



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



Senate Official Hansard

No. 29, 1945
Thursday, 19 July 1945

SEVENTEENTH PARLIAMENT
THIRD SESSION—FIRST PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

PARLIAMENT OF THE COMMONWEALTH.

SEVENTEENTH PARLIAMENT—THIRD SESSION: FIRST PERIOD.

GOVERNOR-GENERAL.

His Royal Highness Henry William Frederick Albert, Duke of Gloucester, a Member of His Majesty's Most Honorable Privy Council, Knight of the Most Noble Order of the Garter, Knight of the Most Ancient and Most Noble Order of the Thistle, Knight of the Most Illustrious Order of Saint Patrick, Great Master and First or Principal Knight Grand Cross of the Most Honorable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross of the Royal Victorian Order, General in the Army, Air Chief Marshal in the Royal Air Force, one of His Majesty's Personal Aides-de-Camp, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia from the 30th January, 1945.

SECOND CURTIN GOVERNMENT.

(SWORN IN ON THE 21ST SEPTEMBER, 1943.)
(CABINET AS FROM THE 2ND FEBRUARY, 1945.)

(¹)Prime Minister and Minister for Defence	The Right Honorable John Curtin. (Mr. Chifley Acting Prime Minister from the 30th April, 1945, to the 2nd July, 1945, during illness of Mr. Curtin and absence abroad of Mr. Forde; Mr. Forde Acting Prime Minister from the 2nd July, 1945, during illness of Mr. Curtin and until his death on the 5th July, 1945; Mr. Beasley Acting Minister for Defence from the 30th April, 1945, during illness of Mr. Curtin and until his death on the 5th July, 1945.)
(¹)Minister for the Army	The Right Honorable Francis Michael Forde. (Senator Fraser acting from the 12th March, 1945, to the 2nd July, 1945, during absence abroad of Mr. Forde.)
(¹)Treasurer	The Right Honorable Joseph Benedict Chifley.
(¹)Attorney-General and Minister for External Affairs	The Right Honorable Herbert Vere Evatt, LL.D., D.Litt., K.C. (Mr. Beasley Acting Attorney-General from the 12th March, 1945, to the 23rd July, 1945; Mr. Curtin Acting Minister for External Affairs from the 12th March, 1945, to the 7th May, 1945; and Mr. Makin Acting Minister for External Affairs from the 8th May, 1945, to the 23rd July, 1945, during absence abroad of Dr. Evatt.)
(¹)Vice-President of the Executive Council	The Honorable John Albert Beasley.
(¹)Minister for the Navy, Minister for Munitions and Minister for Aircraft Production	The Honorable Norman John Oswald Makin. (Senator Cameron acting from the 5th March to the 18th April, 1945, during illness of Mr. Makin.)
Minister for Trade and Customs	Senator the Honorable Richard Valentine Keane.
Minister for Labour and National Service	The Honorable Edward James Holloway.
(¹)Minister for Air and Minister for Civil Aviation	The Honorable Arthur Samuel Drakeford.
Minister for Commerce and Agriculture	The Honorable William James Scully.
Minister for Supply and Shipping	Senator the Honorable William Patrick Ashley.
(¹)Minister for Post-war Reconstruction and Minister in charge of the Council for Scientific and Industrial Research (also Minister for War Organization of Industry to the 19th February, 1945)	The Honorable John Johnston Dedman.
Minister for the Interior	Senator the Honorable Joseph Silver Collings.
Minister for Transport and Minister for External Territories	The Honorable Edward John Ward.
Minister for Health and Minister for Social Services	Senator the Honorable James Mackintosh Fraser.
Minister for Repatriation and Minister in charge of War Service Homes	The Honorable Charles William Frost.
Minister for Home Security and Minister for Works	The Honorable Hubert Peter Lazzarini.
Postmaster-General	Senator the Honorable Donald Cameron.
Minister for Information	The Honorable Arthur Augustus Calwell.

(¹) War Cabinet.

For designations of Ministers prior to the 2nd February, 1945, see Volume 179.

FORDE GOVERNMENT.

(SWORN IN ON THE 6TH JULY, 1945.)

