentleman tells me where everybody else is, but he did not tell me where the right honorable member for Cowper was.

Mr. DEPUTY SPEAKER.—Order! The House will come to order. The honorable member for Melbourne (Mr. Calwell) should know that a personal explanation may be made only if an honorable member claims that he has been misrepresented.

Sir ERIC HARRISON.—I also told the honorable member where the honorable member for East Sydney (Mr. Ward) was. He was in Sydney, instead of being here.

Mr. DEPUTY SPEAKER.—Order! The honorable member for Melbourne must come to his personal explanation or point of order.

Mr. CALWELL.—The personal explanation is that I have misrepresented the right honorable member for Cowper; I regret it. I did not want to misrepresent him. I honestly believed that he was still pursuing his Asian walkabout. If the Leader of the House had kept me properly advised, as he ought to have done, I would have confined my remarks to the inability of the Australian Country Party to handle this motion and would not have said so much about the right honorable member for Cowper, who, in any case, never should have left Australia to go to Karachi.

Sir ERIC HARRISON.—If the honorable gentleman had asked me before he made the attack, I would have told him.

Mr. TURNBULL (Mallee). [11.13].—*in reply*—Regarding what has been said by the honorable member for Melbourne (Mr. Calwell), I wish to state very clearly that I received a telegram from the right honorable member for Cowper (Sir Earle Page) saying that he was indisposed and could not be at Canberra this week. Therefore, I think it is very much out of order, from a personal point of view.—

Opposition members interjecting.

Mr. DEPUTY SPEAKER.—Order! Honorable members cannot keep interjecting. If they do so, some of them will be walking out.

Mr. Clyde Cameron interjecting.

Mr. DEPUTY SPEAKER.—The honorable member for Hindmarsh (Mr. Clyde Cameron) must not interject while I am speaking; otherwise, he will be the first to go out.

Mr. TURNBULL.—I think it is regrettable that the honorable member for Melbourne should try to take advantage of the right honorable member for Cowper when he is ill. The honorable member showed how out of touch he was by stating, when he commenced to speak, that the right honorable member for Cowper was overseas. It has been reported in many newspapers that the right honorable gentleman has returned to Australia, and I thought that it was quite unnecessary for me to say so when moving this motion. I think it would

be much appreciated if the honorable member for Melbourne would keep up with the times.

Question resolved in the affirmative.

EXPORT PAYMENTS INSURANCE CORPORATION BILL 1956.

Motion (by Mr. McEWEN) agreed to—

That leave be given to bring in a bill for an act to promote trade with countries outside Australia by establishing an Export Payments Insurance Corporation to provide insurance against certain risks arising out of that trade not normally insured with commercial insurers.

BROADCASTING AND TELEVISION BILL 1956.

Motion (by Mr. DAVIDSON) agreed to—

That leave be given to bring in a bill for an act to amend the Broadcasting Act 1942-1954, and for other purposes.

BROADCASTING AND TELEVISION STATIONS LICENCE FEES BILL 1956.

Motion (by Mr. DAVINSON) agreed to—

That leave be given to bring in a bill for an act to provide for fees for licences for commercial broadcasting and television stations.

FISHING INDUSTRY BILL 1956.

SECOND READING.

Mr. McEWEN (Murray—Minister for Trade) [11.17].—I move—

That the bill be now read a second time.

The purpose of this bill is to establish a fisheries development trust account which will be used to finance activities designed to foster the development of the Australian fishing industry. It is intended to finance the trust account from the profits which will arise from the sale of the Australian Whaling Commission's business at Carnarvon, in Western Australia. Should unforeseen circumstances prevent a satisfactory sale being finalized the legislation will remain on the statute-book until such time as a satisfactory sale of the enterprise is made. At the outset I want to make the Government's intentions in this matter absolutely clear. A previous government decided to invest £1,375,000 in an endeavour to develop a new whaling industry in Australia.

Dr. EVATT.—Why not say “the Chifley Government”?

Mr. McEWEN.—I have said it a number of times previously, and I am about to pay tribute again to what that Government did. I ask the right honorable the Leader of the Opposition (Dr. Evatt) not to be querulous about it. This venture has since proved to be an unqualified success, and at this moment the Australian Whaling Commission has repaid £850,000 in addition to paying interest, and is in a position to repay most of the balance outstanding. This success has been due in no small measure to the calibre of the commission's management and staff. The chairman of the commission, Mr. J. C. Bowes, has proved himself to be an extraordinarily industrious and highly competent manager of this undertaking, and he has been ably assisted by the other members of the commission and, indeed, by the whole of the staff.

With the sale of the commission's business, the Government will have recouped its total investment in the whaling industry and will at the same time have a very substantial amount in hand. Normally this would be paid into Consolidated Revenue. However, the Government in its determination to develop Australia's resources to the full, to give a broader base to the economy, to earn overseas exchange, to reduce expenditure on imports and to introduce improved techniques, now proposes to develop other fisheries enterprises.

In short, the profits which have been made from the Government's whaling operations will be isolated in a special trust account to assist in a special way the development of the fishing industry. So we have the present spectacle of having completed a demonstration of enduring value to the whaling industry at no cost to the taxpayer and now, with the profits from this demonstration, of endeavouring to repeat this performance in other sectors of the fishing industry.

Undoubtedly, State governments have primary responsibility for fisheries development in their coastal waters and in the domestic marketing of the product. Beyond this, the Commonwealth has responsibilities both in regard to

the development of off-shore fisheries resources and to the marketing of products in overseas countries. Success in either of these fields can have an important bearing on our overseas payments position.

As honorable members are aware, we are faced with a national balance of payments problem. There is a significant gap between our demand for imported goods and our ability to earn the foreign exchange required to finance these imports. The fishing industry offers considerable scope, if known resources are soundly developed, for a two-pronged attack on at least a section of this overall gap. In the last financial year we imported fish and fish products valued at £5,612,000 and exported commodities in this category, excluding whale oil, to the value of £1,865,000. We are a heavy importer of fish and fish products. The Government firmly believes that Australia's fisheries resources are such that the industry can be developed as an important import-saver and as a significant export income earner.

Before I indicate in more detail the opportunities which exist in this field, I feel that I should refer briefly to the operations of the Australian Whaling Commission and to the negotiations which have been proceeding. The Australian Whaling Commission was established by the Labour Government in 1949 under the Whaling Industry Act of that year. A site was selected at Carnarvon, Western Australia, which was most suitable for whaling operations. The station was ready for a trial run at the end of the 1950 season, and the plant was made ready for full-scale operations in 1951. In that year the station had a quota of 600 whales but this has since been reduced to 500 as part of a programme to conserve whale stocks off the Western Australian coast. As a result, the station has plant to treat a greater number of whales than it is permitted to take. Nevertheless, results have been outstanding, and in five years of full operations, the commission has made net profits of about £1,000,000, besides paying interest on advances and making substantial provision for depreciation.

In 1951, only two whaling stations operated in Australia, but at present there are five, including three in Western Australia, and a licence has been granted for a further station at Norfolk Island. Every whale which can be taken from Australian waters, having regard to our desire to maintain the stock and to our obligations under the International Whaling Convention, is being processed. Exports of whale oil last year amounted to £1,750,000, and £1,250,000 of whale meat and dried solubles were also produced and helped to meet the demand for protein foodstuffs which are in short supply from time to time.

The action of the previous government in setting up the Australian Whaling Commission has been justified and the part played by the honorable member for Lalor (Mr. Pollard), as Minister for Commerce and Agriculture at the time, is acknowledged. Now, however, the commission has fulfilled the purpose for which it was originally established, and the sale of the commission's business will not alter the level of activity in the whaling industry.

As early as 1952, I stated publicly in the press that the Government would be prepared to receive offers for the commission's business, and that preference would be given to Australian interests which had the experience and the resources to operate the station on a satisfactory basis. I indicated that the commission had demonstrated that a well-equipped shore-based whaling station could be operated profitably under Australian conditions and that a government-sponsored demonstration was no longer required. In these circumstances, continuance by the Government of a purely productive enterprise could be justified only by adherence to socialist doctrines. As the industry is of importance to Western Australia, discussions were held with the Western Australian Government of the day about the future of the enterprise. That Government did not seek to purchase the station, but it expressed the strong desire that the station should continue in operation, preferably under Western Australian ownership. As a result of the press announcement,

several inquiries were made, but a subsequent heavy fall in whale oil prices discouraged further interest at that time. Oil prices have since stabilized at a profitable level, and, in recent months, there has been a renewed interest by a number of companies in the possibility of purchasing the station. Every facility has been given to all inquirers to gain a full knowledge of the commission's operations, and they all were advised that the Government was willing to consider firm offers for the purchase of the assets of the commission. This information was given to every one who had at any time shown an interest in purchasing the station. Several who made inquiries, and who were offered facilities to make a firm offer, subsequently indicated that, because of changed circumstances, they no longer wished to pursue the matter. In anticipation that some reasonable offer would be received, arrangements were made, in February of this year, for both an official and an independent valuation of the business. These have been received and analysed, and have been used as a basis for determining the acceptability of offers received.

As the Australian Whaling Commission's assets are vested in the commission by the Whaling Industry Act 1949-1952, repealing legislation is required to transfer these assets back to the Commonwealth before they can be sold. For this purpose, a Whaling Industry Act Repeal Bill will be presented to the House at a later stage. To complete a sale, it is necessary to vest the property of the commission in the Commonwealth again, and the sale cannot be completed until the repeal bill has been passed. The present bill has been introduced so that the funds derived from the sale of the commission's business may be placed in a trust account. The surplus funds received from the sale of the commission's assets will be used for the purpose of developing fishing industries which have great potentialities, but which would not attract—or, at any rate, up to date have not attracted—investment funds without Government support or demonstration. In Australia, the fishing industry has not developed as it has in many other countries, and it is not regarded generally as offering such attractive investment opportunities as other

industries offer in the developmental stage. Moreover, this is even more likely where the projects are new and returns might be regarded as uncertain.

For a number of years, the Australian fishing industry has been lagging, mainly because the fisheries already developed have been the inshore and freshwater fisheries, and the limits of their resources have become apparent. In areas close to the main population centres, these resources are being exploited to the full and, indeed are in danger of over-exploitation in many cases. It is useful in this context to look at the history of the fishing industry in Australia. The first great boost was given to the fishing industry when trawlers were introduced to catch the fish on the continental shelf of eastern Australia. Mainly as a result of this, production increased from 40,000,000 lb. in the early 1920's to a peak of 70,000,000 lb. in 1929. This was followed by a prolonged decline, in spite of an increase of the number of boats fishing and of the efficiency of the gear used. There was some improvement after World War II., as the fishing beds had been rested, but signs of over-fishing have again appeared in the traditional trawling grounds in eastern Australia. It is apparent that any significant progress can come only from the development of new fisheries or new areas. Sufficient is already known of our fish resources to indicate the development opportunities which exist, although there is still a definite need for further exploratory work. However, the main requirements for an expansion of the industry into new types of fishing are large-scale investment and the application of new techniques of fishing. In the past, the uncertainty of returns, and the small scale of the industry, which are, to a large extent, inter-related, have not been conducive to increased investment in the industry. For the same reason, fishermen have not the resources to explore new grounds or to take the risk of investing in the equipment required in new fisheries. Profits in the industry in the past have been low, and there has been only limited scope for obtaining investment funds from this source. About £10,000,000 is invested in the fishing and pearling fleets, shore installations and factories, and a further £3,500,000 is invested

in the whaling industry, but this investment is small in relation to the potential size of the industry. The only large-scale investment in recent times has been in whaling.

The opening up of new fisheries has involved both technical and marketing problems, and the Government has made vigorous efforts to overcome these. In recent years, new crayfishing grounds have been developed in Australian waters, but very vigorous efforts were needed to establish markets overseas in the face of strong competition. This Government has played an important role in the development of the American market for Australian crayfish through its trade commissioners in the United States of America and its technical officers in Australia. The success achieved has been due not only to the promotional campaign that was undertaken, but also to the technical help that was given in solving the problems of presenting a pack of the highest quality. There is now a flourishing export market in the United States, and the crayfish tail exporting industry is earning about 4,000,000 dollars per annum in foreign exchange. Continued assistance will be given to this industry to retain and extend the market in the United States and to develop further markets. The chief scope for expansion, however, is in fisheries that have previously operated only on a small scale or with techniques not suitable for large-scale development. The most immediately important of these is the tuna industry. Large-scale tuna fisheries have been established by other countries, notably the United States and Japan, but the resources of Australian waters were not investigated until recent years. The present Government hired fishing vessels and overseas specialists, both to determine whether tuna were available in commercial quantities and to demonstrate modern methods of catching them. It has been proved that large quantities of tuna are available off the coasts of Australia, and numerous Australian fishermen have been trained in up-to-date catching methods. In addition, the type of vessel and gear required has been established. However, there is still considerable scope for scientific and investigational work to determine the full extent of our tuna resources

and the period of the year when the fish are most readily available. But it has been proved beyond doubt that large and commercial quantities of tuna are available and that Australian fishermen can catch them, even though commercial operations have been conducted only on a small scale to date.

One of the major features of the development of a successful tuna industry is the size of the operation itself. Vessels and equipment must be such that the time spent in locating a school is reduced to the minimum. Moreover, the tuna fleet must be equipped with inter-ship radio so that the whole fleet can be concentrated once a school has been located. Since so much time is normally spent in locating the fish, the fleet must be equipped to enable it to stay with the tuna for a considerable period. To permit this, the fleet must have mother ships with refrigerated storage to which the catch from each boat can be transferred. In the United States of America tuna fleets travel up to 2,000 miles to their fishing grounds, but with adequate fishing and storage equipment are still able to operate economically. On the other hand we have abundant supplies of tuna in close proximity to our coast, but the equipment required for an efficiently organized large-scale tuna venture has been beyond the financial resources available to the existing Australian fishing industry. Until the industry is established on a reasonable scale venture, capital will not be attracted from conventional avenues of investment in the amounts required. It is the purpose of the trust account to give sufficient backing to private industry to make these developments possible.

The same vigorous approach to the development of markets for Australian tuna is necessary. A large potential demand exists in Australia as a replacement for salmon which was unavailable during the war years and which has since been available only on a restricted basis due to its high price and to import restrictions. Even though we have had to curtail imports of salmon and other fish, we are in fact, as I mentioned earlier, still importing these products at the rate of £5,600,000 per annum to meet the demand of Australian consumers. If regarded by the Australian public as a

satisfactory alternative to these other products, the opportunities for marketing a high-class product locally are obvious. Moreover, experience in the United States has shown that, when tuna has been established, it becomes rather more acceptable than salmon and consumers are prepared to pay a price at least equal to salmon. If the tuna industry were established on a large scale in Australia, it could thus become an important saver of foreign exchange, and, in particular, dollar exchange.

Furthermore, large quantities of tuna are imported by the United States and the United Kingdom, and there is no doubt that exports to these countries could be greatly increased. In fact, exports of some hundreds of tons of frozen tuna have already been made to the United States to establish the suitability of Australian varieties in that market. Reports have been more than favorable and it appears that varieties of tuna caught in Australian waters have been of better quality than most of the tuna caught by the United States tuna fleets. Small commercial exports of canned tuna have also been made to the United Kingdom and, although there are cost problems in the development of that trade, excellent opportunities appear to exist if we undertake large-scale tuna fishing and canning operations. Apart from the established tuna resources of the eastern and southern coasts, Commonwealth Scientific and Industrial Research Organization investigators over the last few years have examined the resources of the north-western and northern coasts of Australia with promising results. In addition, recent operations in the Coral Sea and South Pacific Ocean by Japanese tuna clippers have provided a further demonstration of the tuna resources which could be available to Australian fleets. There is no doubt in my mind that if we do not develop these resources then they will be developed by others. The trust fund can play a significant role in this development and the Government intends to use it as a means of encouraging the development of our marine resources in the same way as it has encouraged the development of the basic resources of the continent itself.

Another recent development of great importance has been the discovery of large stocks of prawns in the coastal waters of eastern Australia. These prawns are in greater concentrations and are of larger size than those previously taken in estuaries. New grounds are still being discovered, and it is already certain that the stocks are vast. Production increased from 4,000,000 lb. to almost 7,000,000 lb. during the past twelve months and the catch has been limited mainly by the markets which are still geared to the relatively small quantities available previously. There is the same scope for development of an export market for this industry as was the case with crayfish, but even larger investment is required because of the technical problems associated with the processing of prawns. Investment is required in prawn trawlers equipped to work in deep water. For this purpose they require special apparatus for detecting concentrations of prawns and snap-freezing machinery to enable the prawns to be held in suitable condition. There is a very large market in the United States for prawns processed under specified conditions.

Both tuna and prawns are high-quality products, and sell at a price level appropriate to this, but there is also considerable scope for the development of lower-quality fish, both for direct consumption here and for production of fish meal and oil. In recent years imports of fish were about equal to the total production of local fisheries and many of these imported fish can be replaced by fish available in Australian waters. The chief varieties suitable for development are pilchards, barracouta and Australian salmon. Great quantities of pilchards appear at times off the Australian coast, but further investigational work is needed to determine when the main supplies are likely to be available, and whether regular supplies might be obtained. The quality of canned salmon and barracouta produced in Australia has not been high, but better products are now possible with improved methods of canning, particularly of barracouta. Large quantities of barracouta are marketed in Australia at present, but stocks are available for much more intensive fishing if a higher quality product leads to an increased demand.

In addition to the development of new fisheries, there is scope for extending some of the older fisheries to new areas. Research by the Commonwealth Scientific and Industrial Research Organization has demonstrated that a profitable trawling industry could be developed in the Great Australian Bight. A tentative attempt was made to develop this fishery, but the equipment available was not suitable. Because of the remoteness of this area from its main markets, it would be necessary to use large trawlers which could remain at sea for lengthy periods, and which could also deliver the fish to market in reasonable time. Suitable shore installations would also be required, and the venture could hope to be successfully only if undertaken on a large scale. The development of this fishery would stimulate settlement in underdeveloped areas in Western Australia and South Australia. There are also opportunities for the development of fisheries off the coasts of north and west Australia provided the problem of marketing and transport are overcome.

It may also be necessary to investigate the possibility of developing marine products which have not previously been produced in Australia. For example, during the war years, imports of agar, which is made from seaweed, were cut off. Agar is used as a culture medium in laboratories and also for canning and in pharmaceutical products, and it was necessary to develop its manufacture in Australia as a matter of urgency. The further development of this and similar marine products will be investigated. If the fishing industry in Australia is to progress, provision must be made for replacing obsolete equipment. I am informed that no additional steam trawlers have been purchased by Australian fishermen since the 1920's with the exception only of two second-hand boats obtained ten years ago from New Zealand. In the United Kingdom, trawler owners are encouraged to modernize their vessels by means of subsidies and loans, and in South Africa loans are made available, also.

It is proposed that the funds which become available from the profits on the sale of the business of the whaling com-

mission will be placed in a fisheries development trust fund, and used as a revolving source of finance for approved developmental projects. The fund will be controlled by my colleague, the Minister for Primary Industry (Mr. McMahon), whose department is already charged with responsibility for fisheries development activities. This type of government investment in commercial concerns has been adopted in South Africa by the South African Fisheries Development Corporation over the past seven years, and has provided a broad and successful basis for a spectacular increase in fish production and exports from South African waters over that period. In South Africa it has been used to overcome the inability of the fisheries industries to attract private capital in the required amounts. Money available in the trust fund could similarly be used for path-breaking enterprises in Australia. The trust fund will be used primarily for investment in commercial fishing concerns in those cases where, despite the fact that proved opportunities for the development of sound fishing enterprises have been demonstrated, private enterprise is not able or willing to provide investment funds of the magnitude required. This unwillingness may be due to inability to face necessary establishment risks or to lack of finance. In all cases it would be the intention to withdraw government investment as soon as the project has been soundly established, and Australian interests have demonstrated their capacity and willingness to continue the development. This would be done in such a way as not to prejudice the stability of any undertaking.

The purposes for which the fund may be used are set out in broad terms in the bill. They include investigation of the commercial possibilities of new fisheries, the making of investments or granting of loans to fishing enterprises that are soundly based but require investment funds and, if necessary, the undertaking of enterprises on similar lines to the establishment of the Australian Whaling Commission. In all cases it would be the objective of the

Government to liquidate investment in any undertaking as soon as private investors are willing to take it up.

The money available for investment will be used as a revolving fund and will be available for use in the fishing industry in those sectors where it is considered that it can make the greatest possible contribution to the development of our fisheries resources. It is not the Government's intention to restrict the funds to one project, as was the case with whaling, but rather to stimulate private investment in a number of developmental projects. Moreover, the Government believes that it is not the function of a government to engage in ordinary commercial-type productive enterprises as an end in itself, but only as a means of demonstrating development opportunities and hence of encouraging private investment in new fields. Thus, it intends to recoup its investment in development projects or demonstrations as soon as government support can be safely withdrawn, so that the funds can be released for re-use on other projects.

At a time when it is essential to increase exports and to replace imports, every industry must be required to play a part. It is confidently expected that the stimulus given to the fishing industry by the Fisheries Development Trust Account will increase exports of fish products, particularly to dollar markets, and enable replacement of imports of frozen and canned fish, thus providing a significant saving in foreign exchange. Finally, to place the Government's proposals in their proper perspective, we have only to look at the manner in which whaling has been developed as a great and profitable industry, which is now so well established quite largely as a result of government initiative, as is the export trade in crayfish tails. So, it is the intention of the Government to move on to the exploitation, for our local needs and as export income earners, of the other fisheries resources which abound in the seas adjacent to our coastline. This will be an exploitation of basic resources which are, as yet, virtually untapped, but which will be encouraged only to the limits dictated by sound conservation principles. This, in turn, is part of the

general pattern of the Government's planning and action which is designed in total to expand the basis of the Australian economy and to underpin the living standards of which we as a nation are so rightly proud. If and when the Parliament passes this legislation, the administration of it will be within the ambit of my colleague, the Minister for Primary Industry. The explanation for my presenting it to the House is that in my former capacity as Minister for Commerce and Agriculture, over a period of years, I was administratively responsible for the activities of the Australian Whaling Commission and for fishing activities generally, so this is really the final outcome of certain thinking and planning in which the Government has been engaged under a different departmental organization from that which exists at the present time.

Debate (on motion by Mr. POLLARD) adjourned.

WHALING INDUSTRY ACT REPEAL BILL 1956.

SECOND READING.

Mr. McEWEN (Murray—Minister for Trade) [11.52].—I move—

That the bill be now read a second time.

The purpose of this bill, which I foreshadowed in my second-reading speech on the Fishing Industries Bill 1956, is to repeal the legislation which established the Australian Whaling Commission, and to vest control of the commission's business in the Commonwealth. This will place the Government in the position of being able to sell the commission's assets. The highest offer received was £880,000, and that is the price at which the Government proposes to sell.

Mr. POLLARD.—Is that in cash or on terms?

Mr. McEWEN.—I shall explain that. That amount was offered by the Nor' West Whaling Company Limited. The offer, and the arrangement to sell, is for a cash down payment of £350,000, payment in each of the next two years of £120,000, and payment of the balance, £290,000, in the third year.

Mr. CREAN.—Is interest to be payable?

Mr. McEWEN.—Interest will be payable.

Mr. CREAN.—At what rate?

Mr. McEWEN.—At 5½ per cent.

Mr. POLLARD.—It does not amount to as much as the annual profits being made at present.

Mr. McEWEN.—Other offers were received. The Government of Western Australia offered £620,000, on a much lower deposit and less attractive terms. I shall mention the other offers, but shall not associate them with the name of any offerer, other than that of the Western Australian Government. I should not have mentioned even that information had not the Western Australian Government already made public its own offer. The next highest offer was of £850,000. That was not so attractive as the figure suggests, because the offer was for payment of a deposit of £100,000, and thereafter an annual payment, until final discharge of the debt, of £100,000, which would include interest on the outstanding balance. The other offers, in order of magnitude, were £780,000, £750,000, £747,000, £650,000, and £519,000. That is a complete list of the offers received by the Government.

Mr. POLLARD.—It is strange that the Nor' West Whaling Company Limited should slip in a tender just a little higher than the next highest tender.

Mr. HULME.—That is what usually happens with any tenders.

Mr. CALWELL.—If they get the tip off.

Mr. CREAN.—Was one of the conditions of the tender the right to farm 500 whales?

Mr. McEWEN.—The offer, naturally, was associated with the quota attached to the station.

Mr. CREAN.—That was understood in each case?

Mr. McEWEN.—That was understood in each case; but it was also understood in each case that that quota was subject to review, in accordance with the judgment of the government of the day, having regard to its policies and its international obligations relating to the conservation of whale stocks. On a sale at

£880,000 the net profit to the Government, after repayments of all outstanding advances to the Treasury and interest thereon, will be about £750,000. Honorable members will be interested, of course, in the question of valuation. Here are the facts on that matter: The cost of erecting the station over the period 1949, 1950 and 1951 was £1,080,000. Honorable members may recall that in an earlier speech I said that the previous Government had invested a sum of slightly over £1,300,000 in the undertaking. The difference between the two figures lies in working capital. The total of £1,080,000 was capital invested in the fixed assets. As I have mentioned, this expenditure was incurred in the period 1949, 1950 and 1951, which was a period of acute shortage of materials when costs were undoubtedly high—and, of course, they were at their highest in isolated areas of this continent. However, that was the cost. The commission has proceeded to write off on depreciation, conducting its affairs in a businesslike manner, and the written-down book value of the physical assets of the commission in its own books, as shown in its last published report, stands at £809,000. That figure, of course, is the written-down value, and is not exactly relevant to the value to-day, because, with the approval of the government of the day, the station was designed and erected to treat 1,000 whales a year, whereas the bidding has been by companies which are offered only 500 whales a year, under the quota. The successful company—

Mr. POLLARD.—Which has a licence of its own?

Mr. McEWEN.—The successful company has a licence, at another whaling station, to take 500 whales. It is as clear as crystal that this particular company is in an advantageous position because it has already a quota of 500 whales at its other station. It, therefore, had an advantage in bidding for a station with the capacity to treat 1,000 whales a year, because it would be in a position to merge its two quotas and treat 1,000 whales. It is as clear as crystal that that is an advantage.

Mr. HAYLEN.—Is 1,000 whales the complete quota?

Mr. McEWEN.—One thousand whales, as I mentioned, is the total quota at present, but the Government enters into no contractual commitment not to alter it. It would hope to increase it.

Mr. HAYLEN.—Would that be in accordance with the international convention?

Mr. McEWEN.—The international convention provides that we shall conserve whales. The government of the day is the judge of what constitutes proper conservation. I am not quite sure whether I made the point I intended to make when I said that these valuations, on to-day's book values, are not entirely relevant to the value, because they relate to a station that was designed, and erected at an appropriate cost, to treat 1,000 whales a year, whereas the offers are by companies permitted to treat only 500 whales a year, unless they happen to have a quota already, as one company has. So we have three values to work from. To-day's written-down value of the Australian Whaling Commission's assets is £809,000. The Government detailed its own valuer to value the assets of the station. He has submitted, in his judgment, an estimate of £954,000 as the value of the station.

Mr. CREAN.—Of the assets?

Mr. McEWEN.—Of the physical assets. Let me correct that. His valuation of the station as a commercial enterprise. That would be his valuation of the station in respect of its physical assets and of the quota and quota entitlement which attaches to it.

Mr. CREAN.—What is the physical value as distinct from the other?

Mr. McEWEN.—The Government's valuer has not separated them. In short, may I say that its physical value would be a break-up value if no quota attached to it?

Mr. WHITLAM.—But there is no suggestion that the quotas would have been denied this company and preserved for the other four stations.

Mr. McEWEN.—No suggestion at all. So the Government's valuer has said, "Here is a factory and apparatus designed to treat, and capable of treating, 1,000 whales a year, but it has a quota of

only 500, which may go to 600 or fall to 400", and he put the actual value in his estimate at £954,000.

Mr. POLLARD.—What valuation is given to the occupancy of the land belonging to the Western Australian Government?

Mr. McEWEN.—I speak subject to correction, but I think probably none, because a term of the sale involves the fact that the station is erected on land leased from the Western Australian Government. The buyer makes his offer subject to the understanding that he, with the aid of this Government, must negotiate a transfer of the lease of the land. That is clearly understood. The Government, to aid it in a proper approach to this subject, sought a comparative valuation, and obtained a panel of names of suitable members of the appropriate organization of public valuers—the proper term slips my mind at the moment, but if any one is interested in having it I shall discover it—and this list consisted of a number of companies or individuals who were regarded as capable of engaging in a valuation of the undertaking. The Treasury—not my department, the Department of Trade— safeguarding the financial interest of the Commonwealth, advised on what was regarded as an appropriate valuer from a panel suggested, and that valuer has put the value of the station at £763,000.

Mr. CREAN.—As a going concern?

Mr. McEWEN.—As a going concern.

Mr. POLLARD.—Will the Minister make available the valuer's report submitted to the Government?

Mr. McEWEN.—May I answer that question later? I am not sure what the practice has been in that regard. The valuations by both the Government's own valuer and the outside valuer have been related to the test of commercial value rather than to the test of the replacement cost, less depreciation. In this test of commercial value, however, the two valuers have chosen to use quite widely different approaches. For example, there has been a different approach in the treatment of company taxation and its consequent implications in respect of capital value. So I say quite frankly that I was not unconcerned at the disparity

between the valuations of the Government's valuer and the outside valuers. Clearly, the valuations were fairly wide, and I sought to understand the implications of this better. Following that, I can say that if what might be regarded as an appropriate approach at this point of treatment of the taxation aspect in its relativity to commercial value were commonly applied to the figures which were basic to the two valuations, the outcome would not be widely different from either the commission's written-down value of £809,000 or the present accepted purchase price of £880,000. In transferring the commission's business to the Commonwealth, provision is made in the legislation for the Government to assume responsibility for the commission's liabilities, assets and rights. As I said in my second-reading speech on the Fishing Industry Bill 1956, the Government had decided to dispose of the commission's business, subject to the passing of the enabling legislation and the satisfactory completion of the detailed negotiations for the sale. The present legislation is designed to enable the Government to implement that decision. The funds available from the sale of the Australian Whaling Commission's assets after liabilities have been met and the balance outstanding on advance from the Treasury has been repaid, will be paid into the trust account. This trust account, set up under the Fishing Industry Bill 1956, will be used to finance schemes designed to foster development of the Australian fishing industry. After the Treasury has been recouped its advances, all interest due on those advances has been paid to the Treasury, and all other outstanding liabilities of the commission have been discharged, it is estimated that the net surplus available for the trust account will be about £750,000. I believe this marks a new phase in the Australian whaling industry, as shore-based whaling has been established as a permanent feature of our economy on a sound and stable basis. I am not at all reticent in paying an appropriate tribute to the work of the honorable member for Labor (Mr. Pollard), who was my predecessor as Minister for Commerce and Agriculture in the Labour Government which established the commission. I am convinced, and more importantly,

the Government is quite convinced, that the course now being followed will result in a great advantage to the Australian economy, because the profits of this venture will be used to stimulate and initiate a much wider fishing activity in the open seas off the Australian coast.

Debate (on motion by Mr. POLLARD) adjourned.

TARIFF PROPOSALS 1956.

CUSTOMS TARIFF AMENDMENT (No. 1).

In Committee of Ways and Means: Consideration resumed from the 14th March (*vide* page 804), on motion by Mr. OSBORNE—

That the Schedule to the Customs Tariff 1933-1954 be amended . . . (*vide* page 798).

The TEMPORARY CHAIRMAN (Mr. Lawrence).—Is it the wish of the committee to consider the motion as a whole?

Mr. CALWELL.—As the customs and excise proposals relate to the same subjects, may I suggest to the Government for its approval that the debate on the customs proposals include the excise proposals, but that each proposal be voted on separately?

Mr. OSBORNE.—I agree that that would be a convenient course.

The TEMPORARY CHAIRMAN.—Very well, if it is the pleasure of the committee, such a course may be adopted.

Mr. OSBORNE (Evans—Minister for Customs and Excise) [12.9].—As the committee has decided to take all the items in the customs tariff proposals together, it would seem convenient at this stage for me to move an amendment to item 229 of Customs Tariff Proposal No. 1. Honorable members will recall that proposal No. 1 dealt with increases in the rates of duty on beer, spirits, tobacco, and in the division of oil paints and varnishes, in which division petroleum and shale products are included. After the tabling of these proposals, the Government decided that petrol used for aviation within Australia should be exempted from the increase in the rate of duty, and to give effect to this decision I tabled Customs Tariff Proposal No. 2 on the 11th April.

I therefore move—

That that part of Customs Tariff Proposal No. 1 which relates to sub-item (o) of item 229 of the Customs Tariff 1933-1954 be omitted.

Mr. CALWELL (Melbourne) [12.11].—The Opposition raises no objection to any amendment to these awful proposals if it is to give relief to somebody, particularly when the matter relates to air travel, which is so much favoured by members of this Parliament. Of course, we are only too happy to oblige. My friend, the honorable member for Melbourne Ports (Mr. Crean) asks me to ascertain the cost of the advantage that will be given to airline companies by the adoption of this amendment.

Mr. OSBORNE.—I suggest that that matter might properly be debated in the course of the discussion of the proposals as a whole.

Mr. CALWELL.—Does not the Minister know the answer?

Mr. OSBORNE.—No, but I shall obtain the information.

Amendment agreed to.

Mr. CALWELL (Melbourne) [12.12].—The question now before the Committee is that Customs Tariff Proposal No. 1, as amended, be agreed to, and I suggest that we should not hurry our consideration of this matter. The Opposition has quite a lot to say on the various proposals. In the first place, we disagree with the whole economic policy of the Government. We disagree with the Government's claim that its policy is intended to correct inflation. We are discussing, in effect, a supplementary budget which will increase revenues to help the Government out of its difficulties in financing State loan programmes. That is our first difference with the Government. We have other differences with the Government, too. The Prime Minister (Mr. Menzies), in his supplementary budget speech, said—

Any increases in taxation should be designed as far as possible to reduce inflation.

The right honorable gentleman then proceeded to indicate four courses by which inflation could be reduced. The second of those four courses reads as follows:—

In order to secure added revenue from items which are not the most essential and which should, therefore, make the fullest

contribution to the elimination of deficit finance, we have decided to impose additional taxes on beer, spirits, tobacco, cigarettes and cigars.

We of the Opposition do not accept the statement of the Government that there will be a deficit this year. Some of us have had experience in government. Some of us figured on government pay-rolls prior to our coming into the Parliament, and, as a former State government treasury clerk, I know something of how budgets are faked. This can be done scientifically by not bringing in accounts that should be paid in a financial year or by paying out sums in a financial year that should not be paid until the next financial year, according to whether a government wishes to present a surplus or a deficit. There is nothing exact about budgetary finance. Figures can be made to present any point of view which the Government wishes to present. Therefore, we do not believe that the Government is going to be in difficulties over its surplus this financial year. It has budgeted for a surplus. Every year this Government has budgeted for a surplus, it has been of the order of millions of pounds, although it was expected to amount only to hundreds of thousands of pounds.

Having made those few introductory remarks about the argument of the Prime Minister that these increases are necessary to avoid a budgetary deficit, I want to deal with the particular items. The Customs and Excise Acts are being used, we think, very unfairly and very improperly at this moment. In our view, it is unnecessary and rather improper to tax food, clothing or even the liquor consumed by the general public, because the incidence of such taxation is uneven. It burdens the man on a small wage to a far greater extent than it burdens the man on a big income. Income taxation ought to be the method employed if the Government has a case for increased taxation. Indirect taxation is fundamentally wrong, except in regard to really well-defined luxury items. It is not right to levy customs and excise duties on beer, whisky, brandy, petrol, cigarettes and all the rest by the mere device of saying that those items are luxury items in the household budgets of the people.

In 1951-52, this Government increased excise duties very considerably. It increased the duty on whisky in the horror budget to such an extent that revenue declined. In the next year, the Government had to reduce that particular duty because Australians who wished to buy whisky just could not afford to pay the price asked. Sales suffered so considerably that the Government hastened to lift the burden somewhat in the year following. In the next financial year, the Government reduced the excise duty on brandy for precisely the same reason. But in this supplementary budget the Government is going higher than it went in the days of the horror budget with the duties on whisky, brandy and, of course, beer.

Sir ERIC HARRISON.—It is not going to affect the standard of living, is it?

Mr. CALWELL.—I do not know whether it is going to affect the standard of living, but I do know that it is going to cause a certain amount of unemployment amongst people who either make or serve whisky, beer, brandy and other drinks.

The TEMPORARY CHAIRMAN.—Order! The honorable member must return to the matters under consideration.

Mr. CALWELL.—I was led off the path temporarily by the rather inane interjection of my right honorable friend, the Vice-President of the Executive Council (Sir Eric Harrison). I had to put him right, because I know that if I do not deal with him immediately, a minute later he will have forgotten what he asked me. I know that there is a good deal of unemployment existing at the present time as a result of the Government's proposals. I am told that in the average hotels in the capital cities of Australia sales of liquor have fallen by between 20 per cent. and 25 per cent., or even 25 per cent. and 30 per cent. It could well be that indignation is playing a part in the decision of drinkers. It may well be that this is a contest between the drinker's indignation and his thirst. We shall see which will outlast the other. The Government could find, a little later on, that a lot of people will want to drink in the same way as they drank before. But I do know that the production of bottled beer

by the breweries has fallen off very considerably and that, as a result, brewery employees and hotel employees are walking the streets looking for other jobs.

Sir ERIC HARRISON.—Nonsense!

Mr. CALWELL.—That is not nonsense. I make that statement on the best of authority. I have been shown figures by representatives of breweries to prove that very point.

Mr. OPPERMANN.—But the breweries will not go broke.

Mr. CALWELL.—That could well be. I am one of the first to admit that Australians are drinking too much. I think it is a bad situation when we find that the consumption of liquor, on the figures given by the Prime Minister, has increased by 100 per cent. since 1938-39. I think it is disgusting to see half-drunken men and women standing outside hotels in all the capital cities of Australia on Saturday afternoons drinking beer, but I do not think the way to cure that sort of thing is to bring down measures of this kind. That is a social evil that ought to be dealt with in another way.

We have reached the stage when, if a person buys two glasses of beer, he pays the price of one to the Government in excise duty. In other words, if a man buys two glasses of beer, he shouts for Artie Fadden! He has a lot of friends in Australia to-day who are compulsorily toasting him.

Mr. HAYLEN.—A ghost guzzler!

Mr. CALWELL.—He is toasted in his absence in a lot of places. The story of excise duties is very interesting. In 1914, before World War I., the excise duty on a gallon of beer was only 3d. After the war broke out, it rose to 6d. Then, in 1917, it rose to 7d.; in 1918, to 1s.; and in 1921, to 1s. 3d.; and, later in the year, to 1s. 9d. In the dying days of the Bruce-Page Government, it rose to 2s. The Scullin Government reduced the duty to 1s. 10d.—the only time in the history of the excise duty on beer that it has been reduced.

Sir ARTHUR FADDEN.—It goes down as well as up.

Mr. CALWELL.—It went down once, but for the rest of the time it has gone up. Then the Scullin Government

increased the duty to 2s. The Lyons Government reduced it to 1s. 9d. I correct my previous statement. The duty has been reduced twice. In the days of the Menzies Government, just after World War II. broke out, it went up to 2s. In 1940, it went up to 2s. 9d. In the Curtin Government's budget of 1941, it went up to 3s., and in the middle of the war it went up to 4s. 7d. Under this Government, in the days of the horror budget, it rose to 7s. 2d. Now, under this supplementary budget, it is going up to 9s. 10d.

Sir Arthur Fadden interjecting.

Mr. CALWELL.—But the value is not in the £1. The Treasurer (Sir Arthur Fadden) will be the first to admit that value has oozed out of the £1 while the price of beer has soared. It is the same with whisky, brandy, and all the other spirits. The Prime Minister said in his statement that the price of brandy would rise by 1d. a nip, but the people of Australia found that the increase was more than that. They were nipped for 3d. a nip, but possibly that was due to the anti-social activities of some of the publicans of Australia.

As a result of this supplementary budget, beer is going to yield an additional £29,000,000 a year, spirits an additional £2,000,000 a year and tobacco another £12,000,000 a year. I suppose that when both a husband and his wife smoke they will find it difficult for both of them to continue indulging this habit. Many a husband will have to tell his wife to stop smoking—I do not know with what result. If both parties continue to smoke, the cost will be very considerable indeed. The food bill will have to suffer.

With regard to petrol, we find that the Government is levying an extra £12,000,000 a year. As the Government decided in its last budget to allocate most of the proceeds of the petrol tax to the States for the purpose of road building and maintenance, the local government bodies naturally expected that if the petrol tax were raised they would get the whole of the benefit of the additional revenue. But they have found that they will not get the whole of it. They will get only £4,000,000, and the other £8,000,000 is to be paid into Consolidated

Revenue for the purpose of financing the Government's estimated and forecast deficit. However, in reality the money is being paid into revenue to help the Government get out of its difficulty of persuading the Australian people to lend it sufficient money to finance State works. That any government should fail to persuade the people to provide £190,000,000 for necessary loan funds out of a national income of £4,300,000,000, indicates a very bad state of affairs. What the Government proposes to do with these various measures that are before the House today is to raise £51,000,000 extra in taxes for a full year. We say that the Government could more fairly raise that sum by an excess profits tax.

Sir ERIC HARRISON.—The honorable member says that we should raise it by taking it out of the pay packet?

Mr. CALWELL.—No, I do not say that.

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

Mr. CALWELL.—I should like to take my second period now.

The TEMPORARY CHAIRMAN.—If no one rises, the honorable member may continue. However, I notice that the honorable member for Mackellar (Mr. Wentworth) has risen.

Mr. CALWELL.—I ask the honorable member for Mackellar to yield to me so that I may continue my argument.

Mr. WENTWORTH.—I shall do that.

Mr. CALWELL.—I thank the honorable member for Mackellar, and the House, for the courtesy shown me in this regard. There are other arguments that I wish to put forward in connexion with this matter. The excise exactions from the Australian community have been growing apace over the years. I have shown how the excise duty on beer has risen progressively—with two small remissions, and, in each instance, for a very short time. To put the position more graphically still, I should like to show that in the second last financial year before Labour relinquished office—that is, in the year 1948-49—the Chifley Government raised only £62,000,000 by way of excise. In the last year of the Chifley

Government, the amount raised was £66,000,000. In the following year, the first year of this Government's administration, the amount raised was £73,000,000. In the following year, it was just about £100,000,000. In 1952-53, the amount raised was £113,000,000. In 1953-54, it was £125,000,000; in 1954-55, £143,000,000; and this year it will be £179,000,000. However, in the financial year 1956-57 it is estimated that the amount raised will be £210,000,000. People will want to know why this burden has been increased more than three times. It is all very well for the Minister for the Army (Mr. Cramer), who knows all about key money, to make a rude noise about my statements, but I guarantee that key money payments have been raised four or five times. The total revenue from indirect taxation, if I might interpolate this observation, has risen from £165,000,000 in 1948-49 under the Chifley Government to £373,000,000 for this financial year, and it will reach the staggering total of £404,000,000 next year. Therein lies the difference between ourselves and our opponents.

Sir ARTHUR FADDEN.—What about the increase of population and the national income?

Mr. CALWELL.—I have referred to the national income and commented upon the fact that it is huge, but the Treasurer cannot persuade the people to lend him even £1 out of every £21 of the national income. The Chifley Labour Government could get the community to lend it £1 out of every £6.

Sir ARTHUR FADDEN.—What about the controls that the Labour Government imposed, including the pegging of wages and prices?

Mr. CALWELL.—All taxation is confiscation, but the proposals of the Government amount to super-confiscation, and they are the methods this Government has applied for six years. However, to return to my muttions, supporters of the Government believe that as much revenue as possible should be raised by indirect taxation, and as little as possible by direct taxation. The Australian Labour party believes in a more equitable distribution of the national income annually,

by levying taxation on those best able to bear it, and lifting the burdens, as far as possible, from the great mass of the people. Our policy is to do that by reducing indirect taxation.

Mr. DAVIS.—The Labour Government did not do that when it was in office.

The TEMPORARY CHAIRMAN.—Order! The honorable member for Deakin (Mr. Davis) is not in his own seat.

Mr. CALWELL.—And he is not accurate, either, if I may amplify your statement, Mr. Temporary Chairman. The Opposition believes that the right thing to do is to place the burden of taxation where it can best be borne. That would make for progress and development. The proposals we are discussing, as part of the Government's plan, will cause unemployment, stifle development and gravely affect certain sections of the Australian people.

Mr. PEARCE.—Cheer up!

Mr. CALWELL.—The honorable member for Capricornia will need cheering up. He is lucky that he is not going to an election after the presentation of the supplementary budget instead of before it, and that goes for all honorable members on the Government side. No honorable member on the Opposition side wants to encourage the consumption of more liquor in Australia. We know that excessive drinking is a social evil. We know its effects in causing traffic accidents and misery, but we do not believe that those evils will be cured by increasing taxes on liquor. We believe that some people will want to drink, no matter how high the Government forces the price of beer, but the problem has to be dealt with by educationists and religious and civic leaders.

Mr. PEARCE.—The honorable member has already stated that consumption of beer has decreased recently.

Mr. CALWELL.—I also said that I am not sure whether many of the drinkers can stay the distance. I said I did not know whether their indignation or their thirst would win. I admit that, a little later, some of those who are not drinking will start to drink again.

Mr. HAYLEN.—It is a matter of temperature against temperance.

Mr. CALWELL.—Temperance, temperature and, I might add, temptation. Many people believe that liquor should be consumed with food, while some say that food should be consumed with liquor. The Government ought to help the Australian wine industry, and I admit that it is not harming that industry with these proposals. I believe that it should help the Australian brandy, whisky and gin industries, also. If the Government has no plan of that sort, it might suggest to the State governments the amendment of State liquor laws under which licences are issued to serve wines, but not brandy, gin or whisky. I am not suggesting that restaurants where people can eat and drink comfortably should be turned into hotels. I am not suggesting that they should be allowed to sell beer, but the Government might do something for the wine and spirit making industries by trying to have suitable amendments made in certain State laws. Some of them have not been amended in this regard for 50 or 60 years.

I turn now to the subject of petrol. Even though the excise increases on beer, spirits and tobacco had a staggering effect, nothing shocked the people more than the increase in the price of petrol. Australians have become accustomed to owning motor cars, and we are encouraging the development of the motor car industry. The Government's action in increasing the sales tax on motor cars and in the same supplementary budget increasing the duty on petrol, must have some painful and harmful effects upon Australia's industry. It must affect the manufacture and sale of motor cars. In the first place, the increased sales tax will mean a reduction in the number of sales of motor cars on the roads. Up to date, salesmen have not had to go out and sell; all they have had to do has been to book orders and tell people how many months they will have to wait for their cars. Now they will have to go out and sell their cars, and they will find it harder to sell cars now than was the case formerly.

Mr. TURNBULL.—It will give work to salesmen.

Mr. CALWELL.—Of course it will, but I do not necessarily regard that as being an important phase of life in our community. The Government says it wants to take people out of unimportant positions, that it wants to reduce the number of salesmen—and, I suppose, auctioneers, too—and to put those who are thrown out of what some people regard as more or less unnecessary occupations into the production of essential capital and consumer goods.

The increase in the price of petrol is resented all round Australia. If we want our people to be happy and contented, we ought to help the man who owns a car to have a week-end of enjoyment in his car. Train fares are high and so are tram fares, and both are going higher and higher. Inflation is hitting everything and everybody. It is altogether wrong that the family man should have to pay this increased price for petrol. Then there are people who must use their cars for community services. If the Government is going on with this proposal, we ought to devise some scheme whereby clergymen, for example, should get their petrol without paying this added impost. Doctors, also, should be able to buy petrol without this added impost. Trade union officials, too, should not have to pay this added impost. I know that company directors and others who have to pay it, charge it to their expenses account and in that way it becomes an allowable deduction for taxation purposes. I do not know that doctors are allowed to do that in every case. Most clergymen receive very small stipends or incomes. Thanks to the vigorous Christianity which pervades this Commonwealth, and which rewards those who preach the Gospel in accordance with the best spirit of social justice, clergymen would not be able to get any deductions at all because most of them do not enjoy incomes big enough to tax.

I think the Government could have regard for the things of the spirit—and I do not say this in any facetious sense—as well as for the materialistic things. There is so much gross materialism running through the whole of these budget proposals that I think it is time the Government had some regard for something

other than just making more and more money, taking more and more money out of the pockets of the people and, instead of sterilizing that money so that it cannot promote inflation, using it to the full by handing it over to State governments to spend, because it cannot devise a means by which the cost of the necessary capital improvements that are being made in every State of Australia to-day shall be shared equitably between the present generation and posterity.

Mr. WENTWORTH (Mackellar) [12.40].—I support the Government's proposals. The synthetic indignations of the honorable member for Melbourne (Mr. Calwell) were a little confused. I was not quite certain whether he was worried about the extra amount of petrol he would have for dinner or the rum he puts in his car. He did not seem to be clear himself.

In supporting the proposals as a whole, I want to direct my attention to only one aspect of one section. I refer to petrol. The Government has a great deal to be proud of in the development of the motor industry. In the last six years, while we have been in office, the number of cars in Australia has doubled, and that is a good thing. On the other hand, the Labour party has a great deal to be ashamed of, because, when it went out of office, petrol rationing was still in force. When Labour went out of office, there was a squeal that petrol rationing could not be lifted, and the Labour party would never have lifted it, anyway. The only way by which Labour finance could keep going in the motor field was by the imposition of petrol rationing. Petrol rationing is implicit in the Labour and socialistic approach to this whole subject.

When introducing these proposals on the 14th March, the Minister for Customs and Excise (Mr. Osborne) did not refer to them in detail. He said instead that the purposes of these new taxes were set out in the speech of the Prime Minister (Mr. Menzies) and they are. The relevant section of that speech is to be found recorded on page 790 of *Hansard*. The Prime Minister said that this proposal was submitted for two reasons. The first was to raise extra revenue and the second was to enable payments to be made to the

States for roads. In considering the proposals, I feel a little regretful that the second of these objectives was not emphasized more, and that the whole of the proceeds of the new tax was not being allocated to roads. I believe it would be much better if it were so.

Because one must think primarily of the purposes to which the proceeds are to be applied, when considering the imposition of this tax, I feel that the Government has not quite understood the present position. In order to beat inflation, we must have efficiency. One of the most inefficient parts of the present Australian set-up is the transport system. We cannot hope to achieve efficiency in transport until we have the proper capital equipment, whether it be roads, railways or docks, to allow each section to run efficiently and to allow the various sections to be related one to the other in the proper and most economical way.

Sitting suspended from 12.44 to 2.15 p.m.

Mr. WENTWORTH.—Before the sitting was suspended for lunch, I was saying that I felt that the proposal to increase the excise duty on petrol could be supported with greater enthusiasm if all the additional revenue were to be spent on roads. Let me say, in support of that contention, that I think it is obvious that, whatever happens, we must spend more money on roads if we are to have an efficient transport system. And when we are considering anti-inflationary measures, clearly we must countenance efficiency in transport as being one of the means of combating increased costs. To allocate all the proceeds of the increased petrol tax for that purpose would not involve greater expenditure than that which must be incurred if we are to have an efficient transport system. I do not think that such expenditure could be regarded as being in any way inflationary, because, first, efficient transport is anti-inflationary. Secondly, within the next few months it would not be possible to increase very materially the expenditure on roads. The machinery for that does not exist. Such a programme must be planned in advance, and the expenditure could not be increased very quickly. It would be sufficient if,

for the time being, the money were placed into a roads suspense account to be spent perhaps next year.

From the point of view of morale, the tax increase would be paid more willingly if motorists knew that the extra revenue was to be expended upon roads. My real reason for advocating such action is that we must have a proper balance between rail transport and road transport. Road transport should pay for the roads in the same way as rail transport pays for the permanent way. It should not be asked to pay an unfair amount; but, on the other hand, it should be asked to pay a fair amount. I know it has been stated that we are expending on roads more money than is being raised in the form of petrol tax. I beg leave to doubt that, although the figures are arguable. Nevertheless, the fact remains that we are not spending on roads as much money as we should spend if we are to have an efficient transport system. Therefore, there is a very good reason why we should correlate any increase of the fuel tax with increased roads expenditure, and that has been made more urgent by the recent decision of the Privy Council in regard to the regulation of interstate transport, which has cut across all transport policies. It seems that that decision, in default of action similar to that which I have suggested, will give to road transport an unfair advantage over rail transport, because the road hauliers will not be paying for interstate roads whereas rail transport will still be called upon to pay for its own permanent way.

The problem of co-ordination is difficult, but the scales must be held fairly. After all, the Government's decision cuts across the decision that was reached only a few months ago at the Hobart transport conference, to which the Minister for Shipping and Transport (Senator Paltridge) was a party, and which he has supported in another place and in the public press. It seems to me that the Government is not being entirely consistent in this respect and that it should reshape its policy. I must not go too far on this point. I should like to have been able to open up the whole question of transport co-ordination, but I do not wish to trespass; rather do I wish to confine my remarks to those aspects of

the matter that are germane to the proposals that are now before the committee. I earnestly hope that the Government will alter its present plans.

Later, the Government will be introducing another bill in relation to the distribution of this money, and I hope that, when it does so, it will make provision, not merely for the distribution of £4,000,000 of this extra revenue for road purposes, but for the distribution of all the extra money collected, although, perhaps, not necessarily to the States. I submit to the Government that, if its policy is to be consistent, and if it is to support the decisions of the Hobart transport conference, it must do just that. When the bill comes before the House, section 56 of the Constitution will debar the moving of an amendment on the floor of the House to make such provision as I have suggested. Therefore, the decision must rest with the Government. I ask the Government to reshape its policy so that, when that complementary bill is introduced within the next few weeks, it will have some relation to the considerations that I have advanced.

I support the Government's proposal. I hope that the Government will make it even better by ensuring that all the extra money that is to be raised in the form of the petrol tax shall be applied to road purposes, although not necessarily paid to the States. That is a matter which I shall not touch upon at this stage. I am advocating, as I have stated, and without going into such details at the present time, that all the money so raised shall be allocated to road construction, whether it is expended immediately or part of it is set aside for the time being and paid into a suspense account. The adoption of the second proposal would have the extra advantage of enabling a proper long-term scheme to be prepared, because our road difficulties will not be removed overnight. I am thinking in terms of a ten-year or, perhaps, a fifteen-year programme. It will have the further advantage of not causing any immediate inflationary pressure by requiring greater expenditure within the next three, four or five months when the inflationary crisis may be at its worst.

MR. E. JAMES HARRISON (Blaxland) [2.24].—This discussion hinges upon the impost of additional excise duty on beer, cigarettes and petrol in particular. In order to ascertain the reason for the increases, we must turn to the statement made by the Prime Minister (Mr. Menzies) when he outlined certain financial problems it were exercising the minds of the Government. He said—

It was, therefore, made clear, in September, that our objective was to restore our balance of payments by the end of June this year; to assist that object by import restrictions; and to make certain, if necessary, by adopting fiscal or other measures which would restrain local inflation . . .

In considering such matters as are before the Parliament this afternoon, we should keep in mind the last few words of those remarks made by the Prime Minister, when he spoke of restraining local inflation. I am not unmindful of the truth of the statement of the honorable member for Mackellar (Mr. Wentworth), that the expenditure on roads of money raised by the increased petrol tax is not inflationary, but I am also not unmindful of the fact that there is a great danger of accelerating the inflationary spiral by the adoption, *in toto*, of the proposals that are now being discussed. Consider first the increased excise on beer. I am not concerned whether beer is the beverage of the poor man, the middle-class man or the rich man. What concerns me is whether an increase in the excise on beer can have any other effect than an intensification of inflation. I believe that the increased price of beer will give a great impetus to the inflationary trend that is evident in Australia. Let us consider what the Prime Minister had to say in this connexion. He spoke about an increase of 2d. in the price of a 10-oz. glass, and then he said—

Beer will, assuming that demand continues unabated, yield an additional £29,300,000.

Let us analyse that statement. The Prime Minister expects that, as a direct result of the increased excise on beer, the Treasury will receive an extra amount of £29,300,000. Where will that money go? The Prime Minister told us that it is expected that the consumption of beer for this year will reach the enormous figure of 223,000,000 gallons, and, as a direct result of the increase of

the excise, at the rate of 2d. for a 10-oz. glass, the Treasury will be enriched by more than £29,000,000. Having in mind the contention of the honorable member for Mackellar, that the money obtained by increasing the petrol tax should be spent on roads, we ask the question, where will the £29,000,000 go that will flow from the increased excise on beer? We ask also what will happen to the extra money that will go to the breweries as a result of the increased price of beer. Although the Prime Minister told us that beer would rise in price by 2d. for a 10-oz. glass, the fact is that the price rise has been 2½d., and in many instances has been even more. Therefore, while the Government, as a result of this proposal, will have an additional £29,000,000 to play with, the inflationary spiral will receive a further boost because of the extra money that must go to the people who produce beer. As a direct result of this decision, there will be more money available for the building of hotels, and for the building of bigger breweries, which will have the effect of further inflating the cost of home building in this country. Directly as a result of increasing the excise on beer, the Government will cause the cost of home building to rise substantially. The people who produce beer, and who will handle the additional money made available to them because of this legislation, are not the people who provide homes for our citizens, but in their building activities they use the bricks, steel and mortar, and employ the labour, that should be used for building homes for those who need them. As a result of the measure before us, the Government will merely succeed in making the rich richer and the poor poorer.

We have heard to-day that the Government proposes to exempt airlines from payment of additional tax on the petrol that they use, but no relief will be granted to any other section of industry that uses petrol. For instance, the railways will be required to pay the additional tax on the petrol that they use. This proposal will therefore relieve one section of the transport industry of the obligation of paying a tax that all other sections of that industry will be required to pay. The Opposition cannot agree to a proposal of that kind.

Any honorable members who read this morning's newspapers would have seen a report concerning the rise in the basic wage as a result of the quarterly adjustments. If we consider the position of Victoria, in particular, we must realize that every time there is an increase in the cost of a commodity used by the transport industry, that increase is reflected in basic wage adjustments, and a further impetus is given to the inflationary spiral. The proposal before the committee will serve to intensify further the difficulties of the Victorian Government. It is true that the Liberal Government of Victoria found it necessary to increase fares and freights in order to meet its commitments. It found it necessary to sanction increases in the charges for electricity and gas. As a result of this legislation, the Government of Victoria will find it necessary to increase still further the charges for fares and freights, and for the services that it provides for the community. It cannot be said that Labour governments or Labour supporters are responsible for what is happening in Victoria. When the Liberal Government took office in Victoria, the basic wage in New South Wales was almost £1 more than it was in Victoria. The Premier of Victoria has stated quite plainly that he has found it necessary to increase the charges made by public utilities because of the policy of the Australian Government. The basic wage in Victoria now is almost the same as the basic wage in New South Wales. The difference between them, which amounted to almost £1 two years ago, has been practically wiped out during two years of anti-Labour government in the southern State. The Victorian Government will be further embarrassed by having to increase the charges for its transport services because of the introduction of the proposals that we are now discussing.

I shall not deal in detail with the effects of the proposed increase in petrol tax, because other speakers on this side of the House will deal with that matter more capably than I can. However, I direct the attention of honorable members to the remarks of the Prime Minister, when he was summing up, as it were, the

effects of the increases in excise, sales tax and petrol tax. The right honorable gentleman said—

Summing it up, and allowing for the additional payment for roads, all these changes in customs and excise duties will in a full year yield net additional revenue approximating £51,000,000.

What does that mean? If the Prime Minister meant anything at all by his earlier remarks about doing something to restrain local inflation, how can he reconcile that with a statement that with one stroke of the pen, as a result of the very proposals that we are now discussing, he will increase prices of certain commodities to the tune of £51,000,000? That money must flow back into circulation, either by way of government expenditure or because people will purchase more beer, cigarettes and the like. It may come back into circulation through the avenues that I indicated earlier, or it may come back in some form that the Government is able to disguise, but the fact is that £51,000,000 will be thrown back into circulation, which must tend to inflate the prices of most commodities in Australia.

We of the Opposition do not oppose this measure merely because it will add threepence to the price of a packet of cigarettes or twopence to the price of a glass of beer. We oppose it because we believe that the tendency should be to reduce the prices of commodities rather than to increase them. It is not possible for wages and costs to come down unless somebody sets an example of the reducing process. While we have a government at Canberra which evinces the frame of mind in every budget, supplementary or otherwise, that it must drag from the people more than it should and that it is necessary to increase the prices of all kinds of commodities, the inflationary trend must continue. Whether it is in relation to tobacco, cigarettes, beer, petrol or anything else, every time prices are increased, whether the total rake-off is £51,000,000 or not, profits also are increased right from the manufacturer to the retailer. The volume of money in circulation in the community is increased and, as a direct result, as I said before, we further twist the tail of inflation.

The Prime Minister, in putting forward these proposals, has made it plain either that he does not believe in his earlier statements or that the advice that he is receiving in relation to economic matters is unsound. That being so, even at this late hour the proposals should be re-considered by the Government. The fact that costs in Australia will be given an additional impetus to the tune of £51,000,000 should be considered in the light of the need, not to increase costs, but to reduce them. Let me put the matter quite bluntly. If the national economy has to be balanced according to the quantity of beer that is consumed or the number of cigarettes smoked—and that is what the Prime Minister has said, in effect—surely it may properly be said that the Australian economy has gone up in smoke. If that is the approach of the Government to the national problem of inflation, it is not unreasonable to suggest that we are heading for economic ruin. I agree with the Prime Minister that there is a need for increased production to help deal with this problem, but surely it is not the wish of the Government—

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

Mr. WILSON (Sturt) [2.39].—I intervene in this debate because of the unavoidable absence of my friend the honorable member for Angas (Mr. Downer), who is engaged to-day on other important public business. I intervene because of the great interest that he has at all times shown in the grape-growing or viticultural industry, and it is in relation to that aspect of this measure that I wish to address my remarks this afternoon.

The viticultural industry is one of our great primary industries and has provided employment for more returned men than has any other industry of its size. During the last few years this industry has not shared in the prosperity of most other industries in Australia. In fact, it has been through a very difficult time. At the present time, the Government is taking measures to assist the industry. Never let it be thought that the grape-growing industry exists solely for the production of intoxicating liquor. Our food

would be very uninteresting if it were not for currants, raisins, sultanas and delicious things of that nature. The growing of sultanas and raisins invariably must go hand in hand with the growing of wine grapes. It is only the distilleries that can take sultanas and the wine grapes when, through rain coming at the wrong season, those products are split by rain. Furthermore, raisins and currants require the same kind of soil and approximately the same quantity of water, either from rain or from irrigation, as wine grapes. Consequently, the two products are grown on the one property, it being a fortunate occurrence that the wine grapes ripen later than do currants and sultanas, and therefore the two crops can be harvested conveniently one after the other.

Brandy is one of the main products of the grape vine. If it had not been for the action of the Menzies Government in 1954, following representations made by the honorable member for Angas to the Treasurer (Sir Arthur Fadden), whom I am glad to see in the chamber at the moment, the grape-growing industry would have had a most difficult task. Brandy and whisky virtually are alternative drinks. There is a measure of demand for brandy and whisky and, according to price fluctuations, people switch from whisky to brandy, or vice versa. Brandy and whisky do not really compete with beer or with other drinks. There are certain people, as I say, who drink either whisky or brandy. In Australia, brandy is almost entirely the product of our own primary industry, whereas the whisky that is drunk in Australia is, for the most part, imported. Therefore, it is most essential, in examining these excise and customs regulations, to ensure that an adequate and proper differential is given to brandy as against whisky.

I have mentioned that, following the representations of the honorable member for Angas to the Treasurer in 1954, the Menzies Government made a very substantial reduction of the price of brandy by reducing the excise on brandy. The result of that action has been most spectacular. The consumption of brandy has gone up tremendously, with consequent help to the wine grape-growing industry.

and, at the same time, there has been a corresponding decline in the consumption of whisky. Therefore, I am delighted to see that, in the measure now before the committee, this same differential has been preserved. But I would ask the Treasurer, when considering the next budget, to endeavour to increase this differential either by removing the excise on brandy altogether or by reducing it in order to encourage, not greater consumption of liquor, but the consumption of brandy in place of imported whisky. The policy of the Government, and one of the reasons for this very measure, is to increase production in Australia. The grape-growing industry is of substantial proportions, and employs a large number of soldier settlers who have established their homes and planted vineyards on small blocks along the river Murray. But now they find themselves in a difficult situation. Proposals for the stabilization of the dried fruits industry constitute a step forward, and the industry will be greatly assisted. A large export market can be built up, not only for dried fruits, but also for Australian wines and brandies, if proper encouragement is given. Growers are most grateful for the assistance the Government has given so far, and they look forward hopefully to the next budget for still further assistance. They feel more confident of the future, and will not have to destroy their vines as, unfortunately, some have been doing in the past few years. It is to be hoped that they will expand the industry and thus help to increase Australia's overseas trade balance. If we can restore the prosperity of the industry, we shall enable returned soldier settlers to enjoy the standard of living they deserve in view of the magnificent service they have given to Australia.

Mr. BIRD (Batman) [2.47].—The Government proposes that the customs duty on imported petrol shall be increased from 10d. to 1s. 1d., and that the excise duty on petrol refined in Australia will be increased from 8½d. to 11½d., in each case an increase of 3d. a gallon. The additional revenue from this extra duty will be £12,000,000, of which the Australian Government intends to give to the State governments only £4,000,000. The position now is that from the proceeds of

petrol tax for a full year the Australian Government will receive £46,000,000, but it will pay back to the States only £30,500,000. That is something which honorable members regret.