(¹)Prime Minister and Minister for the Army ..	The Right Honorable Francis Michael Forde.
(¹)Treasurer	The Right Honorable Joseph Benedict Chifley.
(¹)Attorney-General and Minister for External Affairs	The Right Honorable Herbert Vere Evatt, LL.D., D.Litt., K.C.
(¹)Vice-President of the Executive Council and Minister for Defence	The Honorable John Albert Beasley.
(¹)Minister for the Navy, Minister for Munitions and Minister for Aircraft Production	The Honorable Norman John Oswald Makin.
Minister for Trade and Customs	Senator the Honorable Richard Valentine Keane.
Minister for Labour and National Service	The Honorable Edward James Holloway.
(¹)Minister for Air and Minister for Civil Aviation	The Honorable Arthur Samuel Drakeford.
Minister for Commerce and Agriculture	The Honorable William James Scully.
Minister for Supply and Shipping	Senator the Honorable William Patrick Ashley.
(¹)Minister for Post-war Reconstruction and Minister in charge of the Council for Scientific and Industrial Research	The Honorable John Johnstone Dedman.
Minister for the Interior	Senator the Honorable Joseph Silver Collings.
Minister for Transport and Minister for External Territories	The Honorable Edward John Ward.
Minister for Health and Minister for Social Services	Senator the Honorable James Mackintosh Fraser.
Minister for Repatriation and Minister in charge of War Service Homes	The Honorable Charles William Frost.
Minister for Home Security and Minister for Works	The Honorable Hubert Peter Lazzarini.
Postmaster-General	Senator the Honorable Donald Cameron.
Minister for Information	The Honorable Arthur Augustus Calwell.

(¹) War Cabinet.

SEVENTEENTH PARLIAMENT—*continued.*

CHIFLEY GOVERNMENT.

(SWORN IN ON THE 13TH JULY, 1945.)

(¹) Prime Minister and Treasurer .. .	The Right Honorable Joseph Benedict Chifley.
(¹) Minister for the Army (and Deputy Prime Minister)	The Right Honorable Francis Michael Forde.
(¹) Attorney-General and Minister for External Affairs	The Right Honorable Herbert Vere Evatt, LL.D. D.Litt., K.C. (Mr. Beasley Acting Attorney-General, and Mr. Makin Acting Minister for External Affairs, from the 13th July to the 23rd July, 1945, and from the 4th September, 1945, during absences abroad of Dr. Evatt.)
(¹) Minister for Defence .. .	The Honorable John Albert Beasley.
(¹) Minister for the Navy, Minister for Munitions and Minister for Aircraft Production.	The Honorable Norman John Oswald Makin.
(¹) Minister for Trade and Customs .. .	Senator the Honorable Richard Valentine Keane.
Minister for Labour and National Service .. .	The Honorable Edward James Holloway.
(¹) Minister for Air and Minister for Civil Aviation	The Honorable Arthur Samuel Drakeford.
Minister for Commerce and Agriculture .. .	The Honorable William James Scully. (Mr. Forde acting from the 31st July to the 2nd October, 1945, during illness of Mr. Scully.)
Minister for Supply and Shipping .. .	Senator the Honorable William Patrick Ashley.
(¹) Minister for Post-war Reconstruction and Minister in charge of the Council for Scientific and Industrial Research	The Honorable James Johnstone Dedman.
Vice-President of the Executive Council .. .	Senator the Honorable Joseph Silver Collings.
Minister for Transport and Minister for External Territories	The Honorable Edward John Ward.
Minister for Health and Minister for Social Services	Senator the Honorable James Mackintosh Fraser, (Senator Keane acting from the 25th August, 1945, during absence abroad of Senator Fraser.)
Minister for Repatriation .. .	The Honorable Charles William Frost.
Minister for Works and Housing and Minister for Home Security	The Honorable Herbert Peter Lazzarini.
Postmaster-General .. .	Senator the Honorable Donald Cameron.
Minister for Immigration and Minister for Information	The Honorable Arthur Augustus Calwell.
Minister for the Interior and Minister assisting the Minister for Works and Housing	The Honorable Herbert Victor Johnson.

(¹) War Cabinet.

AUSTRALIAN ADVISORY WAR COUNCIL.