Over the past few years it has seemed to me that all members of the National Parliament have developed a road conscience. I find myself in full agreement with the honorable member for Mallee (Mr. Turnbull) on road policy, whereas I never thought I should agree with him on anything. However, we have a common ground of interest concerning roads. I never thought that I should ever agree with any speech made by the honorable member for Mackellar (Mr. Wentworth), but this afternoon he made a most enlightening contribution in regard to the road problem, and has shown himself to be at complete variance with the Government on this all-important topic. Honorable members in the past few years have realized that the obligation of the Government towards the great road systems is a national responsibility. I had hoped that the Australian Government would have discharged this responsibility by legislative enactment providing additional grants for roads. However, instead of increasing the amount available for roads, the proposal now is to decrease it. Two years ago, the amount received from petrol tax and kept by the Commonwealth was only £4,500,000. Last year, the Commonwealth kept £7,500,000, and this year it will keep £15,500,000. The gap has increased in two years from £4,500,000 to £15,000,000.

The policy of the Australian Government has become regressive. I should have thought that when the Government received this extra revenue it would have said, "We are receiving an additional £12,000,000 from the motor interests. At least this amount will be given to the States for the purpose for which it was originally intended". But the fact is that the Government is intensifying the bad practice that has grown up over the years, and that has been followed by every government, irrespective of its political complexion. I am not criticizing this Government alone for holding funds from the petrol tax, but throughout Australia there is a tremendous need for good roads,

and I thought this Government would have reduced the amount it retained from the petrol tax instead of increasing it.

Since 1926, the amount of petrol tax collected by the Commonwealth has been £317,000,000, of which the States have received only £145,000,000, which means that the Australian Government has retained for its own purposes 54 per cent. Every one knows that the state of the roads throughout Australia presents a grave problem. I read in to-day's issues of the Melbourne and Sydney metropolitan press that a deputation, consisting of the lord mayors of all the capital cities, is soon to wait on the Prime Minister. The stage has been reached in the six capital cities of Australia in which the municipalities cannot finance the necessary work of road construction and maintenance in their own areas. The amount of revenue allotted to the State governments from the petrol tax is not sufficient for the metropolitan municipalities to build or maintain arterial roads leading out of the capital cities. That is an aggravation of the problem, and it has come to our notice only within the last 24 hours. The Government should give serious consideration to rectifying an obvious anomaly and to removing an injustice to the States caused by its holding the extra £15,500,000 it will derive this year from the increased duties on petrol.

The Government has attempted to justify its action in retaining this revenue by saying that the petrol tax was never intended in the first place to provide revenue only for roads. In the past hour or two, I have indulged in a little research and have consulted the *Hansard* report, in 1926, of the debate on the Federal Aid Roads Bill. It was then fully understood that the proceeds of the petrol tax were to be devoted exclusively to roads. For three years prior to 1926 the Australian Government had made grants to the States out of Consolidated Revenue for road purposes. In the meantime, some of the States had enacted legislation to impose a State petrol tax. I think the Western Australian Government was the first. Considerable doubt was expressed as to the validity of this legislation, and the Commonwealth of Aus-

tralia and the Commonwealth Oil Refineries Limited appealed to the High Court of Australia to determine the constitutional validity of the Western Australian Government's action. South Australia, which had enacted similar legislation, was also affected. These States had imposed a tax of 3d. a gallon, and the proceeds were being used exclusively for the purpose of road work. Because of the ambiguity of the situation, the Commonwealth and the States conferred, and drew up an agreement under which the Commonwealth undertook the collection of petrol tax to provide money for roads because of the grave doubt as to the validity of the States' doing it. It was agreed, also, that the Commonwealth would make available to the State governments, for ten years, an amount of £20,000,000 obtained from petrol tax.

I should like to quote a few extracts from speeches made at the time, in order to clear the air and to remove once and for all the mistaken impression in the minds of honorable members that the petrol tax was intended as a revenue-producing tax. It was intended not for that purpose but entirely for the financing of road works. Mr. Perkins, who was member for Eden-Monaro at the time, and later a Commonwealth Minister, said—

I take it that the users of roads will not object to paying a small tax on the petrol that they purchase, considering that the amount collected is to be expended on the construction and maintenance of roads.

Let us now consider the words of a more important figure than Mr. Perkins—Sir John Latham, at that time Mr. Latham, who was Attorney-General in the Bruce-Page Administration. He referred to the position in Western Australia, and stated—

That measure, the Taxation (Motor Spirit Vendors) Act relating to the taxation of petrol was passed after the Federal elections, and after the Prime Minister's policy speech was made. Section 15 of that act provides—

If, under any law of the Commonwealth, a tax is imposed on motor spirit, and appropriated to the purpose of main roads, the tax as prescribed by the act shall be reduced by so much thereof as is the tax imposed under any law of the Commonwealth as aforesaid.

That act is to come into operation by proclamation, and I am not aware that a proclamation has been made. But the fact that it contains

a provision that if a Commonwealth law is passed, providing for the taxation of motor spirit, for the purpose of main roads, then the Western Australian tax shall be correspondingly reduced, shows that it was well understood at the time that money would probably be raised by the Commonwealth by new taxation on motor spirit for the purpose of main roads.

Sir John Latham's view at the time was quite clearly that the petrol tax was designed to raise money solely for roads purposes. Let us now consider the opinion of Mr. Bruce, now Viscount Bruce, who was Prime Minister at the time. Supporting the Federal Aid Roads Bill 1926, he quoted from his policy speech for the 1925 general elections as follows:—

The Government proposes to make available to the States a sum of £20,000,000, spread over a period of ten years, such amount to be provided out of the revenue derived by the Commonwealth from taxation to be collected from motor users through the Customs Department.

The opinion of Viscount Bruce at the time was quite clear. He cited that point of his policy as a reason why the bill should receive support. After the Commonwealth's proposals had been made public, the Prime Minister of the day received a communication from Mr. Gunn, the South Australian Premier, prior to the agreement being put into operation. Mr. Gunn's communication reads, in part—

In connexion with the proposed imposition of a duty of 2d. per gallon on petrol imported into the Commonwealth, as announced in the federal budget, I desire to point out that under the State Motor Spirit Vendors Act, a tax of 3d. per gallon is levied on all motor spirit sold or consumed, the revenue from such tax being appropriated for the purpose of constructing and maintaining main roads. In connexion with the latter tax, a writ, on behalf of the Commonwealth Government and the Commonwealth Oil Refineries Limited, has been lodged in the High Court of Australia. . . .

Mr. Gunn proceeded to intimate that, if the Commonwealth levied a duty, the South Australian Government would not contest its right to do so, because it believed that the Commonwealth, rather than the States, should appropriate the money required for road purposes.

I come now to the views of the present right honorable member for Cowper (Sir Earle Page), then Dr. Earle Page, who, at the time, was Treasurer of the Com-

monwealth. He spoke rather critically of the State governments, and went on to say—

It is impossible to know what the State governments will do in the future, for they have already changed their ground so often. In these circumstances, the Government has decided to proceed with its policy, and will impose—

These are the most significant words of the Treasurer of the time—only sufficient taxation to meet the obligation it has incurred.

In other words, it was intended to raise no more than was required for roads purposes. Honorable members see that supporters of the government of the day were quite clear in their own minds that the petrol tax was intended only for roads purposes.

I can see no reason why the entire proceeds of this tax should not be spent on roads, but that is not so to-day. I find no fault with the contention that those who use the roads should be taxed for their maintenance, because those people are responsible for the wear and tear of the roads. This proposition is fair and equitable. The petrol tax is a legal pay-as-you-go tax which has the effect of making those who use the roads most pay the most. A large commercial vehicle that travels on the roads every day consumes more petrol than does a light private motor car which is probably used by the owner only at week-ends. Naturally, the owner of a large commercial vehicle pays more by means of the petrol tax than does the owner of a small motor car. This is very fair, because commercial vehicles cause more deterioration of the roads than do small motor cars. As I have stated, the petrol tax is a pay-as-you-go tax. The more one uses the roads, the more wear and tear of them one causes, and the more one pays. The petrol tax is scientific and fair in its incidence. I do not subscribe to the view of Government supporters that, because the Commonwealth collects from whisky drinkers a great deal of money that goes into general revenue and is not spent for the benefit of whisky drinkers, the proceeds of the petrol tax should not be spent on the roads for the benefit of the motorists who use the petrol. The point is that, before the people can be required to pay the petrol tax, there must be roads on

which they can use their cars. This means that State and municipal authorities must spend large sums of money on the provision of roads for the use of motorists.

The TEMPORARY CHAIRMAN (Mr. Lawrence).—Order! The honorable member's time has expired.

Mr. PEARCE (Capricornia) [3.2].—I wish to discuss the excise tariff item relating to machine-cut tobacco and manufactured cigarettes. The excise duty on tobacco has been a very useful instrument for the promotion of the tobacco-growing industry in Queensland and Western Australia. Over the last twenty years, no less than £30,000,000 has been given to tobacco manufacturers by way of a rebate of duty for the use of specified proportions of Australian leaf. This has given considerable help to Australian growers. The tobacco industry is a controlled industry, and, from time to time, its gets into difficulties. It is in difficulties at the present time. The excise tariff proposals are based on the formula that, if a manufacturer uses 17½ per cent. of Australian tobacco in the production of machine-cut tobacco, and 7½ per cent. in the manufacture of cigarettes, he shall be entitled to a rebate of the duty paid. In spite of this incentive, which is considerably better than that given by the Labour Government at the time it went out of office, a large quantity of Australian leaf still remains unsold during the current season. The higher percentage under the new proposals will apply also in the next financial year, but the time has come for us to consider whether it cannot be raised still further. There is an excellent case for raising it. The tobacco industry warrants such consideration. The help that it has been given in the past surely indicates the benefit that it obtains from the use of an increased percentage of Australian leaf.

We must receive a fair and equitable price for our tobacco leaf. This is sometimes difficult to obtain. Under the present auction system, one buyer, the British Australasian Tobacco Company Proprietary Limited, buys 80 per cent. of Australia's requirements, and the remaining buyers, including Godfrey

Phillips (Australia) Proprietary Limited and Philip Morris (Australia) Limited, buy only 20 per cent. In these circumstances, the auction system seems a little unsatisfactory. On the basis of the present imports of tobacco and the production of Australian leaf, at a price of 12s. per lb. for Australian tobacco, an increase of the price of Australian tobacco by 1s. per lb. would mean only one-twentieth of 1d. on a packet of twenty cigarettes. That being so, no great burden is placed upon the consumers of tobacco in Australia if a good price is paid to the Australian producers. I know that the manufacturers feel that if these percentages for rebate purposes are raised, prices might rise so much as to get out of control. They said that prior to the increase to 17½ per cent. and 7½ per cent. last year, but our experience over the past few months has shown that there has not been a great rise in prices. Rather there has been a falling off, and a large amount of tobacco still remains unsold.

I urge the Minister for Customs and Excise (Mr. Osborne) to confer with his colleague, the Minister for Primary Industry (Mr. McMahon), to see whether we can use further this rebate percentage rate as an instrument to provide a greater incentive for the stabilization of the Australian tobacco industry. You, Mr. Temporary Chairman, know that Western Australian tobacco leaf has realized £450 a ton less than Queensland leaf. It may be that we, in Queensland, are better growers of tobacco, as we are of all other things. The British-Australasian Tobacco Company Proprietary Limited says that the quality of the tobacco from Western Australia and Queensland is virtually the same. Yet, under the present system of operations, Western Australian growers receive considerably less than Queensland growers. Western Australia produced much the same amount of tobacco, but a large quantity of it was unsold. Unless security can be achieved, and the industry can look ahead for a few years, people will not engage in it. I again ask the Minister to take the matter up with his colleague, the Minister for Primary Industry. I feel that the most effective instrument that we can use is the one that

has been generously used in the past to assist the industry. The Government should announce, immediately, that from the beginning of the next financial year, the rebate percentages will be increased. That will create a further demand for Australian tobacco and give some stability and security to the industry.

Mr. PETERS (Scullin) [3.8].—Mr. Acting Chairman, you, like most honorable members, have occasionally, on a spring, autumn or summer day, wandered through the parklands in a suburb of a city of Australia, and there you have seen, seated under the trees, or wandering across the grass, some elderly citizens, puffing contentedly at their pipes, enjoying what is probably the last solace left to them by the Government of this country. They can no longer go to picture shows. They cannot drive about in motor cars. They are past the stage when they can enjoy physical exercise. They are not even able to enjoy football matches, because of the expense. An exorbitant toll has been levied upon the one enjoyment that is left to them. If they smoke 4 oz. of tobacco per week, they pay approximately 5s. or 6s. in excise. That is £15 or £16 a year. The age pensioner must contribute that much to the revenues of this country if, in his declining days, he wants to enjoy the one enjoyment left to him by the Government of this country. An honorable member has interjected that it is a luxury. What constitutes a luxury?

Mr. LESLIE.—The honorable member.

Mr. PETERS.—Looking at honorable members on the opposite side of the Parliament, I think that, generally speaking, I can say that I am a luxury to this Parliament. However, the point I want to lay down clearly is that age pensioners should not be called upon to make that intolerable contribution to the revenues of this community. It is inequitable. In reality, tobacco is not a luxury. I know that some people even go so far as to say that it is a vice, but a man of more acute mentality than any who sit upon the Government benches of this Parliament said of tobacco—

Thought in the early morning,
Solace in time of woe,
Calm in the hush of twilight,
Balm as my eyelids close.

R.—[58]

That was Rudyard Kipling. He summed up what a pipeful of tobacco in the morning, in the day-time and in the evening really means to people in the twilight of their lives.

It is intolerable that the Government, in its continual efforts to raise taxation, should hit at the enjoyment of that section of the people. It is contrary to every principle that should govern taxation. The other evening I listened to the honorable member for Batman (Mr. Bird) when he laid down clearly the tenets that should govern the imposition of taxation in any community. He pointed out that taxation should be levied in accordance with ability to pay. Surely there is no one, even upon the Government side of the chamber, who would say that a toll of £15 or even £7 10s. a year upon age pensioners is levying taxation in accordance with ability to pay. I point these things out merely to show that the taxation imposed by this Government is inequitable, in the hope that saner and more humane councils will prevail.

Mr. DEAN (Robertson) [3.13].—I desire to support the remarks of the honorable member for Sturt (Mr. Wilson) in relation to the importance of the wine grape-growing industry and the part that that industry has played in the economic development of Australia. It is quite true, as he said earlier in his speech, that, for its size, the wine-grape growing industry has provided more employment on the land for ex-servicemen than has any other industry. I remind the Government of one of the difficulties that the industry has undergone in the last six years. I speak especially of the wine grape-growing industry in New South Wales, particularly in the Hunter River Valley. I think many people have had a great deal of enjoyment and delight from the products of the Hunter River Valley. Unfortunately, during the last six years, since the disastrous floods of May and June of 1949, the Hunter River Valley has suffered grievously. While the vines and the land itself can sustain some flooding, they cannot sustain frequent and constant flooding. I think some areas have been flooded eight times in six years. I mention that only because it is a most important factor which we will have to take into consideration when determining

the assistance which can be given to this industry in the future, on account of the gradual deterioration of the soil and of the vines themselves.

However, I rose to speak mainly on one other topic which we are discussing to-day, namely petrol. The Minister for Customs and Excise (Mr. Osborne), who is sitting at the table, no doubt remembers that recently I, together with some of my colleagues, made representations to him, and on other occasions to his predecessor, for consideration to be given to the primary producer in relation to the rates of tax proposed to be levied on petrol. The reply which we have received, in particular the more recent reply from the present Minister, is that while it is realized that the primary producer is deserving of some special consideration in this regard, it is not possible, because of the difficulties of administration, to give him the alleviation such as is prescribed by the department's by-laws in relation to petrol used in aircraft. I suggest that it may be possible to give some consideration to refraining from increasing the rates of duty payable on petrol used only for primary production, as in the main such petrol is bought by the farmer in 44-gallon drums. That is the first matter which we should take into consideration. Petrol purchased in 44-gallon drums for that purpose is in a different class from petrol which is bought through a bowser. The primary producer could, at the time of so purchasing his petrol in bulk, complete a prescribed form containing an undertaking that the petrol will be used only for primary production.

I realize the difficulties of administration which the department and the Minister have in mind, and they are such that alleviation might open the way to abuse, but I ask the Minister to give further consideration to this matter. As he knows, and as the rest of the committee knows, one of our main objectives at the present time is an increase in exports of our primary products. It is necessary that those exports arrive at their destination not only in good order but also at a competitive price. So many of our primary products meet with competition from other nations which are situated much closer than we are to the markets, and

therefore we start from well behind scratch because higher freight is added to the selling price of our products. Anything that we can do to reduce the actual cost of production of those commodities will be of great assistance, not only in increasing the volume of exports but also in meeting our present economic difficulties in relation to the balance of trade. Finally, I should like to support the suggestion made by my friend the honorable member for Mackellar (Mr. Wentworth) with regard to the petrol tax. He suggested that a suspense account should be opened with the extra twopence a gallon, if economic reasons make it possible to put only one penny a gallon into the development and maintenance of roads. That is a very good idea. It is not a matter for discussion under these tariff and excise proposals, so I mention it only briefly, but I think that the committee should give a great deal of attention to this matter of roads. I know that strong opinions are held on the matter, both in this Parliament and outside it. Some persons suggest that responsibility for roads should be taken over entirely by the Australian Government. I think that we ought to examine that suggestion very closely, because if that is done another responsibility, another power, will be taken away from the State governments and vested in the Australian Government. In other words, another nail will be driven into the coffin of federalism. However, the suggestion made by the honorable member for Mackellar regarding a suspense account does not come within that category, and therefore I support it.

Mr. COSTA (Banks) [3.21].—The proposals before the committee, in my opinion, are contrary to the Government's repeated election announcements that it stands for the reduction of taxes. We all remember the announcement by the Prime Minister (Mr. Menzies) when he first appealed to the people before becoming Prime Minister, that if the parties he led formed the Government they would review the incidence of both direct and indirect taxation with a view to reducing it in accordance with the increase in the national income. The national income has more than doubled since this Government came to power,

and if the Prime Minister had carried out that promise, which gained him many votes and enabled him to hold office, instead of taxes being very heavily increased from time to time, according to the Government's theories in 1949, they would have been halved instead of doubled. The new proposals are designed to raise £115,000,000, which represents an increase of more than 10 per cent. over the whole taxation field. Sales tax has been considered and we are not discussing that now.

By the combination of the proposals which we are now debating it is proposed to raise £55,000,000. The excise on beer is to raise the highest amount, £29,300,000. Tobacco, which was so very ably discussed by my colleague the honorable member for Scullin (Mr. Peters) will provide £12,000,000, petrol £12,000,000 and spirits £12,000,000. The Prime Minister suggests that these proposals are anti-inflationary. The Labour party believes, and I think any one else who examines these proposals in a reasonable light must concede, that they are not anti-inflationary at all. I think that the Government is under a delusion. There are proper ways of combating inflation, but the Government is afraid to face up to them. All of these increases, of course, will be passed on to the consumers. The fellow at the end of the line who buys his goods in the retail shop is the one who will foot the total bill of £115,000,000. The Government has said that these tax proposals have been introduced to discourage public spending. That is the inflation aspect of the argument. In the same breath the Government says it requires additional revenue to meet loans of £253,000,000 which fall due for redemption next year, commitments for capital works, and commitments which must be met on behalf of the States. So it seems to me to be strange reasoning. The Government wishes to stop the people from spending. If the Government succeeds in that objective its other intention will be defeated and it will fail to raise the revenue which it says is so necessary to meet the commitments that lie ahead. The Australian Labour party opposes these proposals because we contend that they are not anti-inflationary and because

they impose a sectional tax. We disagree with the principle, followed by the Government, of imposing such a tax, which will be sectional in its incidence. For instance, people who drink beer will be required to supply the greater part of the increase of revenue that the Government claims is so necessary, which is to be derived from the increases of sales tax, and duties of customs and excise. I do not drink much beer. I drink from the type of glass that is known as a "lady's waist" because it is small, and slim in the middle, so I shall not be called upon to meet as much of the tax bill on beer as people who drink schooners or pints of beer will have to contribute. I am not a smoker, so I shall not contribute anything to the additional £12,000,000 of revenue. Why should I be almost exempt from paying tax on beer because I happen to drink it in small quantities only, and exempt from the excise on tobacco because I do not smoke?

Motor vehicle owners are also to contribute another £12,000,000 to the revenues in the form of increased petrol tax, the revenue from which will, in my opinion, not be used as it should properly be used. Not only are beer-drinkers to be hit hard in connexion with the collection of an additional revenue, but the smokers in the community are also to be hit heavily. It has been suggested by the honorable member for Scullin that the tax to be paid by smokers is very sectional in effect, because it will hit pensioners who have little opportunity for enjoyment apart from an occasional smoke. In fact, smoking is possibly the greatest recreation of age pensioners, who get barely enough money from this meagre source to enable them to buy tobacco at its present price. As the honorable member for Scullin said, light smokers among pensioners will be called on to pay about £7 10s. a year in tax on the tobacco they use, and heavy smokers will be called on to pay £15 or £16 a year in tax.

An examination of the raids that the Government has made on the public pocket since it took office clearly shows that it has been "socking" the same people very heavily nearly all the time.

In 1949, excise imposed by the Labour Government yielded only £62,000,000. This Government's last budget estimated a collection of £143,000,000. Now, under this measure, the Government is adding another £55,000,000 to the burden to be borne by the consuming public, bringing the total revenue from excise to £198,000,000. So it is a very heavy sectional tax on people who like to have a glass of beer and a smoke. I venture to say that the people on whom the tax on beer will mostly fall are the working men, who drink more beer than other people consume, because they do the most laborious work in the community and, therefore, require greater stimulation. The working man should not be hit so heavily as he is to be hit under this measure, as indicated in the figures that I have quoted.

Let us turn now to other aspects of the matter. Company tax, a subject that is not before the committee at the moment, is to be increased by 1s. in the £1. It is a fair estimate that the tax on beer will bear on those who pay it at the rate of 4s. 2d. in the £1. The tax on beer is not being applied fairly, because, in my opinion, not only is the beer-drinker going to pay the tax to which he makes himself subject by drinking beer, but he will be also paying company tax. The statement of the Prime Minister, and the proposals now before us, indicate that the rate of excise on beer will be 2s. 8d. a gallon, which works out at an additional charge of 2d. for a 10-oz. glass of beer, which is the common measure drunk in hotels, and is known as a "middy". The increased charge for a 15-oz. glass—a schooner—should be 3d., and the increase for a pint should be 4d. But the hotels have added an extra halfpenny to those charges. It has never been explained whether it was the breweries, or the hotelkeepers themselves, who put on this extra charge; but it is being made, and I take it that it is intended either to cover the increase of company tax of 1s. in the £1, or to be sheer, additional profit, which it was never intended, under the proposals we are discussing, that the hotels or the breweries should have. I say that the worker, who is entitled to his beer, will, in the phrase used in Mr. Bob Dyer's

radio show, "cop the lot" as his share of the increased tax burden. So this measure is another clear illustration of the fact that the Government looks after its own, and socks the workers.

I believe that there are fairer ways in which the necessary adjustments to revenue could be made than the way the Government is taking. The problem facing Australia to-day is inflation, but, as I say, there are other ways of tackling inflation effectively than that which the Government is using—for instance, a proper form of prices control. That subject is not before the committee at the moment but, in my opinion, prices control is the remedy for inflation. The Government claims to be opposed, in principle, to controls and compulsion. The fact that the Government is unable to raise, from loans, the money that it requires to meet its foreseeable expenditure, has led, according to the Prime Minister, to the necessity to acquire revenue by this increase of tax. The Prime Minister said that the increase of revenue required to meet necessary expenditure in the next financial year is £115,000,000. Well, in imposing these increased taxes the Government is compelling people who are not subscribing to public loans to supply the money that the Government is not able to obtain from that source. It is compelling them in another way by imposing additional taxes. So this Government, which prates about its opposition to compulsion and controls of any kind, is engaging in compulsion of the people by forcing them, through punitive taxation, to provide the money that the Government cannot raise on the loan market. The Government is in a position to grab in this manner, and it is grabbing!

There are other, and more equitable, ways in which the Government could raise this revenue. One of them is by individual taxation, as opposed to sectional taxation such as is represented in this measure. The honorable member for Scullin said that the taxpayers should pay tax according to their means. That would be the fairest means of taxation. If that method were applied, the age pensioner who likes his smoke would not have to pay £15 a year in tax as a result of his

indulgence in tobacco. Individual taxation is the fairest method of taxation, and I believe that it should be used by the Government instead of this sectional form of taxation.

There is another field of taxation open to the Government in order to increase its revenue. Some years ago, the Government vacated the field of land tax. I believe that it would be more equitable to tax the people who own land and are making a lot of wealth from it than to increase the taxes paid by the users of consumer goods. We know that the Government's relinquishment of that field of land tax, some years ago, benefited a relatively small section of people in Australia to the extent of £6,000,000. People who owned land worth £8,500 or more were paying that tax, and I believe that they are better able to bear the burden of augmenting the revenue than the people who will be affected by the present measure—the people who enjoy their drink or their smoke, and the people who use petrol, not only for pleasure, but also very extensively for business purposes. I oppose the proposals.

Mr. DRUMMOND (New England) [3.34].—The honorable member for Banks (Mr. Costa), has covered such wide ground, in a very moderate manner, and, from his point of view, in a concise fashion, that it would be very difficult for me to follow him, in my speech, through all the by-paths of criticism of this measure that he traversed. The Opposition seems to be caught up in a tangle and confusion as to what really are the main bases of their attack on the measure. Having been a member of a government, and having also had experience in opposition, I know that it is very profitable for an Opposition to have before it a measure that increases taxes. Taxation is not popular with any one, not even with the people who impose it, and consequently it constitutes perfect ammunition for those who wish to use it for that purpose.

I just want to say a few words in relation to one thing that the honorable member mentioned, that is, the purpose for which the Government is raising this money, because he only lightly skirted

over it. The honorable member for Banks suggested that the additional revenue was required by the Government for the purpose of redeeming loans that will soon be falling due for repayment. The fact of the matter is, as every honorable member of the committee knows, that one of the real uses to which this money will be put will be to prop up the loan programmes of the State governments which have fallen down because they themselves have fallen down on their responsibility to take control of finance which is outside the banking system. Although I cannot follow that line of reasoning very well, that is the plain fact. If the Government did not impose this tax, it is certain that there would have to be a very marked and swift contraction of these vital programmes which are associated with many amenities and requirements of the community such as hospitals, educational facilities and so on.

I wish now to address myself to the subject of petrol. The increase of the tax on petrol has attracted a very considerable amount of criticism on two grounds. The first ground is that the cost of petrol has a substantial bearing on overall costs in the community. The second ground is, that if a tax has to be imposed on petrol, the whole of the proceeds of that tax should be spent on the roads. When referring to these proposals, the Treasurer (Sir Arthur Fadden) said that at the present time petrol costs us in foreign exchange £120,000,000 a year. When the Government embarked on a programme of trying to slow down the rate of imports, which was necessary in order to save this country from international bankruptcy, obviously, however great its reluctance might have been, it had to give serious consideration to the question of petrol. That is the background of what has been done.

I myself have been a very keen advocate of the provision of money for roads purposes. It is just as well for my friends who sit opposite to realize that in 1947-48 the Labour Government paid road subsidies amounting to £6,700,000. This year, if my memory serves me aright, the Government has provided £24,000,000 for roads, and as a result of the increased petrol tax, an additional £4,000,000 will be made available for this purpose. I

shall not argue for a moment that even that amount is sufficient to restore to good order the huge roads system of Australia.

Obviously, the Government is faced with two outstanding problems, to which it is directing its attention. The first of those problems is associated with importation of £120,000,000 worth of petrol annually—equivalent to not less than about 25 per cent. of our total imports. The Government realizes that one of the major factors of the present inflationary situation is the shortage of labour, and, at the same time, it realizes that a tremendous roads programme would add to the inflationary pressure. That is the dilemma confronting the Government. The other aspect of this matter is whether the Government should make available for roads purposes the whole of the proceeds of the petrol tax. Notwithstanding my own desire to see perfect roads provided, I believe that those who have advocated that course have not paid sufficient regard to the immense development of aviation in this country. Aviation is absorbing continually increasing quantities of very high grade aviation fuel. I remind the committee of the tremendous development of aviation in Australia by pointing out that in 1939 less than 40,000 hours were flown by civil aviation in this country. In 1951, according to the latest figures that I have been able to find in the Commonwealth Year-Book, nearly 253,000 hours were flown. This year, civil aviation in Australia will aggregate nearly 670,000,000 paying passenger miles, compared with 22,400,000 in 1939.

I come now to another factor of very great importance. Aircraft cannot be operated in the absence of aerodromes and landing grounds, and under international conventions on civil aviation, certain safety devices must be provided. In 1939, there were 71 government-owned aerodromes and 213 privately owned aerodromes in this country. In 1951, the figures were 184 and 239 respectively—a total of 423 aerodromes. But those figures do not tell the whole story. The establishment—particularly in our capital cities—of aerodromes of international standard, capable of handling the big aircraft that are now coming in,

especially jet aircraft, has entailed an expenditure of millions of pounds. If petrol tax must be levied, despite my desire to see a good roads system established, I consider that a proportion of the proceeds of that tax should be spent on the provision and development of aerodromes.

I cite a further illustration of the growth of civil aviation in this country. In 1939, aircraft carried 64 tons of mail, but in the last year for which I have statistics—the year 1951—aircraft carried 2,287 tons of mail in Australia. Honorable members will appreciate the value of that service to the scattered communities in this country. What some people who criticize the Government for diverting some of the proceeds of the petrol tax to the provision of aerodromes do not realize is that a great proportion of this money is spent in providing landing strips in outback areas. By outback areas, I mean the really far outback parts, not of New South Wales, but of western, north-western and central western Australia, and other places like that.

I regret the necessity for the imposition of a petrol tax, but I point out that our modern community could not carry on without it. When my friends of the Opposition complain about the imposition of taxes on petrol, beer, tobacco, spirits and other things, they lack appreciation of the position with which they would be confronted if they were in office. I should like to congratulate the Government for endeavouring to apply these taxes in a way that will do the least damage to the average citizen. Much has been said about the tax on beer. The Treasurer has cited figures which show that there has been 100 per cent. increase in the consumption of beer in the last five years. Last year, the people spent £202,000,000 on beer alone.

Mr. JAMES.—But the population has increased.

Mr. DRUMMOND.—Yes, as the honorable member for Hunter (Mr. James) remarks, the population has gone up, but a lot of beer has gone down. The point I make is that nobody can support a claim that what has been done in respect of increasing prices has necessarily been the main factor in the cost of beer to-day.

I say to the honorable members opposite that if they want to do something useful, say in New South Wales, they should probe what has been done there in forcing up the charges imposed on the people who lease hotels. In many cases the lessees have to pay continually increasing rentals according to the quantity of beer sold. I recently had a case brought to my attention of a man and his wife who took over a hotel at a rental of £20 a week, but that rental was soon pushed up to £40 a week because those people ran the hotel well, and by their energy and enterprise increased the sales of beer. While that state of affairs continues, we shall always have the scandal of hotels throughout the country not being of a standard acceptable in modern civilized countries as places of residence. Although we have some good hotels, it is notorious that, when travelling on some of our main arteries, the good hotels can be counted on the fingers of one hand. Mostly the hotels of a satisfactory standard are those which are conducted by families who have been in the business for many years. They take pride in their hotels and make them fit for people to stay in.

As far as tobacco is concerned, most of us sympathize with the Treasurer, who, although he comes from the tobacco State of the Commonwealth, has had to impose this additional charge on tobacco. However, let us face the fact that although the cigarettes produced to-day from Australian tobacco are smokable, the idyllic state of affairs outlined by the honorable member for Scullin (Mr. Peters) of men going around smoking fragrant pipe tobacco in the eventide of their lives is very wide of the mark. The pipe tobacco produced in this country is mostly only fit for the incinerator. It is not fit for smoking by those people who enjoy a good smoke. If the tobacco industry of this country loses ground, it will be because it is not catering at a proper standard for those who like to smoke good tobacco.

I am sorry that, because of the needs of the economy of the country, further taxes have to be imposed; but, since that action must be taken, I am pleased that the taxes have not been imposed upon

the necessities of life and will not unduly increase our cost of living. Therefore, I support the Government.

Mr. COUTTS (Griffith) [3.49].—The resolutions that we have before us stem from the statement made by the Prime Minister (Mr. Menzies), and the new Minister for Customs and Excise (Mr. Osborne) has been given the task of obtaining the additional money for the Commonwealth Treasury. The methods of government do not change much over the centuries. If we turn back to Roman times, we find that in those days the publican was the taxgatherer appointed to collect the taxes levied in certain areas. In the twentieth century, we find that here in Australia the publican is still the taxgatherer, and that he has been asked by the Minister for Customs and Excise to extract from the drinkers of ladies' waists and middies an extra £29,000,000 during a full financial year.

I believe that this new impost on the beer consumer is definitely unjust. It is sectional, because it hits only a section of the people. Consequently, it is most unfair. The resolutions that we have before us are designed to raise an extra £43,500,000 in a financial year from the sale of beer, spirits and tobacco. Honorable members on the Government side have attempted to show that these increased levies have been made only on luxuries. It is very difficult to say that beer, spirits and tobacco are luxuries in modern life. If a luxury is something that can be done without, then many of the things that we normally use in our life can be regarded as luxuries, because they can be done without. But surely we must not define the word "luxury" according to the standards of the seventeenth century. Surely our standard of living has been raised to such a height that many of the things that the people who came here with Captain Phillip, or round about his time, regarded as luxuries are regarded now as normal things needed to make life enjoyable.