Government Representatives .. .	The Right Honorable J. Curtin (until his death on 5th July, 1945), the Right Honorable J. B. Chifley (from the 14th March, 1945), the Right Honorable F. M. Forde, the Right Honorable H. V. Evatt, LL.D., D.Litt., K.C., the Honorable J. A. Beasley, the Honorable N. J. O. Makin; the Honorable A. S. Drakeford, during absence abroad of Mr. Forde and Dr. Evatt; and from the 2nd May, 1945, to the 2nd July, 1945, the Honorable J. J. Dedman, during illness of Mr. Curtin and absence abroad of Mr. Forde.
Non-Government Representatives .. .	The Right Honorable A. W. Fadden, the Right Honorable W. M. Hughes, C.H., K.C., the Right Honorable Sir Earle Page, G.C.M.G., C.H., the Honorable P. C. Spender, K.C., and the Honorable J. McEwen.

(The Council ceased to function on the 30th August, 1945.)

THE MEMBERS OF THE SENATE.

(FROM THE 1ST JULY, 1944.)

SEVENTEENTH PARLIAMENT—THIRD SESSION: FIRST PERIOD.

President—Senator the Honorable Gordon Brown.

Chairman of Committees—Senator Benjamin Courtice.

Temporary Chairmen of Committees—Senators Stanley Kerin Amour, James Jarvist Arnold, William Edward Aylett, Walter Jackson Cooper, M.B.E., and the Honorable Herbert Hays.

Leader of the Opposition—Senator the Honorable George McLeay.

Deputy Leader of the Opposition—Senator the Honorable John William Leckie.

Amour, Stanley Kerin†	New South Wales
Armstrong, John Ignatius†	New South Wales
Arnold, James Jarvist†	New South Wales
Ashley, Hon. William Patrick†	New South Wales
Aylett, William Edward†	Tasmania
Brand, Charles Henry, C.B., C.M.G., C.V.O., D.S.O.†	Victoria
Brown, Hon. Gordon†	Queensland
Cameron, Hon. Donald†	Victoria
Clothier, Robert Ernest†	Western Australia
Collett, Hon. Herbert Brayley, C.M.G., D.S.O., V.D.†	Western Australia
Collings, Hon. Joseph Silver†	Queensland
Cooper, Walter Jackson, M.B.E.†	Queensland
Courtice, Benjamin†	Queensland
Crawford, Hon. Thomas William†	Queensland
Finlay, Alexander†	South Australia
Foll, Hon. Hattie Spencer†	Queensland
Fraser, Hon. James Mackintosh†	Western Australia
Gibson, Hon. William Gerrard†	Victoria
Grant, Donald MacLennan†	New South Wales
Hayes, Hon. John Blyth, C.M.G.†	Tasmania
Hays, Hon. Herbert†	Tasmania
Kean, Hon. Richard Valentino†	Victoria
Lamp, Charles Adcock†	Tasmania
Large, William James†	New South Wales
Leckie, Hon. John William†	Victoria
MacDonald, Hon. Allan Nicoll†	Western Australia
McKenna, Nicholas Edward†	Tasmania
McLachlan, James†	South Australia
McLeay, Hon. George†	South Australia
(²)Mattner, Edward William, M.C., D.C.M., M.M.†	South Australia
Nash, Richard Harry†	Western Australia
Nicholls, Theophilus Martin†	South Australia
O'Flaherty, Sidney Wainman†	South Australia
Sampson, Burford, D.S.O., V.D.†	Tasmania
Tangney, Dorothy Margaret†	Western Australia
(¹)Uppill, Oliver†	South Australia

(¹) Resigned, the 16th September, 1944.

(²) Elected to casual vacancy, the 10th October, 1944.

Dates of Retirement of Senators—† The 30th June, 1947. ‡ The 30th June, 1950.

ERRATUM.

Add to list of names of members of the Senate in Vols. 179 and 181:—

Sheehan, James Michael‡ Victoria

THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

SEVENTEENTH PARLIAMENT—THIRD SESSION: FIRST PERIOD.

Speaker—The Honorable John Solomon Rosevear.

Chairman of Committees—William James Frederick Riordan.

Temporary Chairmen of Committees—The Honorable Joseph Palmer Abbott, M.C., Herbert Claude Barnard, Joseph James Clark, the Honorable James Allan Guy, William Joseph Hutchinson, George William Martens, Daniel Mulcahy, George James Rankin, D.S.O., V.D., Rupert Sumner Ryan, C.M.G., D.S.O., and David Oliver Watkins.

Leader of the Opposition and Leader of the Liberal Party of Australia—The Right Honorable Robert Gordon Menzies, K.C.

Deputy Leader of the Opposition and Deputy Leader of the Liberal Party of Australia—The Honorable Eric John Harrison.

Leader of the Australian Country Party—The Right Honorable Arthur William Fadden.

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

Abbott, Hon. Joseph Palmer, M.C.	New England (N.S.W.)
Adermann, Charles Frederick	Maranoa (Q.)
Anthony, Hon. Hubert Lawrence	Richmond (N.S.W.)
Barnard, Herbert Claude	Bass (T.)
Beasley, Hon. John Albert	West Sydney (N.S.W.)
(*) Beazley, Kim Edward	Fremantle (W.A.)
Blain, Adair Macalister	N.T.
Bowden, George James, M.C.	Gippsland (V.)
Breen, John Patrick	Calare (N.S.W.)
Bronnan, Hon. Frank	Batman (V.)
Bryson, William George	Bourke (V.)
Burke, Thomas Patrick	Perth (W.A.)
Calwell, Hon. Arthur Augustus	Melbourne (V.)
Cameron, Hon. Archie Galbraith	Barker (S.A.)
Chambers, Cyril	Adelaide (S.A.)
(*) Chifley, Rt. Hon. Joseph Benedict	Macquarie (N.S.W.)
Clark, Joseph James	Darling (N.S.W.)
Coles, Arthur William	Henty (V.)
Conolan, William Patrick	Griffith (Q.)
Corser, Bernard Henry	Wide Bay (Q.)
(*) Curtin, Rt. Hon. John	Fremantle (W.A.)
Daly, Frederick Michael	Martin (N.S.W.)
Dedman, Hon. John Johnstone	Corio (V.)
Drakeford, Hon. Arthur Samuel	Maribyrnong (V.)
Evatt, Rt. Hon. Herbert Vere, LL.D., D.Litt., K.C.	Barton (N.S.W.)
Fadden, Rt. Hon. Arthur William	Darling Downs (Q.)
Falstein, Sydney Max	Watson (N.S.W.)
Forde, Rt. Hon. Francis Michael	Capricornia (Q.)
Francis, Hon. Josiah	Moreton (Q.)
Fraser, Allan Duncan	Eden-Monaro (N.S.W.)
Frost, Hon. Charles William	Franklin (T.)
Fuller, Arthur Neiberding	Hume (N.S.W.)
Gaha, Dr. John Francis	Denison (T.)
Guy, Hon. James Allan	Wilmot (T.)
Hadley, James William	Lilley (Q.)
Harrison, Hon. Eric John	Wentworth (N.S.W.)
Haylen, Leslie Clement	Parkes (N.S.W.)
Holloway, Hon. Edward James	Melbourne Ports (V.)
Holt, Hon. Harold Edward	Fawkner (V.)
Hughes, Rt. Hon. William Morris, C.H., K.C.	North Sydney (N.S.W.)
Hutchinson, William Joseph	Deakin (V.)
James, Rowland	Hunter (N.S.W.)
Johnson, Hon. Herbert Victor	Kalgoorlie (W.A.)
Langtry, Joseph Ignatius	Riverina (N.S.W.)
Lawson, Hon. George	Brisbane (Q.)
Lazzarini, Hon. Hubert Peter	Werriwa (N.S.W.)

(¹) Appointed to Privy Council, the 14th June, 1945.

(²) Died, the 5th July, 1945.

(³) Elected, the 18th August, 1945.

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

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Lemmon, Nelson	Forrest (W.A.)
Lyons, Dame Enid Muriel, G.B.E.	Darwin (T.)
Makin, Hon. Norman John Oswald	Hindmarsh (S.A.)
Martens, George William	Herbert (Q.)
McDonald, Hon. Allan McKenzie	Corangamite (V.)
McEwen, Hon. John	Indi (V.)
McLeod, Donald	Wannon (V.)
Menzies, Rt. Hon. Robert Gordon, K.C.	Kooyong (V.)
Morgan, Charles Albert Aaron	Reid (N.S.W.)
Mountjoy, Donald Alfred	Swan (W.A.)
Mulcahy, Daniel	Lang (N.S.W.)
Page, Rt. Hon. Sir Earle Christmas Grafton, G.C.M.G., C.H.	Cowper (N.S.W.)
Pollard, Hon. Reginald Thomas	Ballaarat (V.)
Rankin, George James, D.S.O., V.D.	Bendigo (V.)
Riordan, William James Frederick	Kennedy (Q.)
Rosevear, Hon. John Solomon	Dalley (N.S.W.)
Russell, Edgar Hughes Deg	Grey (S.A.)
Ryan, Rupert Sumner, C.M.G., D.S.O.	Flinders (V.)
Scullin, Rt. Hon. James Henry	Yarra (V.)
Scully, Hon. William James	Gwydir (N.S.W.)
Sheehan, Thomas	Cook (N.S.W.)
Sheehy, Thomas Neil	Boothby (S.A.)
Smith, Albert Edward	Wakefield (S.A.)
Spender, Hon. Percy Claude, K.C.	Warringah (N.S.W.)
Stewart, Hon. Sir Frederick Harold	Parramatta (N.S.W.)
Ward, Hon. Edward John	East Sydney (N.S.W.)
Watkins, David Oliver	Newcastle (N.S.W.)
White, Hon. Thomas Walter, D.F.C., V.D.	Balaclava (V.)
Williams, Thomas Francois	Robertson (N.S.W.)
Wilson, Alex.	Wimmera (V.)