As I said before, the increased taxes on these three items will bring in an extra £43,500,000 in a full financial year. We have been told that it is necessary for the Government to obtain this money in order to finance the expenditure outlined in the

budget. No attempt at all has been made by the Prime Minister to restrict the use of the commodities that will bear the additional imposts. In fact, the Prime Minister stated in his speech that he anticipated that there would be no reduction of the consumption of beer, spirits and tobacco. Therefore, if the people of Australia reduce their consumption of those commodities, the budgetary position of the Commonwealth will be adversely affected. So there is no doubt that the Government is hoping that there will be no reduction of the consumption of beer, spirits and tobacco. That being so, we cannot regard the Prime Minister as a reformer. He is not endeavouring to make the people more temperate in consuming beer, spirits and tobacco. In fact, every member of the Government hopes that the Australian people will continue to drink and smoke at the same rate as they were doing prior to the introduction of the Prime Minister's economic measures.

Mr. TURNBULL.—That is not true.

Mr. COUTTS.—It is true.

Mr. TURNBULL.—The honorable member said that every honorable member on this side of the House hoped that the people would continue drinking and smoking at the same rate.

Mr. COUTTS.—What I said was quite true. Every member of the Government parties hopes that the people will continue to drink and smoke at the same rate as they were doing when the Prime Minister made his economic statement. If the people do not continue to drink and smoke at the old rate, the Commonwealth's financial position will be adversely affected. Therefore, it is quite clear that no attempt has been made by any member of the Government to implement any policy of temperance in relation to drinking and smoking. Notwithstanding that some honorable members frequently protest about certain matters they are always to be found endorsing the actions of the Government. The excise on beer is grossly unfair, because it affects only a section of the community. The same may be said about the excise on spirits and tobacco. Many people do not drink or smoke, so they will pay nothing extra to balance the Treasurer's

budget. I do not smoke, and I do not propose to start smoking because of the Government's financial embarrassment.

Mr. TURNBULL.—Give it a go.

Mr. COUTTS.—I do not propose to give it a go. I have severely reduced my consumption of beer, and I believe from reports I have read in the press that many thousands of people in Australia are doing so also. An honorable member on the Opposition side, who spoke earlier, said that consumption of beer had been reduced by 25 per cent. in Victoria.

Mr. OSBORNE.—Since when has that reduction occurred?

Mr. COUTTS.—I am only repeating what was said this morning. The honorable member who made that statement was quoting from a Melbourne newspaper. As it was a Liberal organ, I expect honorable members on the Government side will believe it. It stated that 95 barbers had been sacked from hotels in the City of Melbourne, and that lends colour to the statement that there has been a reduction in the consumption of alcoholic beverages. Apparently, therefore, there is public resistance to the Government's proposals. If that is the case, and the Government's revenue is further affected, we must expect further increases of taxation on various commodities when the next budget is presented.

The Government is continuing to maintain preference for the brandy industry over other spirits and, as a Queenslander, I protest. While I have never drunk rum, I object to the preferential treatment that has been given by this Government to the brandy industry, by the manner in which it has imposed excise duties compared with the treatment that has been given to rum which is produced by the sugar industry in Queensland. Many people say that rum is the finest and purest drink, and the least harmful, that any man or woman could take. This Government is increasing the excise duty on Australian rum, and is maintaining the preferential treatment that it has accorded South Australian brandy hoping, in the words of the Vice-President of the Executive Council (Sir Eric Harrison), that the consumption of brandy will not fall. In fact, the Government hopes that consumption of brandy

will be increased for the benefit of the South Australian vine-growers. We are reverting to the state of affairs that existed early in Australia's history when we had what was called a "rum currency". To-day, it appears that the Treasurer is insisting upon a beer currency. Without the heavy excise duties on beer and spirits, this Government could not finance its various undertakings.

I am reminded by the honorable member for Banks (Mr. Costa), who spoke earlier, that in 1949, prior to the general elections at which this Government was elected to office, the Leader of the Opposition at that time, who is now the Prime Minister, gave an undertaking to the Australian people that, if he led the next government, taxation would be reduced. We see now a very odd way of reducing taxation. I am reminded of my study of English history, and the story of the Earl of Coventry who, in feudal days, ruled the City of Coventry and the adjacent countryside. A study of old paintings has shown me that the present Prime Minister bears a close resemblance to the Earl of Coventry. That feudal lord imposed harsh taxes upon his serfs, and his good wife, Lady Godiva, approached him and pressed the case of the citizens. She asked that taxation should be reduced. The Earl of Coventry made certain demands upon her, and she complied with them. When she had done this, she asked that her husband should redeem his promise to reduce taxes. He said, "Very well, my dear, I shall do that. I shall halve the taxes. Instead of having to pay one-tenth of their income in taxes, in future they will pay only one-fifth". That appears to be the stand of the Prime Minister and the Government. Although this Government was elected on an undertaking to reduce taxation and put value back into the £1, the record of the Government shows that excise duties and taxation generally have been increased to the highest level in Australia's history, and the value of the £1 has reached its lowest level. I hope that it will not fall lower.

Mr. TURNBULL (Mallee) [4.1].—It is only right that every honorable member should tell the committee where he stands with regard to the increases in

excise duties. As I have moved around the country, I have spoken to many people, and tried to find out, in my electorate, and in other places, what the people think about the increases that are now under discussion. I have found that many varying opinions are held. Some have told me that, apparently, something had to be done, and they were quite happy about the Government's proposals. One man said to me, "What is the Prime Minister doing? I should like to have a talk with him personally. He is ruining the country. He is putting a heavy tax on beer". When I told him that I had spoken to other primary producers at a sports meeting that day, and they were happy about the proposals, he replied, "You have not spoken to the real Australian. I am a real Australian, and I think the tax on beer is scandalous". In short, I found that the feelings of each person were influenced by the effect of the Government's proposals upon his pocket or his taste.

Mr. GRIFFITHS.—The effect upon his hip pocket.

Mr. TURNBULL.—As the former Labour Prime Minister, Mr. Chifley, has said, the hip pocket nerve is the most sensitive in the human body. Knowing the background of many of the men to whom I spoke, I knew that the effect of the Government's proposals upon their financial position coloured their opinions. That goes further than the opinions of people outside the Parliament or the individual feelings of members of Parliament. The honorable member for Griffith (Mr. Coutts), who has just resumed his seat, referred to the excise duty on brandy, and urged that rum should be in the same category. He pointed out that rum has connexion with the sugar industry, and added that he was a Queenslander, and represented people who were vitally concerned with sugar. All these matters are wrapped up with the individual hopes of people, organizations or industries. After speaking to a number of persons, I found that everybody could suggest a way in which the Government could overcome inflation. Some suggested direct taxation. However, I could not find two people with the same opinion. The people

might have a certain opinion, but they approach the matter in different ways. I am prepared to vote for this measure and give it a trial. I believe, sincerely, that no government—unless it be a fanatical, socialist government similar to that which put forward the bank nationalization proposals—would introduce unpopular measures unless it believed that they would benefit the nation. Some time ago the honorable member for Fremantle (Mr. Beazley) made a speech in which he praised the Government for its Wool Sales Deduction Act. He said he felt that the Government at that time was courageous and that it would not have brought forward that particular piece of legislation had it not been necessary. Everybody knows what an uproar there was about it at the time, but very shortly afterwards the wool-growers realized that it was one of the greatest acts that had ever been passed by this Parliament and that it benefited them greatly. A government has to be courageous enough to bring forward things which, although displeasing to the people, are essential for the good of the country. On occasions in this Parliament, some honorable members on both sides of the House find fault with what the Government does. I have noticed that on every occasion they take the line that is popular with the public. They never say anything that is displeasing to their constituents or to the public generally. I have known only one man to get up and state a case for something which was not pleasing to the general community. That man was the Liberal member for Indi (Mr. Bostock), who suggested that children should care for their aged parents, and that in these cases there should be no cost to the Government. That was not a popular suggestion, but the honorable member for Indi was courageous enough to put it forward, and possibly it did have a good deal of merit.

In my view, these excise proposals are really a tax on spending; they are not a tax on income. What is the difference between a tax on spending and a tax on income? A tax on spending can be controlled, whereas a tax on income would probably have the effect of stifling the industry of the individual, and in that way, bringing about a reduc-

tion in the production of essential goods. One honorable member stated that somebody intended to purchase a certain article but, because of the new imposts, he refrained from doing so. Incidentally, although we are not dealing with that item at the moment, the article in question was a motor car, and if that case may be cited as a general illustration of what will happen with most of the things covered by these proposals, then the new imposts will ease the demand for cars, just as they will tend to ease the demand for other things. With the easing of the demand, our imports of a particular commodity are lessened, and in this way our balance of payments problem may be rectified.

Mr. BIRD.—What about cars made in Australia?

Mr. TURNBULL.—More of them will be sold, and that is what we want. I am glad to have that interjection from the honorable member for Batman (Mr. Bird). The very thing that we are eager to do is increase the sales of Australian products. If we can stop the importation of cars, we shall sell more Australian-built products. After all, I suppose the best buy on the market to-day is the Australian-built Holden car; and I emphasize, when I make that statement, that I am not an advertising agent.

I propose to speak briefly about the excise on beer. I have noticed that anything that has been said about beer in this chamber so far has been most guarded, and it is quite easy to understand the reason. It has been guarded for the simple reason that many of our constituents like beer. I have no argument against the man who likes his beer, and statisticians have told us how many gallons of beer are consumed per head of the population in Australia. I am not vitally interested in that, but I should like a statistician to give us figures relating to the consumption of beer per head of the 500 best drinkers in Australia. When we speak of the population, it has to be remembered that it comprises moderate drinkers, many teetotallers and some who drink a considerable quantity. It would certainly be very enlightening to know how many gallons are consumed each year by our 500 best drinkers. I

have no objection to a man's having a drink and a smoke, but there must be moderation in these things.

We have been told that smoking can be one cause of lung cancer. Those who tell us this also say that a moderate smoker is fairly safe, but that the super-excessive smoker is heading for trouble. No one seems to be eager to mention beer in any way at all. Beer is to be dearer. Why do not some of the critics of the Government's proposals suggest that the breweries should come to the aid of beer drinkers by reducing their prices, and therefore their profits at this critical period? Instead of referring to the huge profits of General Motors-Holden's Limited and the Broken Hill Proprietary Company Limited, why do not honorable members opposite sometimes attack the profits made by the breweries? They will not mention that subject; they are too timid to do so. I believe that the honorable member for Melbourne (Mr. Calwell) is a teetotaller, but he is too timid to say the things I have been saying because, in his view, they are political dynamite. Even though this subject may be political dynamite, I must say that I cannot agree with a man's being an excessive drinker. There is no harm in a man's being a moderate drinker or a moderate smoker, and it is possible that the proposed increases in excise will be of benefit to the excessive smoker or drinker because they may force him to cut down on his smoking and drinking. All these things have to be considered.

I come now to petrol. Of course, nobody likes any of these imposts, but they are all said to be necessary. I cannot deal with the subject in this debate. I am more concerned about the formula for the distribution of the proceeds from petrol tax. In my view, the whole of that money should be expended upon roads. The honorable member for Melbourne knows my views on that subject better than most members. He knows that when the last Labour Government was in office, I moved the adjournment of the House with a view to having the whole of the proceeds from petrol tax expended upon road construction and maintenance. That is in *Hansard* for any one to read. The speaker who followed me at that time was the honorable member's late respected leader,

Mr. Ben Chifley who, of course, did not agree with me. He said that a certain amount of the revenue from petrol tax was expended upon road maintenance, but that many other things had to be done for the benefit of the community, and money was required for them. The honorable member for Batman has said that he agrees with me on this subject of petrol tax. I should like the whole of the petrol tax to be expended on roads, but I am concerned mainly with the formula connected with its distribution, and I shall speak about that at the appropriate time. There is no doubt that the higher rates of excise on general commodities will bring about a decrease in the demand for the products to which they will relate. If they do result in a decrease in the consumption of petrol, our balance of payments problem will be assisted.

I represent a great primary producing electorate and I know that many of my constituents are not happy about having to pay more for petrol. In fact, I am not pleased about it, because I suppose I travel in the electorate as much as, and perhaps more than, many of my constituents do.

Mr. LUCHETTI.—Has the honorable member a car?

Mr. TURNBULL.—Yes, a Holden. Many people in the metropolitan areas use their cars simply for pleasure trips and, unfortunately, it seems that we cannot tax these people without at the same time taxing some of the producers. Even so, the primary producers have been helped to some extent by the extension for another three years of the special taxation concessions which were to expire at the end of June of this year. The extension of those concessions was announced by the Prime Minister and will be of great assistance to primary producers. When we come to that subject, I shall have one or two enlightening things to say, and I hope all honorable members will be in attendance to hear me.

Mr. RIORDAN (Kennedy) [4.15].—The committee is considering the Government's excise proposals in relation to beer, cigarettes, tobacco and petrol, to which reference was made by the Prime Minister (Mr. Menzies) in his recent economic

statement. The honorable member for Mallee (Mr. Turnbull) has referred to the question of excise on beer and has stated that members of the Australian Labour party have not referred to the breweries because they are timid about approaching the subject. The Labour party is concerned, not about the breweries, but about the Government's proposal to increase excise charges, which are already being reflected in the price that the consumer pays for such commodities as beer. Beer is regarded by the public as being not a luxury but something that forms part of the diet of a considerable number of the workers. In other words, it is the workers' national beverage. The Prime Minister recognized that fact when he stated that, when the excise duty was raised on an earlier occasion, beer consumption did not drop, but, in fact, rose. He said, in effect, that when excise is increased again, the result will be the same. As I have moved around, I have been led to understand, on the contrary, that beer consumption has fallen.

Apparently it was not the Government's intention to use its excise powers to reduce the consumption of beer, but purely and simply to raise revenue. But if the consumption of beer falls, the revenue will fall and that should indicate to the taxpayers what will happen when the next budget is introduced. It is rather strange that the Government has decided, during an era of prosperity, to raise the price of these commodities. It is saying, in effect, "We will join in the prosperity". Tobacco and cigarettes are as essential to the average worker as are cosmetics to the modern woman. We have noted how the Government has approached the question of cosmetics in the sales tax arena, and now we observe, when customs and excise duties are being considered, where it stands in relation to the great mass of the workers.

I shall refer now to the increase of excise on petrol. As was pointed out by the honorable member for Batman (Mr. Bird), the petrol tax was not imposed originally in 1926 for the purpose of raising revenue. However, between 1929 and 1932, economic conditions changed, and since that time the tax has become a means of raising revenue. In recent times, this

impost has been increased steadily, and it has been passed on to the consumer in the form of a higher price. In a modern state, goods are transported, not only by sea, air, and rail, but also by road, and a considerable portion of the goods produced in this country are transported over main roads and shire or local authority roads. Moreover, a modern army uses modern methods of transport, which require the provision of petrol and diesel fuels. The whole of the moneys raised by the petrol tax should be used for the construction of roads, as was intended in 1926, and not, during a period of prosperity, as a means of raising revenue for the Government. When the Australian Transport Advisory Council, of which the Minister for Shipping and Transport (Senator Paltridge) is chairman, met in Hobart recently, it expressed the opinion that the Commonwealth and the States should be prepared to expend at least £300,000,000 over a period of ten years on primary, not secondary, roads. In Australia, there are two kinds of road-constructing authorities—the State main roads boards or their equivalent, and the local authorities. If the Commonwealth is really interested in the development and defence of this country, it should embark, in co-operation with the States, on a national road-building programme or, if we like so to describe it, a defence road-building programme. When one gets off the Hume Highway or the Pacific Highway and goes into the back country, where men are producing the real wealth of this country—

The TEMPORARY CHAIRMAN.—In discussing road policy, the honorable member is getting very wide of the mark.

Mr. RIORDAN.—The point I am trying to emphasize is that those persons who are producing the real wealth of this country depend on motor transport, yet, because of the policy of this Government in raising excise charges almost every second year, they are asked to pay an exorbitant price for petrol or diesel fuel. National production, on which the Prime Minister harps, must be adversely affected by the policy that this Government continues to adopt. No objection would be offered if the revenue so raised during this period of prosperity were

used purely and simply for road construction purposes. If it is necessary to draw off the surplus spending power of the community by imposing higher excise duty on petrol, the money so obtained should be used to implement the policy recommended by the Australian Transport Advisory Council, when it stated that an expenditure of £300,000,000 on primary roads over the next ten years was necessary. Apparently, the Government supports that policy, because the Minister for Shipping and Transport is chairman of the council. As one travels the highways of Australia one is impressed by the increase in the volume of traffic.

The TEMPORARY CHAIRMAN.—The honorable member must get away from that subject.

Mr. RIORDAN.—This is a subject about which I feel very keenly.

The TEMPORARY CHAIRMAN.—That does not make any difference to the committee.

Mr. RIORDAN.—I do not wish to argue with you, Mr. Temporary Chairman, but I submit that any increase in the petrol tax should be imposed for the purpose, not merely of producing extra revenue, but of implementing the Government's policy in regard to roads. The people whom I represent in this place strongly resent the action of the Government in increasing the petrol tax. One reason why I feel so keenly about this matter is that I know the importance of motor transport to the people who live in the back-blocks of the country, and I hope that the Government will take action to implement the suggestion by the Australian Road Transport Advisory Council that £300,000,000 should be spent in ten years on primary roads.

Mr. BRAND (Wide Bay) [4.26].—The honorable member for Kennedy (Mr. Riordan), the honorable member for Batman (Mr. Bird), and other Opposition members who have spoken in this debate have endeavoured to make the point that this Government is not spending the money that it obtains from petrol tax in the direction in which it should be spent. They have submitted that all this money should be given to the States for the improvement of their roads. The honorable

member for Kennedy waxed rather eloquent in advancing that proposition. One might even conclude, after hearing Opposition members, that the Labour party had conferred great benefit on this country by its policy in regard to roads when it has been in occupation of the treasury bench.

Mr. POLLARD.—So it has!

Mr. BRAND.—Let us examine that position. When the honorable member for Kennedy, and also the honorable member for Melbourne (Mr. Calwell), who opened this debate, were Ministers of the Crown, the Chifley Labour Government was in office. Let us consider what that Government did in the last five years of its existence in the way of making contributions to the States from the petrol tax for the development of roads. During the last five years of its office, that Government gave to the States Commonwealth aid roads grants to the amount of £29,900,000. The Menzies Government, in the first five years of office, gave £81,600,000. That proves conclusively that Opposition members, when making these claims, have had their tongues in their cheeks. During the last year of office, the Chifley Government granted £8,900,000 to the States for road development. In the current year the present Government will grant £26,600,000 for the same purpose, three times as much as the Chifley Government gave to the States during its last year of office. Surely Opposition members cannot reasonably claim that this Government is not providing sufficient money for roads development.

The TEMPORARY CHAIRMAN.—Order! The honorable member must confine his remarks to the question of the manner in which the money that will be collected from increased customs and excise duties will be spent.

Mr. BRAND.—I realize that the money that will be collected from the petrol tax will be used for specific purposes. That has already been stated. I was merely replying to the arguments that have been used by several honorable members who have spoken in this debate. This Government has, over the years, recognized its responsibility to raise money for expenditure on roads throughout the length and breadth of Australia.

Two-thirds of the money that will be raised by the imposition of the increased petrol tax will be used for the purpose that the Prime Minister (Mr. Menzies) mentioned in his speech on what is known as the little budget, to which Opposition members have applied so much of their time during the life of this Parliament. It would not be necessary to introduce the proposals that are now before the committee were it not for the fact that it has been impossible to raise sufficient loan moneys for the use of the States, and although it is proposed to raise extra funds for particular purposes, they will, in the main, be passed over to the States to enable them to carry out their public works programmes.

This Parliament should recognize that the Government is doing a pretty good job by imposing extra burdens on the sections of the community that can best afford to bear them. We have been told that the Government is applying the extra taxes in the wrong directions. We have even been told by honorable members opposite that these proposals will take far too much from the great beer-making industry of Australia. There is no industry in this country at present that is more prosperous than the brewing industry. It is a most popular industry and is producing some of the best beer to be found in the world.

Mr. POLLARD.—How does the honorable member know that to be so?

Mr. BRAND.—I believe that the honorable member for Lalor (Mr. Pollard) is a better judge than I am in matters such as this, and I take his word for it. I suggest that the brewing industry is in a position to meet the extra charges that will be imposed by these proposals.

There is no more prosperous section of Australian industry than that which deals with petrol. The fiscal policy of this Government over the years has been framed with a view to assisting industries which are of benefit to the people of our country. The proposals now before the committee will not damage any of our great industries. I like to visualize the development of the tobacco industry of this country, to the stage where it would be worth, say, £20,000,000 a year. Our

tobacco industry is affected by the proposals now being discussed. We are at present importing large quantities of tobacco leaf and of manufactured tobacco for the making of cigarettes and cigars, to a value of £17,339,000, while our own tobacco industry, which is now developing, is worth to the nation at least £4,000,000 a year. In Queensland it is worth £3,000,000, and in that State it developed from very small beginnings. I ask the Minister for Customs and Excise (Mr. Osborne) to give sympathetic consideration to the Australian tobacco industry, which is endeavouring, very early in its existence, to develop the finest leaf that can be produced in the world. The prices being obtained for tobacco leaf in Queensland, particularly in the electorate of the honorable member for Leichhardt (Mr. Bruce) are the highest that have ever been paid anywhere in the world. Those prices have encouraged the development of an industry which, with legislative assistance, could develop into a most valuable industry. If we wish to improve our overseas balance of payments position, as this legislation is supposed to do, the best thing we can do is to encourage the establishment of industries which will obviate the need to import large quantities of materials and foodstuffs. This Government has a duty to the people. It has been returned with a large majority, and it wants the people to appreciate that it is prepared to do what may be considered unpopular things if, in the final analysis, those things assist the nation economically and help to make it greater than it is at the present time. That is the object of these resolutions that have been submitted to the Parliament.

I submit that there should be no quibbling and criticism of the Government for introducing measures to help correct the balance of payments position which, lately, has been disadvantageous to Australia, and to improve our export trade. In my opinion, the measures of the Government, particularly the one that we are now discussing, will assist in no small measure to produce an even greater degree of prosperity than that which the Australian people enjoy to-day.

MR. EDMONDS (Herbert) [4.36].—The honorable member for Wide Bay (Mr. Brand) should get control of himself. It is not fair to the Parliament, or to the country, that an honorable member with the long experience that he has had should be permitted to get so far off the beam without anything being said about it. The honorable member seemed to think that the people should throw their hats in the air and be wildly happy because of what the Government has done to them in connexion with its economic proposals. He made the most extraordinary statement that I have heard in this chamber when he referred to the increased excise on beer. In order to demonstrate his loyalty to the Government and to endeavour to prove that the Government is entitled to do what it has done, he stated that the breweries were very wealthy concerns.

I do not believe that any intelligent member of this Parliament—and I do not think there is anybody here who is not intelligent—would suggest that the breweries are not very wealthy. But is the honorable member trying to tell the members of this Parliament and the community generally that the breweries are going to bear the burden of this increased excise on beer? He and I come from a great State, and I apologize to the committee for the fact that a person who comes from that State should make such futile remarks. He suggested that the breweries, with all their wealth, could stand the impact of this increased excise. If it were the breweries that were going to carry the burden of the increase, I for one would have no objection to it at all, because I know that they are in a good position to do so. But, of course, the breweries are not going to bear the burden. We come right back to the point from which we started this debate, when the Prime Minister (Mr. Menzies) and other Government supporters stated that these measures would not have an impact on the little person in the community.

After these increases have been gazetted, the brewers will not be a penny worse off than they were before, because they will merely pass on the increase. To whom will it be passed on? They will not pass it on to those who support the honorable member for Wide Bay, or the Prime

Minister, or the Vice-President of the Executive Council (Sir Eric Harrison). They will pass it on to the people whom the members of the Australian Labour party so proudly claim to represent in this Parliament.

SIR ARTHUR FADDEN.—Are they the only ones who drink beer?

MR. EDMONDS.—No, they are not. I know that quite a few of the people in the more fortunate sections of the community also drink beer, but their consumption of beer is not nearly so great as is their consumption of drinks that are not involved in this legislation, to which I shall refer in a moment.

Let us consider this matter of the increased excise on beer. The Prime Minister told us that it would mean an additional 2d. a glass. I spoke on this matter during the original debate and I assume that I am entitled to repeat what I said then. I expressed the opinion that the proposal was not a very good one from the point of view of those of us who like a glass of beer. Let me be completely honest and say at once that I like a glass of beer and resent having to pay 2d. more for it. If I were in Sydney and ordered a middy, I should have to pay an additional 2½d., because the licensed victuallers, in New South Wales at least, have said, despite the fact that this legislation provides for an increase of 2d. “Well, there will be another halfpenny in connexion with State taxes, so that you fellows who want your middy of beer will have to pay 2½d. extra for it”. Throughout New South Wales, every man who drinks a middy of beer pays 2½d. more than he paid before the Prime Minister announced the increase.

SIR ERIC HARRISON.—A national disaster!

MR. EDMONDS.—No, it is not a national disaster.

SIR ERIC HARRISON.—The honorable gentleman speaks as though it is.

MR. EDMONDS.—It is not a national disaster. If the Vice-President of the Executive Council wants to be consistent and be rude, I cannot help it. That is entirely a matter for him. I remind him that this matter is before the committee at the moment and if we cannot discuss it, then we cannot discuss anything.

I do not suggest that the increase of excise on beer is a national disaster, but it is unfair that the wage plug who likes his middy of beer should have to pay 2½d. more for it while those who drink brandy, wines and liqueurs—and it should not be forgotten that there are many such people in the community—are not asked by this Government to pay a penny extra, the pretext being, of course, that it is necessary to protect Australian industries.

Mr. OSBORNE.—Is the honorable member suggesting that there is no increase of the tax on Australian-produced whisky?

Mr. EDMONDS.—I am suggesting that there is no increase at all on brandy, wines, and liqueurs.

Mr. OSBORNE.—Then the honorable gentleman is quite wrong.

Mr. EDMONDS.—If I am wrong, the Minister for Customs and Excise (Mr. Osborne) may say so when he replies to the debate. When I say that there is to be no increase on those drinks, I suggest to the Minister that that statement is supported by the Prime Minister himself.

Now let me come to the increased tax on cigarettes and cigars, a matter that is open to discussion by the committee. The person who buys a packet of Craven A or Ardath cigarettes is called upon to pay an additional 4d. The person who buys tobacco—and this is the point that interests me most, because the majority of the people whom I am proud to represent in this Parliament roll their own cigarettes, since they cannot afford to buy "tailor-made" cigarettes—is obliged to pay an additional 6d. for every 2-oz. packet of tobacco that he purchases. The more fortunate man who can buy cigars is called upon to pay extra for only one brand—Grosvenor Club—which is an Australian product. He has to pay nothing extra for any other brand.

Mr. OSBORNE.—The honorable member is not speaking in accordance with fact.

Mr. EDMONDS.—If I am inaccurate in what I am saying, I am not being deliberately so, and the Minister will have his opportunity to refute my statements. I invite honorable members to read again the statement made by the Prime Minis-

ter, and to take note of the fact that he said that the increased excise on whisky would entail an additional cost of 1d. a nip. Personally, I could not care less about whisky, but I am concerned about the fact that many people who drink it have to pay more for it. We could not expect the Prime Minister to come into this chamber and subject himself to the ordeal of answering questions by the honorable and futile member for Herbert. The fact is, however, that publicans are paying 6s. additional excise on each bottle of whisky. They can obtain 26 nips from each bottle, which means that, at the rate of 1d. extra for each nip, the publican recovers 2s. 2d. out of the 6s. extra he has to pay in excise. I say deliberately that although an honest publican can get only 26 nips out of a bottle of whisky, I have known some publicans who get as many as 32 nips. If the Prime Minister's figures are correct—and who am I to suggest that the figures of those who advise him are not accurate?—the honest publican would receive back only 2s. 2d. of the 6s. extra he pays for a bottle of whisky, if the increased price is to be only 1d. a nip. In New South Wales, which I cite as an example, publicans are charging, not an extra 1d. a nip, as stated by the Prime Minister, but an extra 3d. a nip, and I suggest that is being done in other States as well.

Mr. CAIRNS.—That is where the "nip" is felt.

Mr. EDMONDS.—That is a most appropriate suggestion by the honorable member for Yarra (Mr. Cairns). Although the Minister for Customs and Excise interjected a moment ago that I was not speaking in accordance with facts, will he deny that what I am saying now is correct? Government supporters have said that the increased excise duties do not bear with undue harshness on the average drinker, but I say again that it is not only the worker or the wage-plug who drinks beer. In any case, there are many others who drink wine, brandy and liqueurs, and they, too, have been affected.

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

Mr. OSBORNE (Evans—Minister for Customs and Excise) [4.51].—The proposal that the committee has been debating is to increase the customs duty on beer, spirits, manufactured tobacco and petrol—with the exception, as the accepted amendment provides, of petrol used in aviation in Australia. For the purpose of convenience, the committee has debated at the same time the excise resolutions which have the same effect. Before I deal with the more general criticisms of the Government's action, which have been offered by members of the Opposition, I accept the invitation of the honorable member for Herbert (Mr. Edmonds) to check the facts on which he has based most of his arguments. If I understood him correctly, he made the astonishing suggestion that no increase had been made in the duty on spirits.

Mr. EDMONDS.—Who said that?

Mr. OSBORNE.—I understood the honorable member for Herbert to say there was no increase in the duty on brandy or wine. In the first place, I wish to say there has never been a duty on wine except on imported wine. Increased excise duty is payable on locally produced brandy, as on all other spirits, the increase being 15s. 6d. a proof gallon. The suggestion by the honorable member for Herbert that the price of brandy has not been increased shows that he misunderstands the whole purpose of the Government's proposals. What has been done in relation to Australian brandy is that the preferential margin that it previously enjoyed has been preserved.

I understood the honorable member for Herbert to say also that, as a result of the increased duties on tobacco, only one brand of cigars was subject to an increase of price. That may be the case, but I cannot understand why. The same increase has been applied to all tobacco, whether imported or locally produced. Cigars are subject to an increase of duty of 5s. 6d. per lb., and that applies, under both the customs and excise resolutions, to all cigars, whether imported or locally produced.

The honorable member for Herbert complained further that the hotel trade had increased the price of whisky to the consumer by a much greater rate than is

justified by the increase of customs and excise duties. I understand that that is the case, but that is a matter entirely outside the competence of this Parliament. It has no control over the retail prices at which these goods are sold. The honorable member for Herbert and his party believe in the virtue of price control, which is something contrary to the policy of the Australian Government. The honorable member comes from a State, however, in which the State government exercises price control, and if he is dissatisfied because publicans and others have increased the price of spirits, tobacco and cigars more than is justified, I suggest that he should ask the government of the State in which he resides to do something about it. His remedy is to complain, not in this Parliament, which has no authority in the field of prices control, but in the State in which he resides, and to a government, of the same political colour as the party to which he belongs, which believes in the validity of prices control and purports to exercise it. The honorable member for Griffith (Mr. Coutts), in the course of a lot of light-hearted speculation about Lady Godiva and a beer currency, as well as about similar matters, made a statement, which also I challenge, to the effect that this Government was elected on a tax-reduction policy. The fact is that the last election policy speech of the Prime Minister (Mr. Menzies) contained not one word about tax reductions.

Mr. BRYANT.—They were mentioned in 1949.

Mr. OSBORNE.—Present conditions are not the same as were the conditions of 1949. This Government was returned to office by the Australian people last December. In the policy speech submitted to the people on behalf of the Government before the general elections, the Prime Minister stated very plainly that the Government would take such measures as were necessary to protect the economy. It was perfectly clear that such measures as were found to be necessary, including fiscal measures of the kind under consideration now, would be taken in the interests of the preservation of the prosperity of the Australian economy. The honorable member for

Griffith is entirely wrong in his attempt to level a charge of insincerity at this Government because it is increasing taxes at the present time.

I should prefer to turn now to the more serious criticism levelled at the Government by the Leader of the Opposition (Dr. Evatt). He stated plainly that he disagrees with these economic measures. His main reason for disagreement with them is that they are not deflationary. We do not claim that they have been taken solely for deflationary purposes. Of course that is not the reason for them. These economic measures have three aims. Their first aim is to check inflation as far as possible. Their second aim is to restore our balance of external funds—our balance of payments on trade—by bringing our import and our export budgets into balance. Their third aim is to produce more revenue for the purposes that have been detailed so clearly by the Prime Minister and have been debated in this House for weeks past. The need for revenue is obvious. The honorable member for Melbourne (Mr. Calwell) said that he did not accept the fact that there will be a deficit at the end of the current financial year. He can take that view only if he fails to have regard to the revenue account and the capital account. If the two are combined, it is clear that we face a period of cash deficit for which we must raise additional revenue.

It is of no use for the honorable member for Melbourne to blame the Government for supporting the State works programmes. Those programmes are, in so many instances, the props upon which the future development of this country is supported. They embrace sewerage, electricity undertakings, the construction of dams and roads, and similar works, and they cannot be allowed to go unsupported at a time when the loan market will not carry them on its own. I not only acknowledge, but also assert, that there is a very real need for economy in the State works programmes and for consultation for the establishment of true priorities in State works. But the fact remains that those works must be supported by this Government at a time like the present when the loan market will not give them enough support. That is

the principal reason why additional revenue is needed. The honorable member for Melbourne went on to argue that indirect taxes such as these are unfair, and he stated that they are socially unjust. I challenge that statement also. If the increases of taxation applied to the basic necessities of life, his argument would be valid, but they apply to luxury and semi-luxury goods. We all know that wage and salary earners on higher incomes spend on luxury goods a greater proportion of their incomes than do people on small incomes. Although the argument that indirect taxation is unjust has validity if the taxation applies to the basic necessities of life, it is not valid if the taxation applies to luxury goods.

Mr. CREAN.—What does the Minister call luxuries? Are beer, cigarettes and petrol luxuries?

Mr. OSBORNE.—Perhaps beer and cigarettes may not be called luxuries, but, by no stretch of the imagination can they be called basic necessities of life. I think it is perfectly obvious that, in the higher income groups, the percentage of income spent on goods such as cigarettes rises considerably. The argument about social injustice is not valid unless the increased taxes are applied to the basic necessities of life, and that is not the case in the present instance.

Let us examine, for example, the increase of the excise on beer. I do not think any one can seriously argue that beer is needed to sustain life. I heard the honorable member for Griffith speak of it as an essential element in the diet of some people. He claimed that it is the workers' drink, because the manual worker, who expends more physical energy, consequently drinks more beer. What does he think of the astonishing fact that the consumption of beer has increased by approximately 100 per cent. since 1939? Does the honorable member argue that, owing to some strange alteration in the conditions of life, the working man has had to double the beer element of his diet in ten years?

Mr. BRUCE.—We have 2,000,000 more people in the country than we had ten years ago.

Mr. OSBORNE.—I am talking about the *per capita* consumption of beer. Does the honorable member for Griffith argue that the physical energy output of manual workers has doubled since 1939? By no stretch of the imagination can it be argued that it is a social injustice to increase the price of beer in a country which consumes beer at the remarkable rate of 24.25 gallons a head of the population—men, women and children—annually. Obviously, if the consumption of beer were calculated on the basis of adult male population the figure would be considerably higher. The pathetic pictures painted by the honorable member for Griffith, and others, of a beer-starved population developing as a result of these increases of the excise on beer leave me, for one, cold. Experience shows that the consumption of beer increases in spite of higher excise duty. I am unable to say whether the increase at present proposed will reduce the consumption of beer, but experience shows that it is unlikely to do so. However, it is bound to have a damping effect on the rate of increase, for social considerations quite apart from fiscal effects, and, as was acknowledged by the honorable member for Melbourne, that might not be a bad thing.

Let us turn now to the petrol tax. Some Opposition members have attacked it also because it is not deflationary. I do not agree with their arguments. But, in any event, it has three different purposes—to limit the drain on our external funds caused by petrol imports, to reduce the inflationary effect of the present very high demand for motor cars, and also to raise revenue. No fiscal measure of this kind has any single effect. In this instance, the increase is not intended to have a single effect. It is intended to have the triple effects that I have mentioned. This Government is not antagonistic towards the motor industry. Its administration over the last six years has very clearly demonstrated that the reverse is the case. The industry has received considerable encouragement from the Government, and I and the officers of my department are sympathetic towards it. Considerable duty concessions have enabled the industry to become established in Australia. The definite assist-

ance given to it by this Government has had striking consequences. To-day, more than 50 per cent. of the total component parts of motor cars on Australian roads have been made in Australia.

Criticism was levelled at the Government as having some fundamental opposition to the motor industry in Australia. That is not the case. The economy cannot sustain the present enormous expenditure on motor cars, ancillary and component parts, tyres and petrol. If this duty has one effect, it will be to reduce the present inflationary demands of the motor industry. It is reasonable to hope that it will not be necessary to maintain the higher rate of tax on petrol for very long. The Government has indicated clearly that these increases are economic measures, that their effect will be carefully watched and that they will be taken off as soon as possible. The committee should remember that petrol is still relatively cheap in Australia. If honorable members cast their minds back to the 1930's, they will remember that, comparatively, the price of petrol then was much higher than it is now. Petrol is not unduly expensive in Australia, and it is reasonable to hope that the price will return before very long to the level at which it was before this increase was imposed.

I want to deal now with the argument that the whole of the additional revenue resulting from the increase of the petrol tax should be applied to the building of roads. As the committee knows, £4,000,000 of that additional revenue is to be applied to road grants, but it has been argued, from both sides of the House, that the whole of the additional revenue should be spent on roads. I do not agree with that argument for the reason that the tax on petrol has been increased for fiscal reasons. If the whole of the additional revenue were to be applied for roads purposes, then, when the situation eased, the Government would have to cut down heavily the then current expenditure on roads or maintain a restrictive rate of tax on petrol at a time when it was unnecessary to do so. I think it is mistaken policy to attach the revenue resulting from any particular tax to any particular purpose. The need for expenditure on roads is clear and pressing. The need for increasing

the petrol tax at the present time is clear also. But the two needs are not associated, and the Parliament and the country will only be led into mistakes if they continue to press the suggestion that the whole of the additional revenue from the petrol tax be applied to roads.

Let us recall the three reasons for the increase of the petrol tax. It is aimed at the inflation caused by excessive spending on motor cars at the present time; it is aimed at the maintenance of our external balances; and it is aimed at the production of revenue. When any of those three problems has been solved, it is reasonable to hope that we shall be able to reduce the petrol tax. If the whole of the additional revenue were devoted to roads, what would be said if the Government, within a comparatively short time, announced that it intended to cut down its expenditure on roads because it was possible, for economic reasons, to reduce the tax on petrol? Only confusion can arise from trying to relate one of those things to the other. It may well be that the national expenditure on roads to-day is inadequate, but the question whether the petrol tax should be increased is a different matter entirely. To my mind, the view that the whole of the revenue from this increase, imposed for entirely different reasons, should be applied to road-making, is a mistaken view.

In the course of his remarks, the honorable member for Robertson (Mr. Dean) asked for consideration to be given to exempting from the increased duty petrol used for primary production. He said that as most of the petrol used in primary production was bought in 44-gallon drums, it would be possible to exempt petrol sold in that manner from the increased tax. He suggested also that, as an additional safeguard, a primary producer, when applying for a rebate of the tax charged, be required to make a statutory declaration to the effect that the particular petrol had been used in primary production. I do not think that would be practicable. It is not only primary producers who buy petrol in 44-gallon drums. If an advantage of 3d. a gallon accrued from buying it in that way, many week-end motorists would find it convenient to do so too. As for taking

evidence from primary producers as to the purposes for which they used their petrol, I think an army of customs officers would be required to carry out the necessary clerical work. To my mind, the difficulties of administration make such a suggestion quite impracticable. Concessions to primary producers are granted very satisfactorily by other means. I think another honorable member has drawn attention to the very considerable concession to primary producers in the form of depreciation allowances, under which expenditure on improvements to land can be written off entirely over five years. That concession, as was pointed out earlier, has been extended for another three years.

Members of the Opposition have suggested that it would have been preferable to raise the additional revenue required by increasing personal income tax. I completely disagree with that argument, which has been rejected by the Government for good reasons. Personal income tax, when increased, operates as a restraint of work and production. The manual worker who has to pay a higher tax on his wages is disinclined to work longer hours. The manufacturer and the primary producer are disinclined to make more goods or produce more from the land if they know they have to pay a high rate of income tax. The person who is self-employed will work hard if he knows that he will not have to pay a heavy tax on his earnings. Personal income tax has a restraining effect on production. The Government has recognized that fact in rejecting the proposal for an increase of personal income tax as a means of raising further revenue.

Finally, I remind the committee that Australia is still a low-tax country. Compared with most of the democracies, our rate of tax is infinitely lower.

Mr. CALWELL.—Not infinitely lower.

Mr. OSBORNE.—Very considerably lower. I am glad to have the agreement of the Deputy Leader of the Opposition to that extent. It is reasonable to hope that, when the Government's economic measures have succeeded, we shall return to the lower rates of tax that we enjoyed before the increases were imposed.

Mr. CAIRNS (Yarra) [5.14].—The Minister for Customs and Excise (Mr. Osborne) has asserted that Australia is still a low-taxed country, compared with a number of other countries which have reached a similar stage of industrial development. That statement is quite true. But it is true also in relation to company tax, capital appreciation tax, land tax, estate duty and many other taxes. Those taxes also are low, compared with those in force in other countries. The Government is not proposing to increase those taxes. Why single out excise duty when the argument applies to so many other forms of taxation? The Minister endeavoured to define a luxury, and I was left with the impression that, in his view, a luxury is something that is consumed by somebody else. Once upon a time, excise duties were imposed, or were supposed to be imposed, mainly on what were considered to be luxuries. When that state of affairs prevailed, the commodities which are being taxed by the proposals at present before the committee but which were not then taxed for these reasons, were commodities like cigars, but not cigarettes; and spirits, including brandy, but not beer. We are left with a considerable amount of difficulty in relation to this matter. Surely no one would assert that most of the commodities that are now being taxed in accordance with these proposals are in fact luxuries. In particular, petrol is far from being a luxury. I should think that most of these commodities can be classed as luxuries only when used by certain persons. Luxury consumption is consumption which takes place by persons who have high incomes, and I suggest that if the Government is really concerned with taxing luxury consumption the most logical way to do it is to tax the higher incomes and so reach luxury consumption in that way.

The Minister also left us with the argument that all the revenue raised by the increased tax on petrol should not be spent on roads, and the reason he gave was that, when the position eases, we will be involved in cutting down expenditure on roads, if we tie road expenditure to the petrol tax. When the position eases! What sort of a day will that be? The position has shown no signs of eas-

ing since the 10th December, 1949, a fateful day in the political history of Australia, and there is no reason to assume that when measures are being introduced into this Parliament in which even the Treasurer (Sir Arthur Fadden), or the Government has no confidence, we can expect at any foreseeable time—

Sir ARTHUR FADDEN.—Who told the honorable member that? He has no right to speak for me.

Mr. CAIRNS.—I am basing my statement upon what the Treasurer has said, and a reasonable understanding of it.

Sir ARTHUR FADDEN.—The honorable member's understanding of it.

Mr. CAIRNS.—Yes, I said a "reasonable" one. If the position is that we can some day look forward to an easing of the situation, perhaps we can take the assurance of the Minister for Customs and Excise for what it is worth. The second point he made was that a particular tax should not be tied to a particular purpose. I have just been looking through the budget estimates and expenditure for the last year, and it seems to me to be impossible to suggest that any tax is tied to any purpose. It seems to me that what in fact happens is that revenue from many sources is poured into the great reservoir from which Commonwealth expenditure is met, and that expenditure is made from revenue which is hopelessly mixed up from many sources. The Minister admits that the amount of expenditure on roads to-day is inadequate. It seems to me that if we do have some more available revenue to spend and the expenditure on roads is so inadequate, the logical thing to do is to spend more on roads, and in the future if we require additional expenditure for other purposes let us see whether we can find it.

In general terms, I think that the proposals that have been submitted to this committee fail on a number of grounds. First, no mandate whatever has been given to the Government for proposals of this sort. Despite what the Minister said in an attempt to refute the statements of the honorable member for Griffith (Mr. Coutts), it is still true that the Government has no mandate for legislation of this type. The Minister said that the

Prime Minister (Mr. Menzies) in his policy speech said nothing about tax reductions. Of course, he did not say anything about tax reductions, but did he say anything about tax increases? As I suggested in the debate last evening, he was not only asked on the political platforms all over Australia whether he proposed to increase any form of taxation, but he was also asked by the press on many occasions. But no, the Prime Minister, who said so much in that campaign, would not say a word upon this point. These measures fail also on the ground that the Government will not come to grips with the problem of inflation, and it has managed to get away with its failure to do so. It has managed to get away with patching up the gradually expanding economy of Australia which, according to the Institute of Public Affairs, is now bursting at the seams. It has managed to do this because, since 1949, it has had at its disposal some very effective propaganda means by which it has been able to distract the attention of the Australian community from the real issues with which it should have been concerned, if it is concerned about these matters, and to focus attention on those issues which were purely secondary. At first we were given a great story about what the Government was to do with its anti-Communist legislation, and for two whole years the political life of this country was rent asunder by the conflict engendered by the Communist Party Dissolution Bill, a measure which proved completely abortive, and, had it been enacted, would have been completely useless and dangerous. Because of the emphasis placed on the matter with which the Government was so much concerned, when it should have been concerned with inflation, it has been able to get away so long with such a bad economic policy. Then, when the Communist Party Dissolution Bill had been thrown out by the High Court and by the people of Australia, what did the Government do? It produced another rabbit from the hat, a rabbit by the name of Petrov, and upon this issue it was able to distract further the attention of the public.

The TEMPORARY CHAIRMAN.—The honorable member must confine his

remarks to the raising of revenue for the purpose for which it is intended. He is getting a long way away from the mark.

Mr. CAIRNS.—I was explaining why the Government has moved in this direction, and why it has adopted this completely unsatisfactory means of combating inflation. I proceed now to examine particularly the three reasons mentioned by the Minister for the taking of these steps by the Government. First, the proposal is designed to cut expenditure, and the expenditure which these increases in excise are designed to cut are of two main sorts, on consumption goods like beer, brandy, tobacco and so on, and on petrol. The taxation which is being applied to production by these proposals, when coupled with the sales tax upon motor cars, is quite considerable. The alternative to this is a different form of taxation.

The TEMPORARY CHAIRMAN.—The honorable member may not continue on that line. He must discuss the raising of revenue by excise and customs and how that money is to be applied. I shall not permit him to continue in the manner in which he has been speaking.

Mr. CAIRNS.—The revenue that is being raised in this way provides us with an alternative, and there are better ways of raising revenue, if the purposes, as announced by the Government, are to be achieved. Surely, sir, that matter is relevant to the debate. The Government has said that it is introducing these proposals for three main reasons. The Minister has just repeated those reasons, which are to cut expenditure, to protect the balance of payments, and to secure added revenue. Surely it is proper for me to answer that proposition. I think that if these taxes were to be imposed for the purpose of cutting expenditure, it looks as though they will not succeed, but even if they did succeed, the Government's third purpose of imposing these taxes, to secure added revenue, is bound to fail. If the Government succeeds, by imposing these taxes, in cutting expenditure, it will not obtain the revenue it requires. That is a matter which has been emphasized continually during this debate. When we turn to the question of securing revenue, which seems to me, on the evidence, to be

the main reason why the Government is introducing these proposals, we find that the Prime Minister, in the speech in which he outlined these proposals, said that any increases in taxation should be designed as far as possible to reduce inflation. That was the test he applied. There are several ways of raising revenue, of which excise is one. There are customs duties, excise, sales tax, income tax, company tax, pay-roll tax, estate duty, gift duty and land tax. Many of those taxes are taxes which are likely to be passed on, and thereby increase prices and, probably, expenditure by the public. But some of them are taxes that are not likely to be passed on and, if we apply that test to the Government's measures, we find that the very taxes that the Government has chosen to increase are taxes that are likely to inflate prices and, therefore, to increase public expenditure. There are several means that the Government could have adopted other than those it proposes which would not have this effect. For instance, there is land tax, which is admitted by most people to be one of the most difficult of all taxes to pass on. In the financial year 1954-55 a total Commonwealth revenue of only £12,836 was raised, in the whole of the Commonwealth, from land tax, and in 1955-56 it was estimated that a total of only £10,000 would be raised. Surely there is a possibility of raising increased revenue, if increased revenue is required, from this tax in a way which will have less effect on inflation than the increase of excise will have.

So if we accept the Prime Minister's own test, the Government can find many better fields of tax than excise to turn to for its purposes. There is estate duty, and there is also gift duty. Only about £9,000,000 or £10,000,000 is raised by these duties, and the Minister was quite right in saying that the rates of these taxes applied in Australia are probably the lowest in any country at our stage of industrial development. There is considerable room for increases of these taxes. Company taxes in Australia are probably the lowest of such taxes in any industrially developed country. There is also income tax.

The proceedings of the House in recent times, and of this committee, have shown that the main alternative measure that the Labour party proposes consists of taxation that would be less likely to be passed on, as well as taxation that would have a fairer effect on the distribution of income. There is also another possibility, if the Government is really concerned to raise additional revenue, which the Government should examine. That is in connexion with the prevailing levels of expenditure. If there is to be a deficit in the Government's accounts in the coming financial year, it could be met just as well by reducing expenditure as by increasing revenue. Let us look for a moment at expenditures in the past year. In 1954-55 a total of £185,500,000 was expended on defence services, which represented 25.5 per cent. of total expenditure from revenue. On war and repatriation services, arising out of the two world wars, another £120,300,000 was expended, or 16.5 per cent. of total expenditure from revenue. That means that 42 per cent. of the Commonwealth's expenditure in the last financial year was upon war, defence and repatriation services. It seems to me that, at the time, when the Minister for External Affairs (Mr. Casey) was making a statement to the House—

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

Mr. CAIKNS.—He said that war is very unlikely—

The TEMPORARY CHAIRMAN.—
Order! Order! I called the honorable member for Melbourne Ports.

Mr. CREAN (Melbourne Ports) [5.29].—There is no doubt that, despite the various explanations of the purpose that the Government claims is to be served by them, these measures are revenue-raising measures only. In support of that statement, I quote the words that were used by the Prime Minister (Mr. Menzies) about each one of the increases of tax. Talking about the consumption of beer, he said—

We have no over-optimistic anticipation that this increase will reduce the consumption of beer.

Then he went on to say, on the assumption that the consumption of beer would not decline, that the Government would derive a certain amount of revenue from the tax on beer in a full financial year. The tax on spirits calls for comment. I think the Government has a moral obligation to clear up this matter of how much a nip is involved. The words of the Prime Minister are clear indeed. He said that an increase of 1d. a nip would be involved. Yet, after my colleague, the honorable member for Hindmarsh (Mr. Clyde Cameron), had mentioned this figure of 1d. a nip the other night, he received a very brusque letter from a publican in New South Wales, indicating that, in fact, the increase a nip was 3d. instead of 1d. Whether it is a simultaneous price increase on the part of New South Wales publicans, in addition to the duty, I do not know, but I submit that the Government has a moral obligation to clear up the doubt whether the increase should be 1d. a nip or 3d. a nip.

The Prime Minister proceeded to say that he presumed that the current level of clearances would continue. If the current level of clearances of imported whisky continues, then I fail to see how there will be any reduction in Australia's imports of whisky as a result of the increase of the rate of excise. The measure is purely revenue-raising. The Prime Minister then referred to the petrol tax, as follows:—

At the current level of clearances this will yield an additional £12,000,000 per annum.

Again, I ask, if the current level of clearances of imported petrol continues, how is there to be a reduction of imports? It is clear that these measures are purely short-term expedients to raise some money in the quickest possible manner. In the process, an increased burden has been placed on the taxpayers, not, as has been suggested on this side of the chamber, through the medium of income tax, but through the medium of this most undemocratic method of taxation—indirect taxation.

It has been interesting to note in this debate how members of the Government have shifted the ground of their arguments from time to time as certain claims were made about the Government's measures. When the increases of interest

rates were being discussed here recently, the Opposition worked out very accurately that they would involve an increase of profits to the banks. Honorable members on the other side of the chamber pooh-poohed our claims, and it was left to the Treasurer (Sir Arthur Fadden) a fortnight later to concede the justice of our contention. He proposed to close that profit gap by reducing payments of interest on special accounts, which he had not mentioned before. The next day, we were discussing another tax measure. The Opposition objected to the principle of indirect taxation, and cited the merits of direct taxation. The rejoinder from the Government side was, in effect, "Apparently you are in favour of reducing the weekly pay envelope". There seems to me to be a very minor difference between a pay envelope, and the money that is taken out of the pocket. Do the measures now before us increase the contents of the pay envelope, or do they not rather reduce the spending power of every wage-earner in the community? Whether he be a moderate drinker, or an excessive drinker, he must pay 2½d. in tax on every glass of beer he consumes. Does that increase the contents of his pay envelope? He must pay 3d. more on every packet of cigarettes he smokes.

Sir ERIC HARRISON.—He has the choice between drinking and not paying the tax.

Mr. CREAN.—Yes; but the Government is hoping that he will not exercise the choice. If he does exercise the choice, and chooses not to drink, the Government will be further down the drain than ever. One of the conclusions I tried to draw here recently is that honorable members opposite, who claim to be the apostles of free enterprise and to rely on the inexorable operation of something that they call the law of supply and demand, now say, "If you pay another 2½d. for a pint of beer, or another 6d. for a bottle of beer, or another 2s. per lb. for tobacco, it will make absolutely no difference to consumption". It is no good to say, as some people here say, that they really believe that there will be a reduction in consumption. If that be so, why is the Prime Minister, in every case, postulating a continuance of the present level of consumption of these articles? As I say,

this Government has got itself into a mess by this deliberate mismanagement of the whole economic framework of the Australian community. It is easy enough for my friend, the honorable member for Mallee (Mr. Turnbull) to smile about this and to suggest that it is a familiar hobby horse. It is a hobby horse that we have to get honorable members opposite off by removing this Government from the treasury bench, if the Australian community is to continue to prosper. The way to do that is to show the people the shallowness of the Government's argument. On the one hand, it claims to be the apostle of free enterprise, but on the other hand, it applies these unjust taxes on the community. It is strange to argue, as the honorable member for Balaclava (Mr. Joske) argued the other night, that if a tax of 1s. or 2s. is put on excess profits, that will bankrupt industry, but if the poor consumer is charged another £130 for a motor car that will make very little difference or will only bring about a slight slowing of activity.

I suggest that if the supporters of the Government were to examine these measures on the basis of their own philosophy—if it may be called that—they would see how shallow are their claims when subjected to critical analysis. As I have said, the speech of the Prime Minister shows that in the case of each of these measures, it is assumed that present consumption levels will continue. If that is so, clearly the measures have been devised solely for the purpose of raising revenue. If importers are to continue to bring in as much petrol, imported spirits and tobacco, and as many motor cars and motor spares as before, how are these imposts going to rectify our trade balance? Also, how can it be seriously claimed that increasing the price of certain commodities is anti-inflationary? I suggest that the real thing that will happen as a result of these measures if, as the Government assumes, consumption of the commodities concerned continues at the present level—in other words, if more money out of a given income is spent on those commodities—less money will remain to be spent on other articles. There will be a shift in the application of economic resources in the community. The Government's argument seems to be

that if we wanted to reduce the consumption of cauliflowers, we should put a tax on cabbages, hoping that because people would have to spend more on cabbages, there would be less left over for cauliflowers. The Government hopes that the people will continue to use the same physical volume of beer, tobacco, petrol and other articles, and that, because their income is limited—in this country wages are virtually pegged—less will be spent on the other things which the Government chooses to call luxuries, but which I, for one, do not regard as luxuries. The real decline in consumption, therefore, will be in relation to items which are essential in order to maintain our standard of living.

Motion (by Sir ERIC HARRISON) put—
That the question be now put.

The committee divided.

(THE TEMPORARY CHAIRMAN—MR. W. R.
LAWRENCE.)

Ayes	50
Noes	30
Majority .. .		20

AYES.

Allan, Ian	Hulme, A. S.
Aston, W. J.	Jack, W. M.
Brand, W. A.	Joske, P. E.
Buchanan, A. A.	Kent Hughes, W. S.
Cameron, Dr. Donald	Killen, D. J.
Casey, R. G.	Leslie, H. A.
Chaney, F. C.	Luck, A. W. G.
Cleaver, R.	Lucock, P. E.
Davidson, C. W.	Mackinnon, E. D.
Davis, F. J.	McBride, Sir Philip
Dean, R. L.	McCollin, M. L.
Drummond, D. H.	McEwen, J.
Drury, E. N.	Osborne, F. M.
Erwin, G. D.	Pearce, H. G.
Fadden, Sir Arthur	Robertson, H. S.
Failes, L. J.	Stokes, P. W. C.
Fairhairn, D. E.	Swartz, R. W. C.
Fairhall, A.	Timson, T. F.
Falkinder, C. W. J.	Turner, H. B.
Fox, E. M.	Wentworth, W. C.
Freeth, G.	Wight, B. M.
Graham, B. W.	Wilson, K. C.
Harrison, Sir Eric	
Hastuck, P. M.	
Howse, J. B.	
Howson, P.	

Tellers:
Opperman, H. F.
Turnbull, W. G.

NOES.

Bird, A. C.	James, R.
Bryant, G. M.	Johnson, H. V.
Calwell, A. A.	Kearney, V. D.
Cameron, Clyde	McIvor, H. J.
Chambers, C.	Minogue, D.
Clarey, P. J.	O'Connor, W. P.
Cope, J. F.	Peters, E. W.
Costa, D. E.	Pollard, R. T.
Coutts, W. C.	Riordan, W. J. F.
Crean, F.	Thompson, A. V.
Curtin, D. J.	Watkins, D. O.
Edmonds, W. F.	Whitlam, E. G.
Griffiths, C. E.	
Harrison, E. James	
Haylen, L. C.	
Holt, R. W.	

Tellers:
Luchetti, A. S.
Stewart, F. E.

PAIRS.

Menzies, R. G.	Evvatt, Dr. H. V.
Bland, F. A.	Beazley, K. E.
Bostock, W. D.	Duthie, G. W. A.
Downer, A. R.	Bruce, H. A.
Haworth, W. C.	Daly, F. M.
McMahon, W.	Lawson, George
Snedden, B. M.	Russell, E. H. D.
Townley, A. G.	Webb, C. H.
Anderson, C. G. W.	Makin, N. J. O.
Bowden, G. J.	Morgan, C. A. A.
Page, Sir Earle	Fraser, Allan

Question so resolved in the affirmative.

Question put—

That the motion (*vide* page 798), as amended, be agreed to.

The committee divided.

(THE TEMPORARY CHAIRMAN—MR. W. R. LAWRENCE.)

Ayes 50
Noes 30
Majority <u>20</u>

AYES.

Allan, Ian	Hulme, A. S.
Aston, W. J.	Jack, W. M.
Brand, W. A.	Joske, P. E.
Buchanan, A. A.	Kent Hughes, W. S.
Cameron, Dr. Donald	Killen, D. J.
Casey, R. G.	Leslie, H. A.
Chaney, F. C.	Luck, A. W. G.
Cleaver, R.	Lacock, P. E.
Davidson, C. W.	Mackinnon, E. D.
Davis, F. J.	McBride, Sir Philip
Dean, R. L.	McColl, M. L.
Brummond, D. H.	McEwen, J.
Drury, E. N.	Osborne, F. M.
Erwin, G. D.	Pearce, H. G.
Fadden, Sir Arthur	Roberton, H. S.
Failes, L. J.	Stokes, P. W. C.
Fairbairn, D. E.	Swartz, R. W. C.
Fairbairn, A.	Timson, T. F.
Falkinder, C. W. J.	Turner, H. E.
Fox, E. M.	Wentworth, W. C.
Freeth, G.	Wight, R. M.
Graham, B. W.	Wilson, K. C.
Harrison, Sir Eric	
Hasluck, P. M.	
Howse, J. B.	
Howson, P.	

Tellers:

Opperman, H. F.
Turnbull, W. G.

NOES.

Bird, A. C.	Johnson, H. V.
Bryant, G. M.	Johnson, L. R.
Calwell, A. A.	Kearney, V. D.
Cameron, Clyde	McIlvor, H. J.
Chambers, C.	Minogue, D.
Clarey, P. J.	O'Connor, W. P.
Cope, J. F.	Peters, E. W.
Costa, D. E.	Pollard, R. T.
Coutts, W. C.	Riordan, W. J. F.
Crean, F.	Thompson, A. V.
Curtin, D. J.	Watkins, D. O.
Edmonds, W. F.	Whitlam, E. G.
Griffiths, C. E.	
Harrison, E. James	
Haylen, L. C.	
Holt, R. W.	

Tellers:

Luchetti, A. S.
Stewart, F. E.

PAIRS.

Menzies, R. G.	Evvatt, Dr. H. V.
Bland, F. A.	Beazley, K. E.
Bostock, W. D.	Duthie, G. W. A.
Downer, A. R.	Bruce, H. A.
Fraser, Malcolm	James, R.
Haworth, W. C.	Daly, F. M.
McMahon, W.	Lawson, George
Snedden, B. M.	Russell, E. H. D.
Townley, A. G.	Webb, C. H.
Anderson, C. G. W.	Makin, N. J. O.
Bowden, G. J.	Morgan, C. A. A.
Page, Sir Earle	Fraser, Allan

Question so resolved in the affirmative.

CUSTOMS TARIFF AMENDMENT (No. 2).

In Committee of Ways and Means.—Consideration resumed from the 11th April (*vide* page 1195), on motion by Mr. OSBORNE—

That the Schedule to the Customs Tariff 1933-1954 as proposed to be amended . . . (*vide* page 1194).

Question resolved in the affirmative.

Resolutions reported.

Standing Orders suspended; resolutions adopted.

Ordered—

That Mr. Osborne and Sir Arthur Fadden do prepare and bring in a bill to carry out the foregoing resolutions.

CUSTOMS TARIFF BILL 1956.

Bill presented by Mr. OSBORNE, and passed through all stages without amendment or debate.

TARIFF PROPOSALS 1956.

EXCISE TARIFF AMENDMENT (No. 1).

In Committee of Ways and Means.—Consideration resumed from the 14th March (*vide* page 802) on motion by Mr. OSBORNE—

That the Schedule to the Excise Tariff 1921-1953 be amended . . . (*vide* page 802).

Mr. OSBORNE (Evans—Minister for Customs and Excise) [5.58].—I desire to move an amendment to item 11, which is similar to the amendment I moved in connexion with the Customs Tariff resolution. I move—

That that part of Excise Tariff Proposals (No. 1) which relates to paragraph (2) of sub-item (A) of Item 11 of the Excise Tariff 1921-1953 be omitted.

Amendment agreed to.

Motion, as amended, agreed to.

EXCISE TARIFF AMENDMENT (No. 2).

In Committee of Ways and Means.—Consideration resumed from the 11th April (*vide* page 1194) on motion by Mr. OSBORNE—

That the Schedule to the Excise Tariff 1921-1953 as proposed to be amended . . . (*vide* page 1194).

Question resolved in the affirmative.

Resolutions reported.

Standing Orders suspended; resolutions adopted.

Ordered—

That Mr. Osborne and Sir Eric Harrison do prepare and bring in a bill to carry out the foregoing resolutions.

EXCISE TARIFF BILL 1956.

Bill presented by Mr. OSBORNE, and passed through all stages without amendment or debate.

Sitting suspended from 6 to 8 p.m.

**BROADCASTING AND
TELEVISION BILL 1956.**

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

SECOND READING.

Mr. DAVIDSON (Dawson—Postmaster-General) [8.1].—*by leave—I move—*

That the bill be now read a second time.

The purpose of this bill is to amend the law relating to the administration and regulation of broadcasting and television services in Australia. It is the first comprehensive legislative measure on the subject of broadcasting since 1942, when the Broadcasting Act of that year was passed. It is also the first general measure on the subject of television. The Television Act of 1953, which is repealed by this bill, was expressly intended to be a temporary measure, designed to lay down general principles, and an undertaking was given to the House by my predecessor that it would be replaced by permanent provisions which would set out in detail the conditions to be applied to the administration and regulation of the new service.

The bill is also designed to give effect, to a very large extent, to the recommendations contained in the report of the Royal Commission on Television which was appointed on the 11th February, 1953, and made its report on the 20th February, 1954. The commission made a thorough inquiry into the subject, and particularly into the administrative, economic, social, educational and cultural effects of television; it heard some 163 witnesses and received many written submissions; it presented a very careful and complete report characterized by sound common sense and a real appreciation of the practical issues facing the Govern-

ment and people of Australia with the advent of television services. The Government and people of the Commonwealth are greatly indebted to the members of the royal commission, and I wish to express our thanks to them for their great public service on this commission. It may be some reward to the commissioners to know that, in a very large measure indeed, their recommendations are given practical effect in this bill.

It will be recalled that the Television Act 1953 established the general principle that television services in Australia would be introduced on the basis that there would be both a national television service and a commercial television service, the former to be provided by a public authority and the latter by private stations operating under licences granted by the Postmaster-General in accordance with conditions to be determined. This bill continues this general principle and contains detailed provisions for its application in practice. It also extends to the broadcasting services most of the provisions recommended by the royal commission in respect of television services, and indeed, generally speaking, integrates the broadcasting and television provisions into one legislative structure.

The bill is, therefore, a comprehensive measure dealing with both broadcasting and television, based on the recommendations of the royal commission and the experience of broadcasting administration over many years. It gives honorable members an opportunity to review, both in broad principle and in considerable detail, the whole broadcasting and television structure in Australia. In these circumstances, it is perhaps appropriate that I should preface my explanation of the bill with a short review of the development of both the broadcasting and television services.