THE COMMITTEES OF THE SESSION.

JOINT.

BROADCASTING.—Senator Amour (Chairman), Senator Herbert Hays, Senator Nash, Mr. Bowden, Mr. Bryson, Mr. Chambers, Mr. Francis, Mr. Guy, and Mr. Watkins.

HOUSE.—The President (Chairman), Senator Amour, Senator Aylett, Senator Brand, Senator Cooper, Senator James McLachlan, Senator Nash, Mr. Speaker, Mr. Corser, Mr. Falstein, Mr. Francis, Mr. Holt, Mr. Mulcahy, and Mr. Watkins.

LIBRARY.—Mr. Speaker (Chairman), The President, Senator Armstrong, Senator Collett, Senator J. B. Hayes, Senator Lamp, Senator Sampson, Senator Tangney, Mr. Abbott, Mr. Brennan, Mr. Coles, Mr. Hutchinson, Dame Enid Lyons, and Mr. Williams.

PRINTING.—Mr. Conelan (Chairman), Senator Arnold, Senator Cooper, Senator Courtice, Senator Gibson, Senator J. B. Hayes, Senator MacDonald, Senator Tangney, Mr. Adermann, Mr. Fraser, Mr. Haylen, Mr. Martens, Mr. McDonald, and Mr. Ryan.

PUBLIC WORKS.—Mr. James (Chairman), Senator Aylett, Senator Brand, Senator Lamp, Mr. Conelan, Mr. Harrison, Mr. Mulcahy, Mr. Rankin, and Sir Frederick Stewart.

SOCIAL SECURITY.—Mr. Barnard (Chairman), Senator Cooper, Senator Foll, Senator Tangney, Mr. Daly, Mr. Haylen, and Mr. Ryan.

WAR EXPENDITURE.—Mr. McLeod (Chairman), Senator Large, Senator Sampson, Mr. Holt, Mr. Johnson, (discharged, the 26th July, 1945), Mr. Lawson, Mr. Rankin, and Mr. Russell (appointed, the 26th July, 1945).

SENATE.

DISPUTED RETURNS AND QUALIFICATIONS.—Senator Armstrong, Senator Clothier, Senator Collings, Senator Gibson, Senator Mattner, Senator O'Flaherty, and Senator Sampson.

REGULATIONS AND ORDINANCES.—Senator Large (Chairman), Senator Aylett, Senator Cooper, Senator Herbert Hays, Senator MacDonald, Senator Nash, and Senator Tangney.

STANDING ORDERS.—The President (Chairman), the Chairman of Committees, Senator Cameron, Senator Crawford, Senator Herbert Hays, Senator Keane, Senator Lamp, Senator James McLachlan, and Senator Sheehan.

HOUSE OF REPRESENTATIVES.

PRIVILEGES.—Mr. Clark, Dr. Evatt, Mr. Forde, Mr. Harrison, Mr. Hutchinson, Mr. McEwen, and Mr. Pollard.

STANDING ORDERS.—Mr. Speaker (Chairman), the Prime Minister, the Chairman of Committees, the Leader of the Opposition, Mr. Beasley, Mr. Fadden, Mr. Makin, and Sir Earle Page.

PARLIAMENTARY DEPARTMENTS.

SENATE.

Clerk—J. E. Edwards.

Clerk-Assistant—R. H. C. Loof.

Usher of the Black Rod—W. L. Emerton.

HOUSE OF REPRESENTATIVES.

Clerk—F. C. Green, M.C.