The first broadcasting station in Australia commenced service in Sydney in November, 1923. For the next five years development was almost entirely restricted to the capital cities, under a system which provided for class A stations, which shared the fees paid by listeners, and class B stations, which earned their income from advertising. By 1929, there were eight class A stations and twelve class B stations providing services for

301,199 listeners. In 1929, the government of the day decided that a national broadcasting service should be substituted for the class A stations. As a preliminary step towards this end, it acquired the assets of the companies which had been operating those stations and arranged that the Postmaster-General's Department should maintain and operate the technical equipment for the national service, the programmes being provided by contract for three years by a company known as the Australian Broadcasting Company. At the end of the three-year period, the Government decided to establish the Australian Broadcasting Commission, and, after the passing of the Australian Broadcasting Commission Act 1932, the first commission assumed responsibility for the provision of the programmes of the national broadcasting service on the 1st July, 1932. There were then eight national stations in the capital cities and four regional stations situated at Newcastle, Rockhampton, Corowa and Crystal Brook, and listeners' licences numbered 369,945. Plans had been made by the Postal Department for the expansion of the service in such a way as to ensure the reliable reception of at least one national programme throughout the populous parts of the Commonwealth. Progress in this direction was retarded by the financial difficulties of the early 'thirties, and then by the war. Soon after my predecessor, the honorable member for Richmond (Mr. Anthony), assumed office as Postmaster-General in 1949 he arranged for a complete review of the national broadcasting service to be undertaken by the Australian Broadcasting Control Board. After considering the board's report, he approved its plans for the expansion of the service by the establishment of seventeen new stations and a substantial increase in the power of 26 existing stations. The task of providing the technical services for these stations was, in accordance with the act, undertaken by the Postal Department, and considerable progress has been made with the implementation of this programme. To-day there are 53 national medium frequency stations and nine short-wave stations, providing reliable reception of the programmes of the Australian Broadcasting Commission in all but a

very small proportion of the 2,050,000 Australian homes which have a wireless receiver. It will, I think, be immediately agreed by all honorable members that the record of the Australian Broadcasting Commission is a very proud one, and that it has made a striking contribution to the development of Australian culture.

Coincidental with the development of the national broadcasting service, there has been a spectacular expansion of the service provided by the commercial broadcasting stations, originally designated class B stations. The commercial service is now being provided by 107 stations, which, widely spread as they are throughout the Commonwealth, are supplying very popular alternative programmes, one of the special features of which is the local community service of country stations. The progress of the industry is obvious from the fact that since 1945 the gross income of commercial stations has increased from £2,184,000 to £6,687,000 and the profit made by those stations has increased from £425,000 to £1,449,000. The commercial broadcasting service has a fine record of service to the community in many different fields, not least in charitable and emergency services. It has undoubtedly built for itself a firm place in the structure of Australian social and community life. There is a constant demand for additional stations arising from our increasing population and new settlements. While there are technical difficulties in the way of granting more licences, a solution of the problem is very urgent for some parts of Australia and this is one of the matters which is provided for in this bill.

Except for the act under which the Australian Broadcasting Commission was established—the Australian Broadcasting Commission Act 1932—the Australian broadcasting services were conducted until 1942 in accordance with regulations made under the Wireless Telegraphy Act which was originally passed in 1905. The first comprehensive measure relating to broadcasting was introduced in 1942, following a thorough review of broadcasting by the Joint Parliamentary Committee on Broadcasting, the Gibson Committee. The interesting, useful and almost unanimous report which the committee presented to the Parliament formed the basis

of the Australian Broadcasting Act 1942. The 1942 act has since been amended on several occasions, the most important amendment being that passed in 1948 for the purpose of establishing the Australian Broadcasting Control Board, which in March, 1949, assumed the responsibilities for the general administration and control of the broadcasting services which had previously been discharged by the Postmaster-General's Department. This very brief review of the broadcasting services would be incomplete without reference to the enactment, in 1946, of the Parliamentary Proceedings Broadcasting Act, in conformity with which the proceedings of this Parliament have been broadcast for the past ten years.

The new subject that is dealt with in this bill is, of course, television, a subject of great social importance and difficulty. I have already explained that the Government's basic policy on television was set out in the Television Act of 1953. The precise means by which that policy was to be implemented was deferred until after the receipt of the report of the royal commission. The general conclusion of the commission may be summarized as follows:—If television is introduced on a gradual basis along the lines recommended by it, there is no reason to believe that the results will be harmful to the nation either from the economic or social point of view. There will be problems to face, arising mainly from the social impact of television, but these all revolve around, and depend for their solution on, the overriding question of the establishment and maintenance of satisfactory programme standards. The Government completely accepts this view. It is basic to our thinking in this field that television services should develop gradually and in relation to the availability of programmes of a suitable standard. We have, therefore, decided, adopting the recommendations of the royal commission, that the television services should start in Sydney and Melbourne, and that their extension to other areas should be deferred until actual experience of the operation of the first metropolitan stations has been obtained. This is of particular importance on the programme side; and, of course, in the

prevailing conditions, the economic implications of extensions of television services must be closely watched.

The practical steps that have already been taken in the establishment of television services in pursuance of the Government's policy may be summarized as follows. In relation to the national television service, the position, so far as the Postal Department is concerned, is that sites for the transmitting stations to serve the Sydney and Melbourne areas have been acquired at Gore Hill and Mount Dandenong, respectively; that satisfactory progress is being made with preparations for the transmitter buildings; that all the requisite technical equipment has been ordered; that deliveries will commence in May; and that installation will then proceed at a rate which will enable a service on limited power to be commenced in both cities next November. The Department of Works will erect the television studios for the Australian Broadcasting Commission. In Sydney, they will be established at Gore Hill on land adjacent to the transmitter, and, in Melbourne, in the suburb of Ripponlea. The constructional programme will be spread over three stages and is expected to be completed in December, 1957. However, the central core of the buildings containing the engineering service, telecine and telerecording equipment, and a small presentation booth, is scheduled for completion in both Sydney and Melbourne by next August. The Postal Department and the commission are both taking appropriate steps to recruit and train personnel for their respective responsibilities in the national television service, and the commission is busily engaged in obtaining suitable programmes. The present intention is that the national service shall be commenced in both Sydney and Melbourne next November with what might be regarded as an interim service of about fifteen hours a week, to be gradually expanded until 25 hours a week is reached about the middle of 1957. It is the commission's aim to provide a service in Melbourne before the Olympic Games are commenced, and I am sure honorable members hope that nothing untoward happens to prevent the realization of this objective.

In connexion with the commercial television service, following a public inquiry into applications for licences for commercial television stations in Sydney and Melbourne, which were received in response to a public invitation, the Government, on the recommendation of the Australian Broadcasting Control Board, has authorized the grant of licences in Sydney, to Amalgamated Television Services Proprietary Limited and Television Corporation Limited and in Melbourne, to General Television Corporation Proprietary Limited and Herald Sun TV Proprietary Limited. I shall not weary honorable members with the full details of the shareholdings and directorates of these companies, particulars of which are set out at length in the last report of the Australian Broadcasting Control Board which has been supplied to honorable members. It is appropriate to say, however, that, directly or indirectly, some 34,000 Australians are shareholders in these companies. The conditions upon which these licences have been granted have been incorporated in the bill, and I shall make reference to the most important of them later. In the meantime, I may say that each of the four licensees is making satisfactory progress with its preparations for a commencement of a television service, and on present indications it seems that television programmes will be available from commercial stations in Sydney and Melbourne before the end of the year.

As I have already stated, the Government is eager that television services shall be extended to the other capital cities and to country districts as soon as practicable, but it feels that it should defer action until the Sydney and Melbourne projects are more advanced. We have special problems to face in providing television services for our great areas and unevenly distributed population, and we shall be able to learn much from our experience with the Sydney and Melbourne services that can be applied with profit to other areas. As a country man myself, I am eager to see television made available to the people outside the areas of very dense population, but prudence demands that we should squarely face the fact that we may well have to revise some of our present ideas in the light of the experience

which we gain from the stations that are now being established before we finally determine the manner in which we will provide television for rural areas.

We must not take lightly the problems that arise in relation to television. In the opening paragraph of its report in 1942, the Gibson committee said—

In its comparatively short history, broadcasting has progressed from the position of a novel source of entertainment to the status of an essential public service. Its influence on the lives of the people is now so far reaching that its control has become a problem of major importance.

Honorable members, I am sure, will endorse those views to-day, because broadcasting has permeated every phase of Australian life. In the arts, in music, in science, in education, in politics, in general knowledge, and in all forms of entertainment, the influence of broadcasting has been far reaching. Broadcasting has been well described as the constant companion of the people, and in this sense it has been of special benefit to the people in the country, because it has done much to banish the isolation felt by many of our people who are remote from the amenities of our big cities. Television will open up new vistas for us, and there is not the slightest doubt that with its tremendous social and cultural possibilities, it can confer very great benefits on the people of the Commonwealth if we take prudent steps to avoid the misuse of this powerful medium of mass communication. With these thoughts in mind, the Government has carefully studied the whole question of television in the light of the report of the royal commission, and it now submits for the consideration of the House a measure that we believe will provide a firm foundation on which television can be developed in the best interests of the nation. The broadcasting services will be maintained on the same high level that has made them so acceptable in the past.

I shall now explain the main provisions of the bill, which, as I have said, provides for the establishment and conduct of a national television service and a commercial television service. With regard to the former, I invite attention to clauses 18 to 36 of the bill, under which the scope of Part II. of the principal act is extended to cover the national television service as

well as the national broadcasting service. The functions of the Australian Broadcasting Commission are enlarged, by clause 24, to embrace the provision of adequate and comprehensive programmes for transmission over national television stations that will be provided and operated by the Postal Department. This, of course, means that the responsibilities of the commission will be greatly increased. For that reason, the Government has carefully considered whether the present constitution of the commission is adequate to cope with the novel and difficult tasks that it will encounter in relation to television. The Government has come to the conclusion that, except in one respect, to which I shall refer, there is no need to change the fundamental basis on which the commission has been established over the years. With an experienced staff in each State, the commission's organization has proved effective in the field of sound broadcasting, and it should be competent to meet the new situation which has arisen since the commission has been authorized to provide programmes for the national television service. In this connexion, it is worthy of note that in Great Britain and Canada the broadcasting corporations which were responsible for the conduct of national broadcasting services before the introduction of television in those countries, were entrusted with the additional task of providing the national television services.

The Government has accordingly decided that the commission shall consist of seven part-time commissioners as in the past, but it is proposed under clause 14 of the bill to discontinue the practice of appointing an officer of the Department of the Treasury and an officer of the Postmaster-General's Department as members of the commission. I hasten to say that this decision should not be construed as any reflection on the excellent officers from the Treasury and the Postal Department who have been members of the commission since 1949. This decision is not precisely in the terms recommended by the royal commission, which suggested that two additional commissioners should be appointed, but it is consistent with the spirit of the commission's recommendations. In effect, two new commissioners will be appointed to replace the depart-

mental nominees. The Government considers that the members of the commission should be so chosen as to ensure that the people as a whole are represented by a broad cross-section of the community; if that principle is adhered to, there is little danger of the great power of the national broadcasting and television services being employed for sectional interests.

Under clause 16 of the bill, section 10 of the principal act, which fixes the rates of remuneration of the members of the commission, is to be repealed, and a new section inserted providing that the commissioners are to be paid remuneration at such rates as the Governor-General determines. The Government considers it desirable that, as in the case of other statutory bodies, the rate of remuneration of commissioners should be capable of alteration without the necessity for an amendment of the act. There is, however, no secret about the amounts which it is intended should be paid, namely, £2,000 in the case of the chairman, £750 in the case of the vice-chairman, and £500 in the case of the other commissioners. Having regard to the additional responsibilities which are to be undertaken by the commissioners, and the fact that the present rates of remuneration were fixed, in the case of the chairman and vice-chairman, in 1942, and, in the case of the other members, in 1932, the rates proposed cannot be regarded as excessive.

It is, I think, appropriate that at this juncture I should pay tribute to the work of the commissioners and in particular to the chairman of the commission, Sir Richard Boyer, who has been indefatigable in his efforts to improve the programmes and extend the influence of the national broadcasting service. The salary which the Government proposes to pay the chairman of the commission is very modest payment for the long hours which he spends on the work of the commission, but honorable members will agree with me that it is his very strong sense of public duty, rather than any thought of reward, which inspires Sir Richard.

The method of financing the national television service will, under the bill, be for the present the same in principle as that which applies to the national broadcasting service. The fees which will be received for viewers' licences will be paid

into Consolidated Revenue, and funds will be appropriated by the Parliament for the purposes of both the national broadcasting service and the national television service. The Government has adopted this system of financing the operations of the national television service as an interim measure, pending further consideration when the service has become more widely available. Ideally, the financial system should, as the royal commission pointed out, be designed so that those who receive the benefits of the service should pay for it, but it is obvious, as the commission also pointed out, that this cannot be achieved immediately. The matter will be kept under review.

At the present time the commission is not permitted to incur expenditure in excess of £5,000 without ministerial approval, but it is proposed by clauses 26 and 27 of the bill to increase this amount to £20,000.

The Postal Department is to have some responsibilities in relation to certain technical aspects of the national television service, and this is covered by clause 32 of the bill. It has been found desirable also to revise the provisions of the principal act concerning the work to be performed by the department for the national broadcasting service. Consequently, clause 32 proposes the insertion of two sections—36 and 36A—dealing respectively with the technical equipment and operation of the national broadcasting service and the national television service. A very brief explanation of these two sections is that whereas the department will continue to provide and operate all the technical equipment required for the purposes of the national broadcasting service, it will, in the case of the national television service, provide and operate only the transmitting stations and the links between a studio of the commission and the local transmitting station. The commission will have to recruit and train technical staff for the maintenance and operation of the television studios and other technical work for which it will now be responsible.

The conditions which it is proposed should govern the commercial television service are contained in clauses 37 to 45 of the bill. They will not be new to many

honorable members as most of the conditions have already been prescribed in regulations under the Television Act, which were tabled in the House late last year. In determining the conditions, the Government was strongly influenced by the consideration that, as the grant of a licence confers great privileges and imposes great responsibilities on the licensee, commercial stations should be operated under conditions which will ensure, on the one hand, that the licensees should have a large measure of freedom and scope for enterprise in the provision of their service, and that on the other they will comply with appropriate standards, both in respect of the technical operation of their stations and the presentation of programmes. By its very nature, commercial television, like commercial broadcasting, is a business undertaking. Large sums of money have to be invested in stations, and the people who invest the money are entitled to expect a reasonable return on their outlay. But the conduct of a commercial television service is not to be considered as merely running a business for the sake of profit. Television stations are in a position to exercise a constant and cumulative effect on public taste and standards of conduct, and, because of the influence they can bring to bear on the community, the business interests of licensees must at all times be subordinated to the overriding principle that the possession of a licence is, indeed, as the royal commission said, a public trust for the benefit of all members of our society.

What I have said about commercial television stations applies with equal force to broadcasting stations, and I should here point out that the licensing system contemplated in clause 38 of the bill will be applied to both classes of stations. As in the past, the Minister will have power to grant licences, but under the proposed section 46 he will in future be required, if he decides that a commercial broadcasting station or a commercial television station should be established in any particular locality, to invite applications for the grant of the licence by notice published in the *Commonwealth of Australia Gazette*. Applications which are received will be referred to the Broadcasting Control Board, and

the board will hold a public inquiry at which the applicants for the licence and any other interested parties will have an opportunity to be heard. After considering the evidence, the board will make a recommendation to the Minister, who is required by the proposed section 69A, clause 43, to take into consideration any recommendation which may have been made by the board before exercising any of his powers in respect of the licensing of stations. This procedure was followed very successfully in connexion with the applications for licences for commercial television stations for Sydney and Melbourne. The right honorable the Leader of the Opposition (Dr. Evatt), who took a very lively interest in those proceedings will, whatever he may think of the recommendations of the board and the decisions of the Government, agree that all interested parties had ample opportunities to express their point of view. The procedure will, I feel sure, commend itself to critics who have maintained that the grant of licences has been considered behind closed doors in the past, and that the general public had no knowledge of what was going on until a public statement was made that the licence had been granted.

New licences will be granted initially for a period of five years instead of a period "not exceeding three years" as in the past, and they will be renewable annually thereafter. The Minister will still have the right to refuse to renew any licence, but the proposed new section 49 of the act will provide that if the Minister thinks there may be grounds for refusing the renewal, he shall direct the board to hold an inquiry into the application and must specify the grounds which he thinks exist for refusing the application. In this case, also, the Minister will be obliged, before reaching his decision on the renewal of the licence, to take into consideration the recommendations made by the board after holding an inquiry.

The Minister will still also have power under the proposed section 50 to revoke a licence if the licensee has failed to comply with the provisions of the act or regulations, or a condition of the licence, or, if he considers it desirable in the public interest for a specified reason, to

do so. However, before revoking a licence for any of those reasons, the Minister will be obliged to refer the matter to the board, which will hold an inquiry into the matter, and to consider the board's report before reaching his decision. The provisions of the bill relating to the licensing of stations are in general accord with recommendations of the Royal Commission on Television which was of the opinion that, whilst the maximum practicable security of tenure should be assured for licensees, there should be provision for a regular review of the service being rendered by each licensee, so as to ensure that a satisfactory standard was being maintained. For the reasons given by the royal commission in its report, the Government does not consider that there should be any appeal from a decision of the Minister in relation to a licence.

I pass now to clause 40, which relates to the limitation on the ownership or control of commercial television stations. Honorable members will be aware that, since 1935, there has been a restriction on the ownership or control of commercial broadcasting stations, no person being permitted to own or control, directly or indirectly, more than eight such stations in the Commonwealth. The Government considers that the ownership of commercial television stations should be much more severely restricted, and accordingly, it is proposed in clause 40 of the bill that new section 53A should be inserted in the act, the purpose of which will be to limit the ownership or control by any person of television stations to one such station in any capital city and two such stations in the Commonwealth. The Government is firmly of the opinion that the ownership of commercial television stations should be in as many hands as practicable and that it should not be possible for any one organization to obtain control of any substantial number of stations.

Clause 40 also provides for the insertion in the act of new section 53B, which is designed to give statutory effect to the decision of the Government that commercial television stations will be owned and controlled by the people of Australia. The proposed section will provide that not less than 80 per cent. of the issued capital

of a company holding a licence shall be beneficially owned by Australian residents and that no overseas shareholder shall have more than 15 per cent. of the issued capital. The Government has enforced this condition in relation to the four licences already granted for television stations, with the result that in some cases overseas interests have had to reduce their holdings very considerably. A study of the report of the board will show that.

Clause 40 of the bill extends to commercial television stations the existing provisions of Division 3 of Part III. of the principal act relating to the technical conditions to be observed by commercial broadcasting stations. Clause 40 also prescribes, in Division 4 of Part III., the conditions to be observed by the licensees of commercial stations—both television and broadcasting—in relation to their programmes. I invite the attention of the House specially to the latter provisions because ever since there has been talk of the introduction of television into Australia, genuine fear has been expressed by large sections of the community that the introduction of television would have unfortunate effects on some sections of the population, particularly on children. There is, however, another side to the story. As the Royal Commission on Television said—

The right approach to television should rather emphasize the great advantages which may be derived from it, if adequate provision is made, not only to avoid socially undesirable features, but also to secure the maintenance of high standards of service so that the best and not the worst results may be obtained from the new medium.

In other words, the objective of all stations, from the outset, should be to provide programmes that will have the ultimate effect of raising standards of public taste.

The general attitude of successive governments to the presentation of the programmes of the commercial broadcasting service has been to encourage the principle of self-regulation by licensees, and the Government considers that this attitude should, with some qualification, prevail also in the case of television. However, the Royal Commission on Television considered that self-regulation would not be sufficient to secure that commercial television programmes would

be of suitable standard to satisfy the public. The commission recommended a reserve of authority to ensure "that commercial programmes will, in the broadest sense, serve the public interest". With those considerations in mind, the Government proposes, in the new section 60, under clause 40, that a licensee should be required to provide programmes which comply with standards determined by the board, and to vary his programmes, if so directed by the board, so that they shall conform with those standards. I am glad to inform the House that the board has already, in consultation with the licensees and advertisers, made very substantial progress with the formulation of standards for commercial television programmes, including advertising matter. It will be the duty of the board to ensure that the standards are complied with in every respect, and the board is taking appropriate steps in this regard.

The Government believes that the basic objective of achieving proper standards of quality in television programmes can be realized in this way. Licensees should have the utmost possible freedom to run their businesses consistent with the public interest and the nature of the medium, but it is essential to ensure that television programmes are of a proper standard. I do not want to leave any possibility of misunderstanding here. The responsibility for ensuring that television programmes are of a proper standard is being imposed on the Australian Broadcasting Control Board, which recently was strengthened with this objective in view. This will be a very difficult and sometimes an invidious task. While the Government expects the board to discharge its duties in this field fearlessly, it does not believe that this necessarily will involve bureaucratic controls and interference with private enterprise. It believes that it can be achieved, in co-operation with licensees, by the formulation of proper standards of quality and their sensible and reasonable application in practice. This means that the maximum amount of self-regulation will be secured. But I wish to make it clear that the Government will stand behind the board in its administration and will not tolerate any abuse of the new medium by licensees or advertisers or any one else.

This is a matter of vital importance which I know has caused considerable public concern. I give an unqualified assurance that every effort will be made to ensure not only that television will not cause any harm to the people of Australia, but that it will, as far as practicable, be a positive benefit.

I have been speaking, of course, of commercial television. The national service will be in the hands of the Australian Broadcasting Commission which may be expected to discharge its great obligations with the special care for the public interest that has characterized its record in broadcasting. I have said all this because it is very important to make the Government's position clear. We must not, however, always look at television with feelings of apprehension, or behave as if the provision of entertainment is an unworthy objective. Television is a great invention. It will enrich our lives and extend our horizons—especially will it do this for children—and we should approach it in this spirit.

Whilst I am on this subject of programmes, I should invite attention to the provisions of other proposed sections, namely, section 62 on page 16 of the bill, and sections 91 and 92 on pages 20 and 21, by which it is proposed to extend to television the additional safeguards against the transmission of objectionable matter which already apply to broadcasting. I should explain, however, that whereas the board has at the present time an absolute power of censorship over all matter to be broadcast, the power is now to be limited to any case "where the board has reason to believe that any matter . . . which it is proposed to broadcast or televise is of an objectionable nature".

There are some other matters relating to television programmes to which I might conveniently refer at this stage. First, religious programmes. On the national service, the arranging of religious programmes will be within the jurisdiction of the Australian Broadcasting Commission which has, we believe, given general satisfaction in its approach to the broadcasting of religious matter. On the commercial service, proposed section 64, on page 17 of the bill, provides

that a licensee shall allocate such periods to the televising of religious matter as the board determines. What this will amount to in practice is that provision will be made in the programme standards for the application to television of the conditions which have been applied with general satisfaction to the broadcasting of religious matter over commercial stations: That is, stations will be expected to provide facilities for religious broadcasts free of charge for a reasonable period each week, distributed amongst the various denominations according to their numerical strength.

Next, political matter. At the present time, the Australian Broadcasting Commission has absolute discretion and complete responsibility in respect of the transmission, over national broadcasting stations, of political and controversial matter, subject only to the general requirements that there shall be no dramatization of current political matter and no political broadcasts during the two days preceding a Federal or State election. Under clause 49 of the bill, proposed section 89, the commission will have the same discretion and responsibility in relation to the televising of such matter. The position with respect to the broadcasting of political and controversial matter by commercial stations is that, at the present time, the Australian Broadcasting Control Board is obliged to ensure that facilities are provided on an equitable basis for the broadcasting of political or controversial matter. In the absence of any direction of the board, licensees of commercial stations may, under the existing section 89 of the act, make such arrangements as they see fit for the broadcasting of political or controversial matter, subject only to the silent period of two days before an election and no dramatization of any current political matter. In this regard, the royal commission expressed the view that the obligations of licensees of television stations in respect of political matter should be directly stated in the legislation, and not left to the exercise of the administrative discretion of a statutory body. The Government supports this view and accordingly, in clause 49, proposed section 89, is set out what we propose should be the statutory obligations of the licensees of

commercial broadcasting and television stations in regard to political matter. Briefly, what is proposed is this—

- (1) There will be no obligation on the licensees of a broadcasting station or a television station to broadcast political matter during campaigns for Federal or State elections.
- (2) If a licensee intends to broadcast or televise matter relating to the issues before the electors, he will be required to afford reasonable opportunities for the broadcasting or televising of such matter to all political parties contesting the election which were represented in either House of the Parliament for which the election is to be held.
- (3) A licensee shall not be required to broadcast or televise any political matter free of charge.

In this connexion, I suggest to honorable members that, in order to get some appreciation of the difficulties of determining the important questions of the use of commercial broadcasting and television stations for political matter, with due regard to all the circumstances, they should read the relevant paragraphs of the report of the Royal Commission on Television, namely paragraphs 434 to 467. They will observe, among other things, that in the United States of America a statutory obligation is imposed on the licensees of all broadcasting and television stations to "afford equal opportunities" to all legally qualified candidates for public office if any such candidate is permitted to broadcast. In Canada, the licensees of privately owned stations are required by regulation "to allocate as fairly as possible time for political broadcasts among all parties and candidates desiring to purchase or obtain time for such broadcasts".

As to national programmes on commercial stations, clause 48 imposes an obligation on the Australian Broadcasting Commission to make specified programmes available for televising by a commercial television station in a locality in which there is not a national television station, and the licensee of

such station is required to televise those programmes. This provision is being inserted in the act on the recommendation of the Royal Commission on Television, and it is a recommendation which has the cordial support of the Government. It may well occur that a commercial television station may be established in an area where there is no national station and it would be a great pity if the special programmes prepared by the commission, such as, for example, its educational programmes, were not made available to viewers through the commercial station. The Government is confident that the two parties, namely, the commission and the licensee, will be able to work out a suitable set of conditions under which effect will be given to this requirement.

The employment of Australian artists was the subject of strong representations to the Royal Commission on Television, and, subsequently, to the Australian Broadcasting Control Board and to the Government, in support of a quota system which would require the commission and the licensees of commercial stations to employ Australian artists, musicians, &c., for a specified proportion of programme hours. This matter has received very careful and sympathetic consideration by the Government. I wish to say, quite emphatically, that the Government expects stations to afford the maximum practicable amount of employment for Australians in the production and presentation of programmes, as, indeed, licensees have already undertaken to do.

It should not be necessary to stress the fact that broadcasting and television present great opportunities for Australian actors, musicians, writers, producers and artists of all kinds. While we appreciate the significance of the availability of overseas programmes on Australian stations, and that it would be absurd to endeavour to shut ourselves off from outside influences—in fact no one wants to do this—nevertheless, every one would agree that we should have programmes that are predominantly Australian. I am not sure that the greatest advantage has been taken of the opportunities which radio presents for our Australian artists. In any case, the Government wishes to ensure that the

opportunities of television in this field will not be missed. We do not, however, accept the principle of laying down quotas generally, which is an unsatisfactory and even dangerous procedure. In this attitude the Government is supported by the opinion expressed in paragraph 409 of the report of the royal commission. We are therefore providing in clause 49 of the bill—proposed new section 88—that it shall be an obligation on the commission and the licensees of stations to use the services of Australians as far as possible in the production and presentation of television and also broadcasting programmes.

It is provided in clause 49 also that the commission and licensees of commercial broadcasting stations should devote not less than 5 per cent. of the time occupied in the broadcasting of music to the broadcasting of works of composers who are Australians. The act at present provides a quota of 2½ per cent., and this provision, which was inserted in the act in 1942 on the recommendation of the Gibson committee, has undoubtedly resulted in greater use being made of Australian compositions. During the year ended the 30th June, 1955, the commission devoted 4.7 per cent. of its music time to Australian compositions and the licensees of the 106 commercial broadcasting stations, on an average, devoted 3.91 per cent. to such works. While the Government does not like the principle of quotas, the prescribed percentage of Australian music has been in force for many years and there is a strong case for increasing it.

Although the matter of sporting events is not mentioned in the bill, I feel that I should make some reference to the televising of them. It is a subject which seems to be causing great concern to many sporting organizations. Several of these bodies have suggested to me that the bill should provide some protection for them against the possibility that a television station may, without the authority of the promoters, televise sporting events and that, as a result, attendances at those events would be adversely affected. In this connexion, the royal commission stated—

We share the views of witnesses who expressed the belief that the differences which are likely to arise between the operators of

television stations on the one side, and the representatives of sporting bodies on the other, should be settled by agreement on terms that will be fair and reasonable to both parties. In the event of the parties being unable to resolve their differences by negotiation, we would suggest that a solution be sought by means of arbitration.

[*Extension of time granted.*] The Government endorses these views and accordingly no mention is made of this subject in the bill. We believe that both parties will do the right thing by the people and find a means whereby sporting events can be televised under conditions which will be mutually acceptable. Everything possible will be done to encourage them to do so. I have already had a preliminary discussion with representatives of many of the major sporting organizations, and I am now arranging for them to confer with the Australian Broadcasting Commission and the licensees of commercial television stations.

I have given the House an outline of the more important provisions of the bill insofar as they relate, first, to the establishment and operation of the television services, and, secondly, to alterations in the existing legislation concerning the broadcasting services, all of which matters are covered in clauses 13 to 45 of the bill. There are a few other matters which I wish to mention. The first is the television viewer's licence, to which clauses 53 and 54 of the bill relate. Clause 53 provides for the grant of these licences under the same general condition as now apply to broadcast listeners' licences. Under clause 54, the fee is fixed at £5 per annum which, in the case of a person who also owns a broadcast receiver, will be additional to the fee of £2 per annum paid for a listener's licence. In both cases, the fee covers all receivers in the possession of the licensee, or a member of his family, which are ordinarily kept at the address specified in the licence.

In the course of my remarks, I have made several references to the Australian Broadcasting Control Board. I now invite the attention of honorable members to clause 8, which provides for a revision of section 6X of the principal act, which prescribes the functions of the board. The more important changes are the omission

of some of the existing particular functions of the board in relation to programmes, notably the obligation to ensure that divine worship or other matter of a religious nature is broadcast for adequate periods and at appropriate times, and to ensure that facilities are provided on an equitable basis for the broadcasting of political or controversial matter. The Government believes that the responsibilities of licensees of commercial broadcasting stations and commercial television stations in respect of political and religious broadcasts should be stated in the act, as proposed in clause 40 and clause 49, and not be left to the discretion of a statutory body as at present.

Clause 9 of the act provides the machinery for the conduct of the inquiries which I have indicated the board will be required to undertake in connexion with the system of licensing television, and broadcasting stations. The proposed new section 6LA will empower the board also to hold inquiries into any other matter within its jurisdiction.

The technical conditions to be applied to commercial broadcasting stations are substantially the same as at present, except for the fact that we are proposing to omit the existing sub-section 54 (2.), which prohibits the use of frequency modulation by commercial stations. Consideration is being given to the possibility of utilizing this system of broadcasting to facilitate the expansion of the services to the areas I have already mentioned, and it is clearly desirable that the existing impediment to its use by commercial stations should be removed.

Under clause 46 of the bill it is proposed that the provisions of Part IV. of the principal act, relating to the Parliamentary Standing Committee on Broadcasting, be repealed. This committee has not sat since 1948. The Government does not see the need for a standing committee of this nature, especially as a joint committee of the Parliament can be set up by resolution if the need arises, as was done in the case of the Gibson committee in 1941.

There has in recent years been a great increase in the volume of news services and commentaries transmitted by Australian broadcasting stations. In this

connexion, the attention of the Government has been drawn to the fact that, following consideration of the matter in 1948 by a Committee on the Law of Defamation, the English law on that subject was amended to provide that "for the purposes of the law of libel and slander, the broadcasting of words by means of wireless telegraphy shall be treated as publications in permanent form". Enactment of a similar law in Australia is considered to be in the public interest, and, accordingly, a like provision is included in clause 52 of this bill. The effect of the amendment is that, in any action which may be brought against a broadcasting or television station for the publication of defamatory matter, such matter will be treated as if it were libel and not slander. This means, amongst other things, that the plaintiff would not have to prove what is called "special damage"—that is, actual monetary loss. The English committee pointed out that the very large audiences to which the programmes of broadcasting and television stations are addressed mean that any defamatory statement made during a broadcast is a matter of the utmost seriousness to the person named. It is proper, therefore, that he should be able to obtain some redress in the courts.

In conclusion, may I say that, whilst at various times there has been criticism of the delay in introducing television into Australia, the Government is satisfied that we have lost little, and gained much, from proceeding as cautiously as we have done. There is no doubt that the Australian television services, which we expect to be inaugurated before the end of the year, will begin at a very high standard, because, amongst other reasons, we are in the fortunate position of having been able to benefit from the experience and the expenditure of those who have been operating in this field for some years. I commend the bill to the consideration of honorable members.

Debate (on motion by Mr. CALWELL) adjourned.

BROADCASTING AND TELEVISION STATIONS LICENCE FEES BILL 1956.