Clerk-Assistant—A. A. Tregear.

Second Clerk-Assistant—S. F. Chubb.

Sergeant-at-Arms—H. A. Dodd.

PARLIAMENTARY REPORTING STAFF.

Principal Reporter—G. H. Romans.

Second Reporter—A. P. Adams.

LIBRARY.

Librarian—K. Binns.

Assistant Librarian—H. L. White.

JOINT HOUSE.

Secretary—Until the 2nd August, 1945, A. A. Tregear; from the 2nd August, 1945, R. H. C. Loof.

THE ACTS OF THE SESSION.

APPROPRIATION ACT 1945-46 (No. 33 of 1945)—

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

APPROPRIATION ACT (No. 2) 1944-45 (No. 8 of 1945)—

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 forty-five, and to appropriate such sum.

APPROPRIATION (WORKS AND BUILDINGS) ACT 1945-46 (No. 34 of 1945)—

An Act to grant and apply out of the Consolidated Revenue Fund a sum for the service of the year ending the thirtieth day of June, One thousand nine hundred and forty-six, for the purposes of Additions, New Works, Buildings, &c., and to appropriate that sum.

AUSTRALIAN NATIONAL AIRLINES ACT 1945 (No. 31 of 1945)—

An Act to provide for the Establishment and Operation of National Airline Services by the Commonwealth, and for other purposes.

BANKING ACT 1945 (No. 14 of 1945)—

An Act to regulate Banking, to make provision for the Protection of the Currency and of the Public Credit of the Commonwealth, and for other purposes.

BANKRUPTCY ACT 1945 (No. 42 of 1945)—

An Act to amend the *Bankruptcy Act* 1924-1933.

CHARTER OF THE UNITED NATIONS ACT 1945 (No. 32 of 1945)—

An Act to approve the Charter of the United Nations.

CHILD ENDOWMENT ACT 1945 (No. 10 of 1945)—

An Act to amend the *Child Endowment Act* 1941-1942.

COMMONWEALTH BANK ACT 1945 (No. 13 of 1945)—

An Act relating to the Commonwealth Bank of Australia and the Commonwealth Savings Bank of Australia, and for other purposes.

COMMONWEALTH ELECTORAL (WAR-TIME) ACT 1945 (No. 12 of 1945)—

An Act to amend the *Commonwealth Electoral (War-time) Act* 1940-1944.

COMMONWEALTH INSCRIBED STOCK ACT 1945 (No. 26 of 1945)—

An Act to amend the *Commonwealth Inscribed Stock Act* 1911-1943.

COMMONWEALTH PUBLIC SERVICE ACT 1945 (No. 29 of 1945)—

An Act to provide for the appointment to or employment in the Commonwealth Service of certain State Employees, and for other purposes.

COMMONWEALTH PUBLIC SERVICE ACT (No. 2) 1945 (No. 43 of 1945)—

An Act to amend the *Commonwealth Public Service Act* 1922-1943, as amended by the *Commonwealth Public Service Act* 1945 and by the *Re-establishment and Employment Act* 1945, and for other purposes.

COMMONWEALTH AND STATE HOUSING AGREEMENT ACT 1945 (No. 44 of 1945)—

An Act to authorize the Execution by or on behalf of the Commonwealth of an Agreement between the Commonwealth and the States in relation to Housing, and for other purposes.

DARWIN LANDS ACQUISITION ACT 1945 (No. 24 of 1945)—

An Act to authorize the acquisition by the Commonwealth, for certain purposes, of land in the Northern Territory of Australia comprised in the Town of Darwin and its environs, and for other purposes.

DROUGHT RELIEF ACT 1945 (No. 17 of 1945)—

An Act to amend the *States Grants (Drought Relief) Act* 1944, and for other purposes.

EDUCATION ACT 1945 (No. 55 of 1945)—

An Act to establish a Commonwealth Office of Education and a Universities Commission, to provide for the University Training of Discharged Members of the Forces, to provide for Financial Assistance to University Students, and for other purposes.

HIGH COMMISSIONER ACT 1945 (No. 54 of 1945)—

An Act to amend the *High Commissioner Act* 1909-1940.

HOSPITAL BENEFITS ACT 1945 (No. 47 of 1945)—

An Act relating to Hospital Benefits, and for other purposes.

INCOME TAX ACT 1945 (No. 5 of 1945)—

An Act to impose a Tax upon Incomes.