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

SECOND READING.

Mr. DAVIDSON (Dawson—Postmaster-General) [8.53].—*by leave*—I move—

That the bill be now read a second time.

This measure is complementary to the Broadcasting and Television Bill 1956. That bill, as I have already explained, prescribes the conditions under which licences for commercial broadcasting stations and for commercial television stations may be granted and renewed, and this measure prescribes the fees to be paid in respect of the grant and renewal of those licences. Following the procedure which was adopted in 1942 in relation to a similar bill, this measure is being introduced independently of the Broadcasting and Television Bill in order to avoid any possibility of the validity of that measure being challenged because of the inclusion of any provisions which might be regarded as imposing taxation.

The fee for the grant of a commercial broadcasting station licence is at present £25, and the fee for the renewal of the licence is £25, plus one-half of 1 per cent. of the gross earnings from the operations of the station during the year preceding the renewal of the licence, if the station has made a profit during that year. Under this bill, the flat rate fee of £25 will be continued, and the additional amount based on earnings, which will be increased to 1 per cent. will be payable whether or not the station has made a profit. It is proposed that, in future, new licences shall be granted for an initial period of five years. The flat rate fee of £25 will be payable in respect of each of the five years, and the additional amount based on earnings will be payable on each anniversary of the date of the commencement of the licence. I should explain to honorable members that, whereas the additional licence-fee is at present based on a percentage of gross earnings from the operations of a station, the Government proposes, in this bill, that the additional fee shall, in future, be based on gross earnings from what is generally known in the industry as the sale of station time. In other words, the gross earnings of a station, for the purposes of the bill, will not include an amount which may be paid by an advertiser for the programme with which his advertising is

associated. Nor will they include earnings of the licensee from any business in which the licensee may be engaged, other than the broadcasting or televising of programmes and advertising. It will, therefore, be appreciated that, whilst the new basis of assessing the fee will result in an increase of the fee, the additional payment of 1 per cent. will be computed on a figure which will be less than the gross earnings would be under the Commercial Broadcasting Stations Licence Fees Act 1942.

The Government considers that some increase is justified by the fact that since the fee was fixed at the present level in 1942, the gross annual earnings of commercial broadcasting stations have increased from £1,330,000 to £6,687,000 and their profits have risen from £81,812 to £1,449,000. In the circumstances, it is reasonable to ask them to make a greater annual contribution than the £35,000 they are paying at present to the cost of administering the broadcasting services, which has, of course, risen very substantially since 1942. The Government considers, also, that there should be a uniform basis of assessing the fee for all stations, and, accordingly, it proposes to discontinue the present arrangement under which stations which have operated at a loss in one year are exempted from payment of the additional licence-fee in the next year. During the last financial year, only four of the owners of the 106 stations then in operation suffered a loss on their broadcasting operations. The same method of computing fees will be applied to licences for commercial television stations, but the annual flat rate fee for these licences will be £100.

From time to time, some objections have been raised to the general principle of assessing licence-fees on earnings. The Royal Commission on Television gave serious consideration to this question, and it came to the conclusion that, having regard to all the factors which have to be taken into account, it could not propose any better method. The Government accepts this view. I commend the bill to the consideration of honorable members.

Debate (on motion by Mr. CALWELL) adjourned.

SUPERANNUATION BILL 1956.**SECOND READING.**

Debate resumed from the 17th April (*vide* page 1371), on motion by Sir ARTHUR FADDEN—

That the bill be now read a second time.

Mr. CALWELL (Melbourne) [8.59].—The Opposition supports the bill and wishes it a speedy passage.

Mr. WILSON (Sturt) [9.0].—I strongly support the bill, which will increase the superannuation payable to civil servants transferred from State services to the Commonwealth Public Service at federation. If anything is needed at the present time, it is increased savings. In support of that contention, I quote a statement by the Prime Minister (Mr. Menzies) as follows:—

To put it quite clearly, we cannot have increased development and increased individual consumption without increased individual production, saving and investment.

The emphasis was on the word "saving". In a budget speech delivered the day before yesterday, at a time when Great Britain is probably experiencing its greatest prosperity since the war, but is faced with almost the same problems as Australia, the British Chancellor of the Exchequer, Mr. Macmillan, stated—

All my budget proposals can be summed up in the word "savings". To get the balance of payments "out of the red" the most urgent need is to restore the habit of saving among all classes of people.

Later on he said—

The only thing that matters is the total amount of saving by the whole nation, whether compulsory or voluntary—whether that is sufficient to meet the needs of investment and what budget surplus is required in order to make that so.

Superannuation contributions are one of the main methods by which people in Australia save for their retirement. Therefore, I believe that every encouragement should be given to people who save by contributing to superannuation funds. Over the last few years insufficient consideration has been given to superannuated officers. They are hit very

severely by the means test, which deprives them of many social service benefits.

When we consider superannuation in relation to wages, cost of living and other matters, we find that since 1939 wages have increased three-fold, or by 200 per cent., but during that period the average superannuated officer's pension has increased by only 60 per cent. The value of a unit of superannuation in the Commonwealth Public Service has increased from 10s. to 17s. 6d., but during that period, average wages and the cost of living have trebled. That explains why there is an unwillingness by the people of Australia to save. Thrifty people have had the rawest deal of any in the community. Therefore, I welcome this bill because it does go a little way to help a small section of the community by increasing superannuation pensions. However, I urge the Treasurer (Sir Arthur Fadden) and other members of the Government, as well as every other honorable member in the House, to realize that the Prime Minister of Australia and the Chancellor of the Exchequer of Great Britain made reference to a matter of great importance when they stressed the necessity to save. I believe that we should regard saving as the most urgent necessity in Australia. Civil servants and employees in private industry who are contributing voluntarily or compulsorily to superannuation funds should be given every encouragement. We should help them to help themselves, rather than encourage the present situation, where every encouragement seems to be given to a man to spend the whole of his income and to save nothing. If the development of this country is to increase, and if we are to maintain our present volume of immigrants, we shall have to tackle this problem of saving. I urge the Government to give urgent and immediate consideration to ways and means of telling the people of Australia that, if they are prepared to save, the Government will give them prizes and will not penalize them for their thrift.

Mr. COSTA (Banks) [9.6]. — The Deputy Leader of the Opposition, the honorable member for Melbourne (Mr.

Calwell), has stated that the Labour party agrees with this bill, which increases the superannuation benefits of former State employees transferred to the Commonwealth Service. We are in favour of that. The Commonwealth benefits, of course, are better than the State benefits. However, I think that the Government should have taken this opportunity to increase the value of the present Commonwealth unit of superannuation. The present Commonwealth Superannuation Act came into force in 1922, when the basic wage was about £4 a week. The value of a unit of superannuation then was 10s. Since then the value of a unit has been increased by 60 per cent. The basic wage has increased according to the honorable member for Sturt (Mr. Wilson), by 200 per cent., but I think it has increased by 300 per cent., because it is now round about £13 a week.

The Government had an opportunity to review the value of superannuation units and so do something for Public Service officers who, when they commenced to contribute to the superannuation fund, were paying for a unit that had some value. At that time, the officers contributed an amount which entitled them to a pension which would enable them to live in reasonable comfort when they retired. When the act first came into force, an officer who retired received on the average, a pension of about £8 a week. To-day, because of the Government's inflationary policy, officers who previously would have received a pension that gave them a margin of £4 above the basic wage will receive a pension about £5 under the basic wage. This would have been an opportune time for the Government to review the Superannuation Act for the benefit of officers of the Public Service, who, I know, have petitioned the Government in regard to this matter. The Government has not taken the opportunity to do that now, but I hope it will do so when the Treasurer (Sir Arthur Fadden) brings down his budget at the beginning of the next financial year.

Question resolved in the affirmative.

Bill read a second time, and passed through its remaining stages without amendment or debate.

N.—[60]

TRANSFERRED OFFICERS' ALLOWANCES BILL 1956.

SECOND READING.

Debate resumed from the 17th April (vide page 1372), on motion by Sir ARTHUR FADDEN—

That the bill be now read a second time.

Mr. CALWELL (Melbourne) [9.10].—For the second time in one night, the Opposition supports a bill introduced by the Treasurer (Sir Arthur Fadden). That proves that the Treasurer has been right twice.

Sir ARTHUR FADDEN.—It proves that he is slipping.

Mr. CALWELL.—The Opposition would be glad to support the Treasurer more often, and now that he has proved himself right twice in one evening, we hope that he behaves a little better in future in regard to the legislation he submits to the House. In any case, the Opposition supports the bill and wishes the legislation a speedy passage.

Question resolved in the affirmative.

Bill read a second time, and passed through its remaining stages without amendment or debate.

STATISTICS (ARRANGEMENTS WITH STATES) BILL 1956.

SECOND READING.

Debate resumed from the 17th April (vide page 1371), on motion by Sir ARTHUR FADDEN—

That the bill be now read a second time.

Mr. CLYDE CAMERON (Hindmarsh) [9.18].—This is a bill to enable the Commonwealth to enter into an agreement with the various State governments for the purpose of producing throughout the Commonwealth some uniform method of compiling statistics. As the Treasurer (Sir Arthur Fadden) explained when introducing the bill, on the 17th April, the only State in which this arrangement now operates is Tasmania. In every other State, the State instrumentalities, or State governments, have their own offices for compiling statistics, and the Commonwealth has a separate organization for compiling, in very many

cases, the same kind of statistics, but, because the statistics are being compiled by State officers for the States and by the Commonwealth Statistician's office for the Commonwealth, very often exactly the same method of compiling the statistics is not used. The result is that it is sometimes very difficult to obtain a clear picture of the statistics that relate to a State which uses a different measuring rod for a particular set of figures from that which is used by the Commonwealth Statistician's office. The Government believes, and rightly so, that this involves an unnecessary waste of man-power, but more importantly, unfortunately it involves unnecessary complication and difficulty in understanding the figures finally arrived at. It is to be hoped that in due course all the State governments will agree to enter into the arrangement with the Commonwealth which this bill authorizes the Commonwealth to make, so that for the first time in history the Australian people will be able to obtain from a document compiled by one authority a clear picture of the statistical information that is required by both the State and Federal governments.

I believe that the agreement is particularly generous to the States. It gives to them the right to determine, without permission from the Commonwealth, the set of figures they require, and generally the Commonwealth will meet the cost of supervision of the compilation of those figures. There is no doubt that, having regard to the dual control that operates in respect of the compilation of statistics in Australia, the Commonwealth Statistician's office is doing a magnificent job in the circumstances that have operated ever since federation. It is a credit to the Statistician's office that it has been able to produce each year such up-to-date figures, in view of the great difficulties that it has to meet under the system of dual control which now operates. However, there is one serious weakness in the compilation of statistics which I hope the arrangement which is now contemplated will overcome. That relates to the compilation of an index of productivity. Strange as it may seem to persons who take an interest in the subject of productivity, no official body to-day makes

any attempt whatever to measure the increased productivity of the Australian labour unit in primary, secondary and tertiary production. It is true that the Commonwealth Statistician has an index of total production and that the Queensland Bureau of Industry has an index of business activity. It is true also that the Australian and New Zealand Bank Limited has an index of productivity, but that index is only an approximate guess at the fluctuations in productivity. The bank can never, with the machinery at its disposal, produce an accurate guide to the real productivity of the country.

If there is to be a demand for greater productivity, the Commonwealth Statistician must evolve some index which will measure accurately the fluctuations in productivity as a step towards giving the workers in industry a greater share of the country's productivity, because it is useless for the employing section of the community to ask employees in industry to produce more unless the employers are able to guarantee to the employees a greater share of the increased productivity. Unless some incentive in the form of a higher commodity wage is offered to the workers in industry, they are not likely to take very much interest in continual appeals for increased production, nor are they likely to respond to them. Every sensible person agrees that the best way to improve the standard of living of the Australian workers, or indeed of workers in any country, is to increase production per man hour, but the workers who are being called upon to increase production per man hour desire to have some guarantee that they will share in the increased output. At the moment there is no measuring rod by which we can accurately assess the increase that has occurred in the productivity of a labour unit, and unless we can assess the increased productivity there is no possible way of sharing the increase with those who are responsible for it. I wish to read now, sir, from a letter that the honorable member for Melbourne (Mr. Calwell), who is the Deputy Leader of the Opposition, received, on the 12th July, 1955, from the Commonwealth Statistician's office, after he had sought information concerning productivity in Australia. This is what the

Statistician was compelled to admit in his letter to the honorable member for Melbourne—

Unfortunately, I cannot bring Australia into this comparison, for we have no official index of productivity, nor any non-official index on which reliance can be placed. "Productivity" is, of course, a very ambiguous term, and even if defined sharply the problems in trying to measure it accurately are highly intractable. Nevertheless, over recent years, productivity (in the broad sense of the volume of the physical output per person employed) has apparently increased substantially in Australia. Even though we have no comprehensive measure of this increase, the general trend in production is *prima facie* evidence that it has existed. It follows, in large part, from the high level of investment activity that has been carried on.

That letter, which the honorable member for Melbourne received from the Commonwealth Statistician's office, clearly shows that we have not yet reached a stage where the Commonwealth Court of Conciliation and Arbitration, in attempting to fix wages in accordance with production or the productivity of the labour units whose representatives appear before it, has no reliable statistics or measuring rod by which it could apply such a new formula should it ever decide to use it.

Mr. E. JAMES HARRISON.—That was stated in connexion with the *Metal Trades* case.

Mr. CLYDE CAMERON.—Exactly! In the metal trades judgment, as my honorable colleague from Blaxland (Mr. E. James Harrison) reminds me, the court directed attention to the difficulty with which it found itself faced in trying to relate wages to productivity. I believe that if it is desirable that the volume of production should be a measuring rod for assessing the amount of commodity wages that the worker receives, then somebody has got to evolve an index of productivity with which to measure the fluctuations in productivity in the same way as the C series index now measures and expresses the fluctuations in the prices of commodities.

I was particularly interested in the report on productivity, of the Ministry of Labour Advisory Council, which was issued on the 8th March this year. On page 27 of that document were cited the various means by which industry could

promote a more rapid increase in productivity. The first means mentioned is the introduction of more new plant and greater mechanization of processes. That could have been expressed more fashionably perhaps by the modern word "automation", which is a comparatively new word to Australian ears—but will not be a new word much longer, because automation is the thing which has revolutionized industry in America. It is the thing which has placed America in the forefront of world production. It is the thing which, incidentally, is placing the Soviet economic structure in a position second only to that occupied by the American economic structure. Automation in the Soviet Union is playing a very important part in Russia's industrial development, and if Australia is to become a great manufacturing country, as I hope it will become some day, and if it is to be able to compete with manufacturing countries that use automation, then it, too, must use automation to bring itself to that position. But in using automation we must be careful that we do not thereby create difficulties that will outweigh the benefits that flow from a sensible use of automation. I feel that I must quote now, from page 78 of the October, 1955, issue of *Business Week*, an extract of a statement by Norbert Wiener of the Massachusetts Institute of Technology. Mr. Wiener had this to say—

Let us remember that the automatic machine . . . is the precise economic equivalent of slave labour. Any labour that competes with slave labour must accept the economic conditions of slave labour. It is perfectly clear that this will produce an unemployment situation in comparison with which . . . the depression of the '30's will seem a pleasant joke. This depression will ruin many industries—possibly even the industries that have taken advantage of the new potentialities.

There is the real danger we face with automation! And it is because of the dangers we face, with automation becoming the order of the day in the most advanced countries that we, as a country that hopes to be in the forefront in adopting any advances that might be offered to civilization, have to prepare now to meet the circumstances that will flow from automation. Those can only be met by preparing now an index of productivity that will accurately measure productivity

increases, so that there may be corresponding increases in the commodity wages paid to the labour units responsible for the increased productivity, thus safeguarding the economy against under-consumption and consequent unemployment. Unless that is done, we could easily find the trade unions in this country adopting a kind of Luddite attitude towards automation.

Everybody knows that in the 19th century the Luddites sought to destroy the spinning jennies because they believed that those machines would throw them out of work in the textile mills, creating unemployment and causing starvation for their families. That will be the feeling of the unionists throughout the world unless we guarantee to them that, as automation lessens the need for labour, either one of two things will happen—standard hours will be reduced proportionately to offset the diminished amount of labour required for production, or the standard of living will rise so as to absorb the increase of production that will result from automation.

Of the two, I should prefer to see an increase in the standard of living rather than a lessening of the number of hours of work. Most workers would prefer to see an increase of the standard of living flow from the adoption of automation, rather than a reduction of hours. That is proven by the fact that the great majority of workers in industry to-day are working more than 48 hours a week—not because they are compelled to do so, but because they prefer working more than 48 hours a week to accepting the low standard of living that they know they would have to be satisfied with on a 40-hour week. I think that the same idea will influence the workers, after automation is here, towards demanding a higher commodity wage rather than a reduction of hours. I believe that if this were done, it could, and would, produce great results and would be, in fact, the only thing that would safeguard us against another depression as automation becomes general in Australia.

But, if we are to meet the difficulties that will flow from greater production, the Commonwealth Statistician's office, working in conjunction with the States,

will have to commence, and commence at once, to prepare a new index—something that does not exist now—so that this thing can be measured accurately.

I have no more to say on the bill, other than to commend its passage to honorable members. The Opposition supports the bill entirely. We say that the Government is right in bringing down the bill, and we sincerely hope that the State governments, Labour and Liberal alike, will be quick to act by passing complementary legislation, so that quick effect can be given to the new proposal. I feel sure that when that is done the Commonwealth Statistician's office will not be slow to give some thought to the matters I have raised. Before I conclude, I should like to commend to the Statistician's office the publication called *The Measurement of Australian Industrial Production*, by W. E. G. Salter, published by the University of Western Australia Press, which deals very fully with the question of the productivity index, and shows how complex it is. It is not such a simple matter as it might seem to be from listening to my speech. It is a very complex matter. It is one that cannot be dealt with in a fortnight; it takes months and months of study before it can be properly applied. Because it will take a long time to evolve a system which will be satisfactory, we should commence the job without further delay.

Mr. WENTWORTH (Mackellar) [9.30].—Before turning to the actual matter of the bill itself, may I offer a couple of observations on the important, and, I think, not irrelevant, side issues that have been raised by the honorable member for Hindmarsh (Mr. Clyde Cameron).

I agree very largely with what he has said. It is entirely desirable that in Australia we should be adopting the most advanced methods of production, including automation. It is desirable, and it is in fact essential, that as we do these things, the standard of living should rise, that greater real wages should be paid, and to some extent, I think that this should be taken out in shorter hours of work.

These things are the glittering prizes which are available to us, and I think that both sides of the House have to come together here—the Government, in admitting—or asserting—that as productivity rises, so real wages—real standards of living—should also rise, and the Opposition, in admitting or asserting—choose which word you like—that it is wrong to prevent progress, or prevent the most efficient industrial methods being applied to the task of producing goods and services.

I was glad, also, that the honorable member for Hindmarsh in his final words drew attention to the difficulties and complexities of compiling an index such as he had in mind; even the compilation of a price index bristles with logical difficulties. Keynes, I think it was, in 1929 in the first volume of *Treatise on Money* drew attention to the difficult logical foundations of every price index, and the logical foundations of a productivity index are from the nature of things even less secure. I myself am not certain that the best result might not be found by applying a price correction to the figures of national income which appeared in the white paper.

I am told that it is in Canada that this subject has been studied in the fullest degree. I think the importance of what the honorable member for Hindmarsh said lies rather in the implications behind his argument than in the argument he himself advanced, and I do agree with the contentions he put forward that we have to use the most efficient means of production and that as we do so, the real wage—the real standard of living—can concurrently rise.

If I might turn to the bill itself—which like the honorable member for Hindmarsh I support and commend to the House—I think it has a number of good features. It will avoid duplication and it will avoid any uncertainty in the meaning of published statistics.

The founders of our Constitution, in sub-section 11 of section 51 referred to the Commonwealth Parliament powers over census and statistics, and while one may be rightly apprehensive of the perils of centralization, I think that in this aspect one need not fear them so much. I know

that there have been statisticians who did fear them. For example, Colin Clark in Queensland was for a long time opposed to any centralization, even of statistics. I myself would not follow that same view.

The position is, that ever since 1924 the situation which this bill endeavours to bring about throughout the rest of Australia has obtained in Tasmania, and at present in Western Australia there is a draft agreement to adopt these principles when this enabling bill is passed by this Parliament. In New South Wales and South Australia, some negotiations are in progress, although they have not yet reached the degree of finality that has been reached in Western Australia, while, in Queensland and Victoria, the thing is in a yet less complete stage. But, even in the present day, we have got parallel Commonwealth and State departments working in the same buildings in Western Australia, in New South Wales, in South Australia, and in Victoria. There is co-operation, and it is well that there should be a removal of the barriers which prevent the full interchange of officers and which, to some extent, prevent the full efficiency of the organization being developed.

Statistics are dependent more and more on machines. I think the first tabulating machines of any consequence were introduced in New South Wales—the old Powers machines, which are now broken down and out of date, so that New South Wales resorts to the Commonwealth for its mechanical tabulations. There is still a small Powers machine operating in Queensland, and a small Hollerith machine in Western Australia. The two big Holleriths which our own Bureau of Census and Statistics possesses, and which are, of course, readily available to the States that want them, should be available on a more regular basis, and I believe that this bill will help that to be done.

It is a permissive bill, not a compulsory one. If there is to be any agreement, the States will enter into it of their own free will; no big stick will be wielded over them. As the honorable member for Hindmarsh said, the terms offered are generous terms.

The Australian statistics go back a long way, and in some respects they have got a great deal of attention throughout the world. I think the first Australian compilation would be my own great-grandfather's book, in 1819, but from then forward we have a series of Blue Books compiled by the Colonial Office—some still largely in manuscript form—and we have a series of distinguished statisticians who have adorned the bureaux of the various States and the bureau of this Commonwealth itself. I think it is right that we should mention H. H. Hayter, of Victoria, the man who compiled the first real *Year-Book* in Australia, and whose schematic classification of the causes of death is the basis of so many of our life tables even to-day. In Tasmania, there was R. M. Johnstone, who held the office of State Statistician for the marathon period from 1882 to 1918. He was one of the first people who preached uniformity in State statistics. In New South Wales, there was T. A. Coghlan—later Sir Timothy Coghlan—whose *Wealth and Progress of New South Wales* was, in its way, a statistical landmark, and whose periodical publication, *The Seven Colonies*, was the basis of our own Commonwealth *Year-Book*, and was so recognized by Knibbs, who, as Commonwealth Statistician, was responsible for the Commonwealth *Year-Book*. Knibbs, whose *Mathematical Theory of Population* was a text-book of consequence in its own time, who, in 1908 as Commonwealth Statistician, produced our first *Year-Book*, was a notable figure.

From that gentleman we come to almost modern times. We come to people whom I knew personally, and whom no doubt many honorable members in this House also knew personally. We think of Wickens, who was Commonwealth Statistician from 1929 to 1932, a man with whom I worked only a little, but whom I knew personally. There was McPhee, a member of the original Commonwealth Bureau of Census and Statistics. He was an outstanding authority on international trade, and in some ways, therefore, a precursor of Wilson, whose work in that field was itself quite of international repute.

Giblin, many honorable members in this House will remember, was Acting Commonwealth Statistician from 1931 to 1932 and was again in charge of the bureau during World War II. Also Roland Wilson, who is at present the Secretary to the Treasury, and whose *Capital Imports and Terms of Trade* was the first reasonable approach to the Australian balance of payments problem. I can remember working with Waites, the New South Wales Government Statistician, and with Carver who is Acting Commonwealth Statistician now. I worked with those gentlemen in the days of the depression, preparing the papers which subsequently blossomed into the White Paper on full employment which was issued under the aegis of a Labour government.

It is, I think, not without its significance, that Carver has been New South Wales Government Statistician for many years, and also Acting Commonwealth Statistician, so that his work in that joint capacity lays the foundation for the organization which this bill will seek to bring into being when agreements are made with the various States.

Then, in the more modern field, the bureau has been adorned with a number of workers whose theoretical achievements are by no means negligible, even on the world scale. There was Karmel, now Professor Karmel, whose work on the nuptio-fertility tables has largely succeeded the famous net reproductive index which Kuscynski had earlier devised, and which was the standard demographic tool.

Mr. WHITLAM.—What about Malthus?

Mr. WENTWORTH.—He was not an Australian, I fear. But never mind! In addition to all these people I have mentioned, there were some on the sidelines—Sawkins, for example, of the New South Wales Industrial Commission, who did much to lay the foundation of our cost of living figures and the C series index. Colin Clark, of Queensland, who is now Professor of Agricultural Economics at Oxford, in conjunction with Crawford, who is now in charge of the Department of Trade, produced the first work on national income, a work which would be of great interest

to the honorable member for Hindmarsh because it deals in a tentative way with some of the subjects that he mentioned here to-night. I could go on, but let me remind the House that Australia has nothing to be ashamed of, and very much to be proud of, in the statisticians who have worked for the State governments and for this Commonwealth Government. If we are building a better organization, we are building it on foundations which those men laid.

Now I turn to some of the problems which lie in front of us, and some of the ways in which I feel that this organization might be further developed. I hope that from now on a census will be conducted at a regular period. We had our decennial censuses for many years—in 1921 and at other times—but they were interrupted, and our last census was in 1954 and the one before that in 1947. I believe that a census is planned for 1961, and if that is so, I hope that we will get back to a regular decennial or, perhaps, quinquennial census. The bureau is at present engaged in developing a technique of sampling, which will enable quicker, and not much less accurate results to be given than those given by the methods of complete census enumeration. Here, I think that we can encourage a short cut which will give us results of reasonable reliability without the time waste and great expense of the complete census method.

I believe that one of the things that the Bureau of Census and Statistics has to develop is better public relations. There is a great deal of work done in the bureau which is valuable, but which remains buried in files. It is available to the general public, because the general public will find the bureau generous in the help which it will give to them. But the general public does not know what is available, and therefore does not ask for it. I believe that we have to do more to bring the very valuable work which is being done by the bureau into the public view so that it can be more fully utilized. And in that regard I feel that we should be establishing better libraries in the capital cities, and that we should be better summarizing the various information which is compiled by the bureau.

We are, perhaps, not yet making full use of some modern techniques—the photostat, for example. Would it not be desirable to have master compilations made and kept up to date of all the main tables, perhaps of all the tables, which appear in the various year-books and other statistical volumes? If each one of those were on a sheet with the complete notes showing what it meant, how it had been compiled and what its full validity was, so that the full comparison would be available in the most convenient form, it could be reproduced by photostat and copies made available at a small charge to those who were really interested. That could be done. Furthermore, can we not do more with micro-filming, so that the work of the bureau may be better disseminated?

The question of immediacy of statistics is always a thorny one, not only from the view-point of the bureau itself, which finds difficulty in compilation—although those difficulties can be reduced by the use of sampling techniques—but also because in some cases one endeavours to avoid economic feedbacks in the whole system which might eventuate by too rapid publication of certain selected statistics. This is a very difficult question, and I am not proposing to say anything of significance about it; I simply draw the attention of the House to it. However, I believe that, subject to those small reservations, we should be working as much as we can to have statistics available immediately.

The yellow monthly statistical reviews are, I understand, two months behind. By some standards—in fact, by most standards—that is a good performance, but I am wondering whether we might not make better progress and whether, by the use of photostat techniques, we might make available to those particularly interested, a more immediate service.

I believe that, in this House, we should be establishing a small statistical room or alcove in the Parliamentary Library, where Australian statistics in their most comprehensible and easily assimilated form should be put together, and made available for use by honorable members and departments.

Mr. CLYDE CAMERON.—Up-to-date statistics.

Mr. WENTWORTH.—As the honorable member for Hindmarsh has said quite rightly, it is desirable that those statistics should be as up to date as possible. That would be an advantage, not only to honorable members of this House, but also to the various departments that do not always enjoy a full statistical service. I say that from some personal experience, because it is not only the public that does not always make full use of the statistical wealth that is available in the bureau. Departments, and the Government itself, are not always fully acquainted with the facilities which they could, and should, use. Some kind of economic secretariat is, perhaps, overdue.

We could go into other matters. I have never understood why the Commonwealth Actuary should be separated from the Bureau of Census and Statistics. I have never quite understood, either, why the publication of normal maps of Australia should not be much more carefully done, and why the Bureau of Census and Statistics should not be able to have, not map compilation, because that does not lie within its purview, but the dissemination of cartographical information that has been prepared by other departments. Australia is lacking in that regard. Our whole national development is being retarded by the fact that adequate maps are not available. Here again, the information very often is in government departments, and I believe that the Bureau of Census and Statistics might be a convenient instrument whereby the information available in the various Commonwealth departments might be more readily put into the hands of the public, who could use it for the increase of Australian productivity. I am sorry to have detained the House so long. I support this bill and commend it to honorable members.

Mr. CLAREY (Bendigo) [9.54].—I regard this measure, which relates to arrangements with the States in connexion with statistics, as probably one of the most important measures, from an administrative stand-point, that has come before the House for some considerable time. I believe that all honorable members appreciate that statistics are playing, more and more, a very important

part in the national life of the community. It is, indeed, regrettable when statistics cover most things in our national life—political, social, industrial, financial and rural—that the responsibility for compiling them rests not on the Commonwealth alone, but also upon the six States. The result is that, in an endeavour to get uniform statistical information, those in charge of statistics are up against all sorts of problems. We have overlapping and delays and other difficulties, and it is not easy for the people of Australia to secure the benefit that statistics can, and should, give. Not only do statistics indicate progress or regression in the nation; they are also very valuable in planning. They give an idea of trends.

I am pleased to note that, as a consequence of negotiations that were started with the States six or seven years ago, we have reached the stage where a measure has been introduced which will permit of the integration of the statistical offices of the States with those of the Commonwealth. Although the passage of this measure will not bring about the immediate integration of all State statistical offices with the Commonwealth office, it will do so in the case of Tasmania, and negotiations which are now proceeding indicate that an arrangement will also be completed in a relatively short space of time with South Australia, Western Australia and New South Wales. Probably, at a later date, we shall find Victoria and Queensland reaching a similar arrangement with the Commonwealth. Then the unavoidable delays which now take place will cease.

Even in our time, the science of statistics has improved wonderfully. We know that, from time to time, world conferences on statistics take place to ascertain the best way of compiling statistics for comparison and use. In that connexion, Australian statisticians have played a very important part. I listened with interest to the speech of the honorable member for Mackellar (Mr. Wentworth), who referred to Australian statisticians of the past. I agree with him that Australia has produced some brilliant statisticians, beginning with Sir George Knibbs, who have made

their mark upon the statistical conferences of the world, and have achieved world-wide renown. I pay a tribute to Mr. S. Carver, the Acting Commonwealth Statistician who, no doubt, has helped in framing this legislation. During the period that he has been Acting Commonwealth Statistician, Mr. Carver has done wonderful work for the Commonwealth. As he has been, and is still, I believe, the State Statistician for New South Wales, he has been able to bring about uniformity in a marked degree, and has been very helpful generally in the publication and distribution of statistics.

I wish briefly to support the remarks of the honorable member for Hindmarsh (Mr. Clyde Cameron), who spoke of the necessity for producing index figures that will assist in assessing Australian production. I remind the House that when, in 1911, the late Sir George Knibbs published his first figures in regard to the purchasing power of money, nobody foresaw the tremendous effect that that index figure was going to have in connexion with industrial matters. The problems which confronted the statistician on that occasion with regard to the purchasing power of money, are somewhat similar to the problems which now confront the statisticians in trying to measure production from time to time of goods and services in the Commonwealth. At that time, there was any amount of information relating to fluctuations of house rents, and the prices of food, groceries, and other commodities, but there were no figures available that so grouped the information relating to prices as to give a reliable idea to the community generally of the trend of prices.

With the publication of what was known as the A figures in the first instance, we had an index number that simply gave some idea of the trend in connexion with house rents, and the prices of food and groceries, which represented roughly 60 per cent. of the ordinary household expenditure. An index number was created which enabled the arbitration court at that time, not to fix wages, but to determine whether the wage, once fixed, was losing its value or whether its value was increasing as a consequence of the rise or fall in prices.

As I have said before, this has resulted in further progress on the part of the statisticians, who have gone from the A figures to the B figures, and now to the C figures, under which a market basket containing the purchases of the general household is taken as the basis for the calculation of the extent to which prices rise or fall. I do hope that when this integration takes place and the Bureau of Census and Statistics carries on its statistical work, especially in connexion with production, an index number will be compiled in relation to the production of goods and services somewhat similar to that already compiled in connexion with the purchasing power of money as related to commodities generally used in the average household.

At the present moment, we have from the statistician's office any amount of information concerning the production of a great variety of commodities that are in constant demand, commodities—gas and electrical units, bricks, cement, coal, and refrigerators, to name a few. From this information one can ascertain whether the production of any particular item is increasing or falling and, upon examining the figures, one can determine the cause of the reduction or increase. But what is necessary is the bringing together of all those figures so as to produce a composite index number that will give a reliable indication of the trend of production generally. I agree with my friend, the honorable member for Hindmarsh.

At the present moment the figures available at the Commonwealth Statistician's office are based upon a very limited standard, and the statistician quite rightly says that those figures must be used with caution and restraint because, if they are used as a rigid measuring-rod, people are likely to be led astray. If, as a consequence of the new duties of the statistician's office, we can secure an improvement in the figures relating to production so as to enable a more precise measurement to be made of the progress that is taking place, or the ground we are losing, it will be of considerable help. Already in the United States of America it has been recognized, in the making of contracts between unions and various employers, that production is to be regarded

as a reason for an increase in the real wage. I am not referring now to the adjustment of wages consequent upon rising or falling prices as shown by an index number.

As a typical example of what I mean, I quote what has taken place between the Automobile Workers Union and the General Motors Corporation of the United States. After a good deal of bargaining extending over many months, General Motors recognized, and accepted it, as a fact, that all the statistical information indicated that production in the United States over a long period had increased by $2\frac{1}{2}$ per cent. per annum. As a result of the statistical information available, the new contract made between the union and the employer contained a clause that at the end of every twelve months, the real wage was to be increased by $2\frac{1}{2}$ per cent., that being the estimated increase in production in the United States. It was an attempt by the General Motors Corporation to give to its own workers their share of the increased production of the United States.

It is not my intention to cover the ground that has been traversed by others much more ably than I could do it. I believe that this measure is one that does add to the efficiency of our administration. I consider that it will result in the production of a better type of statistics, a more rapid development of statistics and much quicker publication. Looking at it from that stand-point, I think that the Government is to be commended for the introduction of this legislation.

Question resolved in the affirmative.

Bill read a second time, and reported from committee without amendment or debate; report adopted.

Bill—*by leave*—read a third time.

SALARIES ADJUSTMENT BILL 1956.

SECOND READING.

Debate resumed from the 11th April (*vide page 1194*) on motion by Sir ERIC HARRISON—

That the bill be now read a second time.

Mr. E. JAMES HARRISON (Blaxland) [*10.S*.]—Whilst the Opposition does not propose to offer any objection to this measure, it raises questions that call for

an examination of the reason for the introduction of the measure, having regard to the fact that this type of bill flows from a policy that is being followed by this Government in relation to the lodgment of appeals against authorities which, until the advent of this Government, were the sole authorities to declare the conditions for a particular industry, in this case the Commonwealth Public Service. The Vice-President of the Executive Council (Sir Eric Harrison) was most brief in his explanation of the bill, but one can understand the reason.

I feel that neither the Minister nor the Government wants very much publicity to be given to the reason for bringing the bill before the House. In the light of the now well-known decision of the Government shortly to alter certain principles relating to conciliation and arbitration in Australia, let me analyse the facts. I shall show quite clearly why the Government should return to the Public Service conditions that had been granted originally by the Public Service Arbitrator. In doing so, it is necessary to examine the first purpose of the bill, which is to give legal sanction to the payment of increased salaries resulting from the judgment of the Commonwealth Court of Conciliation and Arbitration delivered on the 16th December, 1955, on the appeal against the Public Service Arbitrator's determination to grant marginal increases to public servants over and above those awarded by the Public Service Board, in December, 1954. The Public Service Arbitrator had before him the judgment of the court in the *Metal Trades* case. So that honorable members—and, in particular, supporters of the Government, who must be concerned with any future arbitration legislation that is introduced by the Government—may understand clearly where we are going in relation to this matter, it is necessary to look at the terms of the court's judgment in the *Metal Trades* case, as did the Public Service Arbitrator. I propose to quote from the judgment to show that, when the hearing of the *Metal Trades* case began, early in 1954, it was generally accepted that the judgment to be delivered would be a measuring stick for the adjustment of margins generally. The court's judgment became operative as from the 13th December, 1954.

Because of the action of the Government in making any decision of the Public Service Arbitrator subject to appeal to the Arbitration Court, the Arbitrator became interested in the metal trades judgment when assessing the marginal rates that should be applicable to public servants. I quote the following passage from the court's judgment in the *Metal Trades* case:-

In the statement published in February—

That is, in February, 1954—

the Court endeavoured to make it clear that its judgment was "not to be read as being determinative, except within the bounds of necessary inference, of matters in the lists of the Court relating to claims and counter-claims concerning minimum rates of pay which should be fixed for other classes or types of employment than those to which the present references relate". "Insofar, however, as it deals with the claim for a general adjustment of marginal rates in accordance alone with the variation of purchasing power of money", so proceeded the statement, "what is said here must be understood as being necessarily applicable to all similar claims or submissions". Nevertheless, it is proper, we think, again to emphasize that the decision we are now making deals only with the particular industry with which the references made by the Conciliation Commissioner are concerned.

The following statement was the important factor in this judgment so far as the Public Service Arbitrator was concerned:—

At the same time, we desire to state that what the Court now decides is expected by it to afford general guidance to all authorities operating under the Conciliation and Arbitration Act, or—

And I emphasize the word "or"—

under any other legislation which provides for a wage- or salary-fixing tribunal having power to make references, or being subject to appeal, to this Court, where wage or salary may properly be regarded as containing a margin.

So it was as a consequence of legislation introduced by this Government, which made the finding of the Public Service Arbitrator subject to an appeal to the court, that he became bound by the decision in the *Metal Trades* case.

The Arbitrator, acting on this knowledge, and having read the court's judgment in the *Metal Trades* case, decided quite early in 1955 to make a finding to the effect that the 1937 marginal rates paid to public servants should be multiplied by two and a half. It was quite

easy for the Arbitrator to do that in relation to the Public Service. In selecting the year 1937 for the purpose of reaching its decision in the *Metal Trades* case, the Full Bench of the Arbitration Court had chosen a year in which a judgment had been delivered which increased the rates payable to metal tradesmen. It was more than coincidental that in that same year a determination by the Public Service Arbitrator covering all public servants was made also. So when the Arbitrator read the judgment of the court, and when he realized that in pursuance of legislation introduced by this Government, his determination could be taken on appeal to the court, he rightly felt bound to give effect to the court's decision to use the 1937 margins as the basis of its judgment, and he accordingly found that the two and a half times formula should be applied to the Public Service.

The Public Service Board applied to the Chief Judge of the Arbitration Court for leave to appeal against the Arbitrator's determination. It is history that the Chief Judge indicated that the mere determination of the Arbitrator that the two and a half times formula should be applied was not a determination within the provisions of legislation introduced by this Government, and that therefore it was not a determination on which an appeal could properly be based. The matter was referred back to the Arbitrator and in the first week of July, 1955, he made a second determination. That determination, too, was appealed against by the Public Service Board. Opposition members have always been interested in the fact that the court did not deliver its judgment on that appeal until after the 10th December, the date of the general election. We thought it was rather pointed that the court should hold back its judgment until after the election. Of course, the judgment was not in line with the determination of the Arbitrator.

To show the wisdom of leaving such matters entirely to the Public Service Arbitrator, I quote the following passage from the second-reading speech of the Vice-President of the Executive Council (Sir Eric Harrison):—

The bill provides for a re-classification of the Public Service on and from the 10th January, 1956. The Public Service Act does

not empower the board to make general re-classifications without throwing open some positions and requiring promotions and subsequent promotions' appeal action. At the same time, the act does not permit adjustment to particular points within an officer's salary range, or the date of incremental advancement provided by the court's judgment. For these reasons, a legislative validation of the salary payments is needed. An additional reason why this reclassification process was used by the Public Service Board is that the judgment of the court did not cover all persons employed in the Commonwealth Public Service. Members of the Professional Officers Association, for example, were not covered, as that association was not a party to the court's decision. However, it is desired that they should receive the same salary increases, as they occupy positions of the same type as those members of associations who were parties to the appeal.

That passage shows that the court, because of a lack of knowledge of the Public Service, overlooked certain grades to which the two and a half times formula was intended to apply.

In relation to an organization such as the Public Service, one either trusts the arbitrator or one does not. If we give a right of appeal against his decision, as was done in this case, we must create a doubt in his mind about the rate that he should award to the great body of public servants whose activities are so important to the future control and progress of this country. I put that matter to the Government as strongly as I can. If the Public Service Arbitrator gives a determination in particular cases, say every six months, in accordance with present legislation, and appeals are lodged against those determinations, unless we reframe the whole of the act we shall have to consider a number of measures such as the present one, for the purpose of validating the court's decision on the appeal, when it is really the function of the Public Service Arbitrator to adjudicate upon such matters as salary increases within the Public Service. Whatever the Government may do in regard to other sections of industry, I strongly appeal to it to consider taking action to make the determinations of the Public Service Arbitrator not subject to appeal to the court.

The second portion of this bill deals with the Superannuation Act 1922-1955, and it lays down the date upon which

increased superannuation contributions shall be payable, as a result of salary increases granted by the court. The bill specifies the 16th December, 1955, as the date from which increased contributions shall be payable in respect of additional units of superannuation resulting from salary increases. That is the date upon which the court delivered its judgment on the appeal made by the Public Service Board against the determination of the Public Service Arbitrator in the margins case. The Vice-President of the Executive Council, in his second-reading speech, said—

This amendment is consistent with Section 13 (4c) of the Superannuation Act 1922-1955, which now specifies, for salaries determined by the Arbitrator, the date of the determination as the date upon which the salaries are increased for superannuation purposes.

It is necessary for honorable members to understand clearly what this means in relation to superannuation for Commonwealth public servants when there was no provision for appeal against a determination of the Public Service Arbitrator, and that determination had a very short period of retrospective application, or the date of application was subsequent to the date upon which the judgment was delivered, there was no difficulty, under the Superannuation Act, in respect of employees who were on the eve of retirement, particularly when the impending retirement was because of invalidity. I suggest to honorable members that they should consider the provisions of the section of the act mentioned by the Minister. Section 13 (4c) reads—

Where the salary of a contributor is increased by reason of an order or determination made by the Public Service Arbitrator, the date on which the order or determination is made shall, for the purposes of this section, be deemed to be the date upon which the contributor's salary is increased.

That provision was satisfactory when the Public Service Arbitrator's determination was not subject to appeal, because if the Arbitrator's decision was given on the 20th June, 1955, with application from the 23rd December, 1954, as in the case under discussion, there would be no difficulty in regard to superannuation rights. In an amendment to the Superannuation Act, which was enacted

last year—act No. 27 of 1955—the Government amended paragraphs (4.) (a) and (4.) (b) of section 13, and changed the provision regarding the commencing date of superannuation contributions. That amendment resulted in the omission of the words “after the first payment of the increased salary”, and the insertion in their stead of the words, “after the date upon which his salary is increased”. In the present legislation that he has introduced, the Minister seeks to prescribe the 16th December, 1955, as the date of commencement of increased contributions. Let us consider the case of an officer who retired from the Public Service because of invalidity at some time between the 23rd December, 1954, and the 16th December, 1955. Although that officer should have paid increased contributions as from the 23rd December, 1954, because his salary was increased from that date, he is not entitled, because of the wording of the act, to the increased superannuation benefits that he would otherwise enjoy. An officer who retired during the same period, having reached the age of 60 or 65, as the case may be, is covered by the proviso to section 12 of the Superannuation Act 1922-1955, which reads—

Provided that in respect of those units twenty-six contributions at the rate applicable to the maximum age for retirement shall be made before pension in respect of superannuation shall become payable and upon the payment of those contributions the pension shall become payable as from the date of retirement.

As a consequence of the delay caused by the appeal to the court from the determination of the Public Service Arbitrator, and by the validation of the court's action by this Parliament, officers retired through invalidity in, say, June or July, 1955, will be denied the increased superannuation benefits to which they would in former times have become entitled.

I am surprised that the Government has brought forward this half-baked piece of legislation. This is an important matter, because great injustice has been caused to officers who retired from the Public Service through invalidity between December, 1954, and December, 1955. I do not know how many are involved; no doubt the Public Service Board could provide that information.

Let me now deal with a particular case, the facts of which illustrate the need for the Government, with the assistance of the Public Service Board, to investigate this problem. It concerns an ex-serviceman. Section 13 (4.) (c) provides that an officer over the age of 40 years who wishes to contribute for additional units of pension may be required to provide a certificate as to his health before being allowed to contribute for those extra units. An ex-serviceman who served in World War I., and who was desirous of increasing his superannuation entitlement by contributing for added units of pension, but who thought that he was precluded from doing so because of his health condition, retired on the 30th May, 1955. I shall inform the Minister later of the name of the person concerned. He knew that, because he was over the age of 40, for increased units of pension he had to satisfy the requirements of section 13 (4.) (c) of the act. That section provides that if the ailment of the applicant is due to war injury it shall not be held against him by the Superannuation Board, and he shall be entitled to the additional units.

Let us analyse carefully the circumstances in relation to the applicant that I have in mind. As I have said, on the 30th May, 1955, he was retired on the ground of invalidity, but as far back as the 18th January, 1955—four months before his retirement—he made application to the repatriation authorities concerning his illness and asked that action be taken to decide whether or not his disability was due to war service. It is necessary for the Minister to keep in mind the relevant dates. He was retired on the 30th May. He had made an application in January for his disability to be regarded as due to war service. The repatriation procedure took until the 1st December, 1955. Then the applicant was notified that the War Pensions Entitlement Appeal Tribunal had accepted his disability as due to war service, the date of acceptance being fixed as the 7th March, 1955, or almost three months before the Public Service Arbitrator gave his decision in July of the same year. That, of course, was actually two months before the applicant's retirement took place in May.

The case went before the Superannuation Board, which said, in reply—

Any contributor whose salary is increased to a new unit group may elect, under section 13 (4.) (c) of the Act within a prescribed time, to contribute for units previously refused by him—

I underline the words “previously refused by him”—

but the election is not effective unless within six months from the date of the election the contributor satisfies the board that he is not suffering from any physical or mental defect likely to render him incapable of performing his duties before attaining the maximum age for retirement. If on medical examination the medical report indicates that the contributor has a defect which is due to war service, the board accepts the election.

When this case was put before the board, it said that the applicant had refused additional units on seven occasions and that it was not until he had retired because of invalidity that he wished to take up the additional units.

I submit that a great wrong is being done to a returned serviceman of World War I. He had hanging over him the fear that the repatriation authorities would not accept his disability as due to war service, and he knew that, if he made application for the additional units, the Commonwealth Medical Officer, with all the medical information he had available to him, would not accept him as eligible for additional units of superannuation under the Commonwealth Public Service Superannuation Act. So he did what is the normal thing for a man in ill health to do: he avoided facing up to retirement because of ill health until he had the repatriation authorities examining his case.

Let us get the dates clear. Had the repatriation authorities accepted his disability as due to war service prior to the date of his retirement from the department, or had there not been this lag between the date of the original decision of the Public Service Arbitrator and the court decision, there is no question that, even under the act as cited by the Public Service Board, this man would have been entitled to the additional units. I submit that the test is not that he had been asked previously on seven occasions whether he wanted to take additional units, but the point at which the repatriation authori-

ties accepted his disability as due to war service, so that he became eligible, under the act, to qualify for the additional units. I ask the Minister to investigate these two matters. I ask the Government to consider carefully what I have said in relation to appeals from decisions of the Public Service Arbitrator. In respect of those persons who become entitled to increases of salary as a result of the court's final decision, I ask that they be given their rights, as they would have been had the first decision of the Public Service Board been accepted. I want this man, particularly, to have the right to which he would have been entitled had not the repatriation authorities been so long-winded.

We commend the bill because it seeks to validate matters that should be validated. The case to which I have referred shows the weakness of the legislation and should cause the Government to review the course it is following in relation to the Public Service.

Mr. POLLARD (Lalor) [10.36.]—I do not want to deal with the bill in general, nor do I desire to delay the House, but I feel that I must supplement briefly the facts of the case stated by my colleague, the honorable member for Blaxland (Mr. E. James Harrison). The case to which he has referred concerns a constituent of mine. I handed the facts to my colleague because he is an expert on superannuation problems, but as endorsement of what he has said, let me make the following comments:—I appreciate the difficulties of the Superannuation Board in regard to this case and others that may arise. This man consulted his departmental officers regarding his position and his prospects of obtaining additional superannuation units. I understand that he made contact, either verbally or in writing, with a member of the staff of the Superannuation Board. He believes, rightly or wrongly, that he was informed that unless he could pass the Government Medical Officer, it would be useless for him to apply for additional units or to elect to take them. Be that as it may, on examination by the Commonwealth Medical Officer it was revealed that he could not pass the essential medical tests. At that stage, therefore, any application would have been futile and

would not have been accepted. But the actual condition from which he suffered, it has been revealed subsequently, was due to war service.

I want to emphasize the point, which also was made by the honorable member for Blaxland, that the application for a war pension entitlement was made long before he had been declared unfit by the Commonwealth Medical Officer, and before he retired. As the Vice-President of the Executive Council (Sir Eric Harrison), who is now at the table, knows, when a man applies for a war pension, he applies in the first instance to the deputy repatriation commissioner in his State. If he is refused, he may appeal to the Repatriation Commission itself. Should he meet a further rebuff, he may appeal finally to the War Pensions Entitlement Appeal Tribunal. Every Minister in this House knows that that is a long and involved proceeding. In the particular instance with which we are dealing, after the man had retired it was revealed that the illness from which he was suffering, and which had debarred him from entitlement to superannuation, was war-caused and was so accepted by the repatriation authorities.

SIR ERIC HARRISON.—Will the honorable gentleman give me the name of the man concerned, and the details? If he does so, I shall have a personal look at the case.

MR. POLLARD.—Yes, I shall be glad to do that. As a matter of fact, I wrote and submitted the case to the Superannuation Board, which replied stating why, in its opinion, it could not accept him as eligible. The man has been retired for some time. He has pointed out that it would have been futile for him to submit an election in writing, but after it had been declared that his illness was due to war service it was too late for him to elect. In view of the fact that his unfitness has been declared to be due to war causes, surely some means can be found, even if the Superannuation Board cannot do so legally, to give him the benefit of the doubt and to permit his eligibility. It is true, as the Superannuation Board has said, that he refused on seven occasions to take additional units, but that does not get away from the fact that, at the time he made inquiries from his

departmental officers, his application would have been a genuine one. The file is available to the Minister or whoever handles these matters, and I seek his co-operation, and that of the Government and the Superannuation Board, in remedying what is possibly a grave injustice to this particular invalid.

MR. COSTA (Banks) [10.41].—I shall refer briefly to this matter, because it has been adequately dealt with by my colleague the honorable member for Blaxland (Mr. E. James Harrison). This bill has been brought before the House as the result of an appeal by the Commonwealth Public Service Board against the decision of the Commonwealth Public Service Arbitrator to award Commonwealth public servants an increase in salaries equivalent to two and a half times their 1937 margins, as was awarded to employees in the metal trades group. That appeal was unprecedented. Hitherto, the Commonwealth public servants have been contented and satisfied with the jurisdiction of their Arbitrator, and it was a great shock to them when the Commonwealth Public Service Board appealed against the Arbitrator's decision. As a result of that action, many Commonwealth public servants have suffered considerable reductions in their salary scales, and their incremental rates have been altered. I have before me a copy of the journal of the Commonwealth Public Service Clerical Officers Association, an organization which covers about 15,000 Commonwealth public servants. It shows that reductions have been made in 21 salary ranges, from £20 in the lowest salaries up to £190 in the highest. Another group of Commonwealth public servants, who belong to the Amalgamated Postal Workers Union, through their journal show that 70 per cent. of their members receive no benefit whatever from the court's judgment. Honorable members can readily appreciate that there is widespread discontent among Commonwealth public servants. For years, these workers have been fighting for what they call comparative wage justice. They consider that they should receive, for the work they do, a wage similar to that received by workers engaged in similar occupations outside the Commonwealth Public

Service. They strongly contend that they are entitled to the two and a half times increase on the 1937 margins.

One cannot escape the conviction that the Commonwealth Public Service Board did not wish to appeal against the Arbitrator's decision, but was instructed by the Government to do so, because the policy of the Government is wage reduction. That is seen in the suspension of the quarterly adjustments on the cost of living, something which is severely affecting Commonwealth public servants. At the present time, Commonwealth public servants are receiving about 15s. a week less than many workers in similar positions covered by State awards. The suspension of quarterly adjustments, together with the denial of the two and a half times increase, has created much discontent. Another effect of the appeal is to cause public servants to lose faith in the arbitration system, which is a serious matter. The Government and the Public Service Board were unwise in appealing against the Commonwealth Public Service Arbitrator's decision, and I hope that it will not be long before these public servants are granted their rights, and given salary rises equivalent to two and a half times their 1937 margins, as was awarded to the metal trades groups. Only then will they be satisfied that they have received the comparative wage justice for which they have been fighting for many years.

Question resolved in the affirmative.

Bill read a second time, and reported from committee without amendment or debate; report adopted.

Bill—*by leave*—read a third time.

ADJOURNMENT.

WAR SERVICE HOMES.

Motion (by Sir ERIC HARRISON) proposed—

That the House do now adjourn.

Mr. CLYDE CAMERON (Hindmarsh) [10.47].—I now raise the matter which I sought to bring to the notice of the House last night. It concerns a blinded ex-serviceman in South Australia who has been refused an advance from the War Service Homes Division to discharge a mortgage on a home in which he is

living. That action was typical of similar occurrences—fortunately not frequent—connected with the War Service Homes Division. This man has a private trading bank overdraft of £3,000, which at once indicates that the private trading bank regarded his collateral security as being sufficiently substantial to justify its lending him that amount. Of course, the bank could give him no guarantee that it would not call up the overdraft at short notice. Such a guarantee could never be given by a private bank, and in view of the fact that the rate of interest on overdrafts has now been increased to 5½ per cent., this blinded ex-serviceman considers that he should have been able to obtain from the War Service Homes Division an advance that would enable him to discharge his mortgage.

GOVERNMENT SUPPORTERS.—Hear, hear!

Mr. CLYDE CAMERON.—I am pleased to notice that members on the Government side say, "Hear, hear!" because several of them have brought to the notice of the House cases similar to this one. I do not know whether their representations were successful or whether the anomalies of which they complained were rectified, but I hope that such was the case, and that the person on whose behalf I am now speaking will receive fair treatment.

The War Service Homes Division adopts an unreal attitude which is only too typical of the bureaucratic approach of some departments. When this ex-serviceman applied for a loan four years ago, he was told that the division could not lend him enough money to remodel the house, because it was already a remodelled house, but that, if he liked to sell the home, the division would lend him the money to buy or to build another house. The ex-serviceman went to a private trading bank, where he was able to raise an overdraft sufficient money to remodel the house. As a result, he now has a home worth, on the private bank's valuation, £5,750. He has three blocks of land, two of which he is prepared to sell, in order to ensure that he will have to borrow only about £2,500 and that there shall be only one mortgage, so that the War Service Homes Division may have a clear title. The

other day, the division repeated the same old story that, if he would sell his present house, which suits him admirably, it would be prepared to lend him the money to build another home.

Mr. HULME.—Where will he live after he has sold his present home?

Mr. CLYDE CAMERON.—His present home is close to a tram stop. It is necessary for him to live near a tram stop in order that he may use his blinded soldier's free pass on the trams to travel to and from the blind institution daily without being subjected to the risk of being knocked down by a motor car. The only land that the War Service Homes Division has available in Adelaide is 7 miles from the blind institution where this man works, and it is not served by a tram service. If he built a house on that land, he would have to rely on motor bus transport, on which his free pass would be no use to him, because such passes are not recognized by the private bus operators in South Australia.

It is absurd to tell a blinded soldier who already has a home that suits him admirably that the War Service Homes Division will advance him money to build elsewhere only if he sells his present house. I hope that this absurdity will not be allowed to continue much longer. I shall give the name of this ex-serviceman to the Minister for Social Services (Mr. Robertson), who represents in this House the Minister for National Development (Senator Spooner), who now administers the War Service Homes Division. I trust that the Minister for Social Services will use his best endeavours with the Minister for National Development in an effort to ensure that the matter is remedied. I know that it is not possible for the Government to advance money to all ex-service-men who want to buy or to build homes without increasing the allocation of funds for war service homes to an amount far in excess of the present allocation. But surely to goodness the Government can treat a case such as this on its merits as a special case. I only wish that the Minister for Social Services could see the sympathetic nods of approval that are coming from all the Government supporters seated behind him as I outline this case. I shall say no more than that. Briefly, there is a serious anomaly. This is an

example of bureaucracy gone mad, and I hope something will be done to rectify the position.

Mr. HULME.—If the ex-serviceman sold the house he now occupies, he would have nowhere to live while his new home was being built, except, perhaps, with relatives.

Mr. CLYDE CAMERON.—I am obliged to the honorable member for mentioning that important point. It had escaped my notice. The proposition put to this blinded ex-serviceman by the War Service Homes Division entails his selling his present house and finding temporary accommodation of, perhaps, two rooms, for which he would have to pay £3, £4 or £5 a week until his new home was built. This circumstance strengthens his case and shows even more clearly how utterly absurd is the administration of the War Service Homes Act. Let me repeat that the ex-serviceman first applied for an advance four years ago. I leave the matter there.

Mr. ROBERTON (Riverina—Minister for Social Services) [10.55].—Let me preface the few remarks that I have to make by saying that I know nothing about this case. I heard of it for the first time this evening. I suggest to the honorable member for Hindmarsh (Mr. Clyde Cameron) that the ex-serviceman's case could have been much more adequately and effectively stated had it been submitted to me, or to the Minister for National Development (Senator Spooner), who now administers the War Service Homes Division, by the ordinary process by which these submissions are made.

Mr. CLYDE CAMERON.—The Returned Sailors, Soldiers and Airmen's Imperial League of Australia has written about the matter, but its representations have been rejected.

Mr. ROBERTON.—When a qualified ex-serviceman applies for assistance, his eligibility is first established. Once that has been done, he takes his place in the strict order of priority according to the date of his original application and of the establishment of his eligibility. It can be argued that, because of a man's disabilities or his peculiar kind of war service, he should have priority over his fellows.

Mr. CURTIN.—That would be a hardship priority.

Mr. ROBERTON.—The degree of hardship, of course, can be contested in a variety of ways. The War Service Homes Division is suffering from the popularity which has been visited on it by the present Government. Thousands of applications are received by it yearly; thousands of applicants annually establish their eligibility for assistance; and some 25,000 ex-servicemen are now waiting for satisfactory settlement of their applications for assistance under the War Service Homes Act. When one considers these facts, it is very difficult to think in terms of degrees of hardship and to interfere with the normal order of priority.

Mr. CURTIN.—Surely consideration extended on account of blindness would not be an interference with the order of priority.

Mr. ACTING DEPUTY SPEAKER (**Mr. McLeay**).—Order! The honorable member for Kingsford-Smith is out of order, and he is out of his own seat as well.

Mr. DAVIS.—He is out of his mind, also.

Mr. ACTING DEPUTY SPEAKER.—Order!

Mr. ROBERTON.—The assistance given to every qualified applicant is consistent with the security he is able to offer when he submits his application to the War Service Homes Division. The advance made is, if necessary, limited to less than the maximum amount, so that it shall be commensurate with the applicant's means. The maximum advance is £2,750—the highest it has ever been. At the present time, the interest rate is the lowest it has ever been.

From the scanty details that the honorable member for Hindmarsh has been able to give me to-night, it seems obvious that the applicant offered insufficient security to meet the requirements of the War Service Homes Division.

Mr. CLYDE CAMERON.—That is not true.

Mr. ACTING DEPUTY SPEAKER.—Order!

Mr. ROBERTON.—I can only presume that his present house was examined and valued, and that its condition and the valuation did not conform with the standards of security required by the division in the interests of applicants. As a result, the ex-serviceman apparently has entered into a private mortgage contract. That mortgage now seems to be unsatisfactory to him, and he has submitted to the War Service Homes Division a second application, offering the same security as before. Unless his security has improved, his claim to assistance from the division would be no better than before. Apart from this, the honorable member for Hindmarsh, and other honorable members, should know that, since 1952, the division, as a matter of policy, has refrained from discharging mortgages on existing properties. There is a very simple explanation for this policy. As soon as the popularity of the division reached such proportions that the applications for the discharge of mortgages on existing properties exceeded the applications for assistance for the construction of new homes, obviously the primary purpose of the war service homes scheme would have been defeated if the division had devoted all its resources to the discharge of mortgages on existing homes. The primary purpose of the scheme was to enable ex-servicemen to build homes. Between 1949 and 1952, it became obvious that, if the resources available to the division were devoted to the discharge of existing mortgages, very few homes could be constructed under the scheme. As a matter of policy it was decided that the resources of the division should not be used for the discharge of mortgages. So, on that ground, and in the interests of the 30,000 ex-servicemen who are waiting for homes, his application must be rejected.

All that I want to say in conclusion is that in cases of this kind, all that the honorable member for Hindmarsh, or any other honorable member, has to do is to go to the Minister and say, "Here is a special case", and then give him the information that is necessary for him to make an investigation of the true circumstances surrounding the case. That investigation reveals the circumstances in meticulous detail, and then proposition-

of this kind can be answered adequately. I suggest that, except those in terms of general policy, matters of this kind cannot be adequately raised on the motion for the adjournment of the House without the necessary preliminary inquiry.

Question resolved in the affirmative.

House adjourned at 11.1 p.m.

ANSWERS TO QUESTIONS.

The following answers to questions were circulated:—

PUBLIC SERVICE.

Mr. MENZIES.—On the 17th April, the honorable member for Banks (Mr. Costa) asked the following question:—

I ask the Prime Minister whether there is any truth in the complaints that are being made that government employees are doing private work in public time, or in any other time. No doubt the right honorable gentleman understands that these allegations are fairly widespread, and that such aspersions naturally place a stigma on every public servant. For the sake of public servants, and in order that their names may be cleared in this matter, will the Prime Minister discover whether there is any truth in the allegations made and, if there is not, will he, if possible, apply the same rule of law to accusers who have made false accusations as would be applied to an accused person who was actually guilty?

The Public Service Act requires that before an officer engages in any remunerative employment other than in connexion with the duties of his office, he must obtain the approval of the Public Service Board. The above provision applies to officers and not to temporary employees, but instructions issued by the board require that temporary employees must also seek a similar approval. A review of current approvals for Canberra shows that they cover mainly lecturing and tutoring and if, as alleged in the press, there is a widespread practice of public servants engaging in accountancy and similar work in Canberra, they are doing so without having obtained the approval which is necessary. The Public Service Board is not aware of any widespread practice of unauthorized engagement in outside work and it has requested the Canberra Chamber of Commerce to give the board cases which may support its

allegations and, when supplied, such cases will be fully inquired into by the board. The principles which have been adopted by the board in determining approval or otherwise for the performance of outside work appear to be eminently sound and they are covered in the following extract from the board's General Orders on the subject:—

It is expected that officers and employees of the Crown will not engage in any employment outside the Service which might have the effect of interfering with the performance of their official duties or which might lead to a clash of loyalties.

It is undesirable that officers or employees of the Crown should enter into competition with other persons not employed by the Crown for work upon which those persons depend for their livelihood.

Outside work should be performed wholly in the private time of the officer or employee and should not be such as to adversely affect the officer's efficiency.

GOVERNMENT LOANS AND FINANCE.

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

To what extent has the Commonwealth Bank financed Australia's exports and the various stabilization schemes and pools in relation to wheat, wool and other primary products during (a) World Wars I. and II., and (b) peace-time?

Sir ARTHUR FADDEN.—The answer to the honorable member's question is as follows:—

The information requested by the honorable member is being collected and a reply will be furnished at an early date.

ELECTRONICS INDUSTRY IN AUSTRALIA.

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

What American capital is invested in the electronics industry in Australia?

Sir ARTHUR FADDEN.—The answer to the honorable member's question is as follows:—

Figures showing the extent of American investment in the electronics industry are not available.

TELEPHONE SERVICES.

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

1. How many applications for telephones are outstanding in the Brunswick and Coburg districts in Victoria?

2. What is the rate of installation in this area?

3. How many men were employed on the installation at the end of each quarter in the twelve months ended the 31st March?

4. Have any technicians been removed to other areas in the last quarter and not replaced?

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

1. The Brunswick and Coburg districts include the Brunswick, Moreland and Coburg exchange areas and the deferred applications for telephone connexions to these exchanges are 339, 1,015 and 332 respectively.

2. The installation rate averages 39 services weekly.

3. Installation staff numbered 61 at the 30th June, 1955, 80 at the 30th September, 1955, 50 at the 31st December, 1955, and 66 at the 31st March, 1956.

4. No.

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

1. What is the number of outstanding telephone applications in respect of each of the telephone exchanges located in the electoral division of Banks?

2. What steps are being, or are to be, taken to provide new exchange facilities and other developmental needs necessary to overtake outstanding applications, many of which have been pending for several years?

3. As householders and business proprietors are seriously inconvenienced by the inability of the department to provide telephones without delay, will he indicate when relief can be expected in the various exchange areas located in Banks?

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

1. Revesby 531, Peakhurst 150, Hurstville 502, Bankstown (portion in Banks electorate) 260.

2 and 3. Plant is expected to be allotted in 1956 for the connexion of all outstanding applications in Peakhurst and Hurstville, for all outstanding applications in that portion of the Bankstown exchange area located in the Banks electorate, and for 395 applications in the Revesby area. Plant will be allotted in 1957 for the remaining 136 applications in Revesby.