INCOME TAX ACT (No. 2) 1945 (No. 38 of 1945)—

An Act to amend the *Income Tax Act* 1945.

THE ACTS OF THE SESSION—*continued.*

INCOME TAX ASSESSMENT ACT 1945 (No. 4 of 1945)—

An Act to amend the *Income Tax Assessment Act* 1936-1944.

INCOME TAX ASSESSMENT ACT (No. 2) 1945 (No. 37 of 1945)—

An Act to amend the *Income Tax Assessment Act* 1936-1944 as amended by the *Income Tax Assessment Act* 1945.

INVALID AND OLD-AGE PENSIONS APPROPRIATION ACT 1945 (No. 6 of 1945)—

An Act to grant and apply out of the Consolidated Revenue Fund a sum for Invalid and Old-age Pensions.

INVALID AND OLD-AGE PENSIONS ACT 1945 (No. 7 of 1945)—

An Act to amend the *Invalid and Old-age Pensions Act* 1908-1944.

LIFE INSURANCE ACT 1945 (No. 28 of 1945)—

An Act relating to Life Insurance and other matters.

LOAN ACT 1945 (No. 19 of 1945)—

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

LOAN (HOUSING) ACT 1945 (No. 45 of 1945)—

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

MATRIMONIAL CAUSES ACT 1945 (No. 22 of 1945)—

An Act relating to Matrimonial Causes.

MOTOR VEHICLES MANUFACTURE LEGISLATION REPEAL ACT 1945 (No. 1 of 1945)—

An Act to repeal the *Motor Vehicle Engine Bounty Act* 1939 and *Motor Vehicles Agreement Act* 1940, and for other purposes.

NATIONAL DEBT SINKING FUND ACT 1945 (No. 27 of 1945)—

An Act to amend the *National Debt Sinking Fund Act* 1923-1934.

NATIONAL WELFARE FUND ACT 1945 (No. 41 of 1945)—

An Act to amend the *National Welfare Fund Act* 1943, and for other purposes.

PAPUA-NEW GUINEA PROVISIONAL ADMINISTRATION ACT 1945 (No. 20 of 1945)—

An Act to provide for the provisional administration of the Territory of Papua and that portion of the Territory of New Guinea no longer in enemy occupation.

PHARMACEUTICAL BENEFITS ACT 1945 (No. 35 of 1945)—

An Act to amend the *Pharmaceutical Benefits Act* 1944.

RE-ESTABLISHMENT AND EMPLOYMENT ACT 1945 (No. 11 of 1945)—

An Act to provide for the Re-establishment in Civil Life of Members of the Forces, for facilitating their Employment, and for other purposes.

SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT 1945 (No. 36 of 1945)—

An Act to amend the *Sales Tax (Exemptions and Classifications) Act* 1935-1944.

SCIENCE AND INDUSTRY RESEARCH ACT 1945 (No. 25 of 1945)—

An Act to amend the *Science and Industry Research Act* 1920-1939.

SEAT OF GOVERNMENT SUPREME COURT ACT 1945 (No. 57 of 1945)—

An Act to amend the *Seat of Government Supreme Court Act* 1933-1935.

SOCIAL SERVICES CONTRIBUTION ASSESSMENT ACT 1945 (No. 39 of 1945)—

An Act relating to the Imposition, Assessment and Collection of a Social Services Contribution.

SOCIAL SERVICES CONTRIBUTION ACT 1945 (No. 40 of 1945)—

An Act to impose a Social Services Contribution.

SPECIAL ANNUITY ACT 1945 (No. 21 of 1945)—

An Act to provide for the payment of an Annuity to the Widow of the late the Right Honorable John Curtin.

STATES GRANTS ACT 1945 (No. 53 of 1945)—

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

SUPERANNUATION ACT 1945 (No. 15 of 1945)—

An Act to amend the *Superannuation Act* 1922-1943.

SUPERANNUATION ACT (No. 2) 1945 (No. 30 of 1945)—

An Act to amend the *Superannuation Act* 1922-1943 as amended by the *Superannuation Act* 1945.

SUPPLEMENTARY APPROPRIATION ACT 1943-44 (No. 58 of 1945)—

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 forty-four.

THE ACTS OF THE SESSION—*continued.*

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SUPPLEMENTARY APPROPRIATION (WORKS AND BUILDINGS) ACT 1943-44 (No. 59 of 1945)—

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 forty-four, for the purpose of Additions, New Works, Buildings, &c.

SUPPLY ACT (No. 1) 1945-46 (No. 9 of 1945)—

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 forty-six.

TUBERCULOSIS ACT 1945 (No. 46 of 1945)—

An Act to provide Financial Assistance to the States for use in connexion with Tuberculosis, and for other purposes.

WAR CRIMES ACT 1945 (No. 48 of 1945)—

An Act to provide for the Trial and Punishment of War Criminals.

WAR GRATUITY ACT 1945 (No. 16 of 1945)—

An Act relating to the payment of War Gratuity to members of the Defence Force in respect of War Service.

WAR PENSIONS APPROPRIATION ACT 1945 (No. 18 of 1945)—

An Act to grant and apply out of the Consolidated Revenue Fund a sum for War Pensions.

WAR SERVICE LAND SETTLEMENT AGREEMENTS ACT 1945 (No. 52 of 1945)—

An Act to authorize the Execution by or on behalf of the Commonwealth of Agreements between the Commonwealth and the States in relation to War Service Land Settlement.

WIDOWS' PENSIONS ACT 1945 (No. 56 of 1945)—

An Act to amend the *Widows' Pensions Act 1942-1944*, as amended by the *National Welfare Fund Act 1945*.

WINE OVERSEAS MARKETING ACT 1945 (No. 23 of 1945)—

An Act to amend the *Wine Overseas Marketing Act 1929-1936*.

WOOL (CONTRIBUTORY CHARGE) ACT 1945 (No. 51 of 1945)—

An Act to impose a Contributory Charge upon certain Wool produced in Australia.

WOOL (CONTRIBUTORY CHARGE) ASSESSMENT ACT 1945 (No. 50 of 1945)—

An Act relating to the Imposition, Assessment and Collection of a Contributory Charge upon certain Wool produced in Australia, and for other purposes.

WOOL REALIZATION ACT 1945 (No. 49 of 1945)—

An Act to approve an Agreement between the United Kingdom, the Commonwealth of Australia, the Dominion of New Zealand and the Union of South Africa in relation to the disposal of wool and to provide for the carrying out of the Agreement on the part of the Commonwealth of Australia, and for other purposes.

WOOL TAX ACT 1945 (No. 2 of 1945)—

An Act to amend the *Wool Tax Act 1936*.

WOOL USE PROMOTION ACT 1945 (No. 3 of 1945)—

An Act to make provision for Improving the Production and Increasing the Use of Wool.

[The only Bill remaining on the Notice Paper was the Nationality Bill 1945 which was initiated in the House of Representatives and reached the second reading stage.]

ERRATA.

- p. 95, col. 1, lines 33-34; *omit* "to the value of £3,000,000".
 - p. 195, col. 2, line 10, read "Katherine" instead of "Adelaide".
 - p. 876, col. 1, line 41, after "handicapped" add "by old history".
 - p. 978, col. 1, line 9, read "May" instead of "March".
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PARLIAMENT PROROGUED AND CONVENED.

SEVENTEENTH PARLIAMENT—THIRD SESSION.

(*Gazette* No. 28, 1945.)

PROCLAMATION

Commonwealth of
Australia to wit.

HENRY
Governor-General.

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

WHEREAS by the Constitution of the Commonwealth of Australia it is amongst other things enacted that the Governor-General may appoint such times for holding the Sessions of the Parliament as he thinks fit, and also from time to time, by Proclamation or otherwise, prorogue the Parliament:

Now therefore I, Henry William Frederick Albert, Duke of Gloucester, the Governor-General aforesaid, in exercise of the power conferred by the said Constitution, do by this my Proclamation prorogue the said Parliament until Wednesday, the twenty-first day of February, One thousand nine hundred and forty-five, or (in the event of circumstances, at present unforeseen, arising which render it expedient that the said Parliament should be summoned to assemble at a date earlier than the said Wednesday, the twenty-first day of February, One thousand nine hundred and forty-five) to such earlier date as is fixed by a Proclamation summoning the said Parliament to assemble and be holden for the despatch of business:

Furthermore I do appoint the said Wednesday, the twenty-first day of February, One thousand nine hundred and forty-five, or such earlier date (if any) as is fixed by Proclamation, as the day for the said Parliament to assemble and be holden for the despatch of business. 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 three o'clock p.m., on the said Wednesday, the twenty-first day of February, One thousand nine hundred and forty-five, or in the event of an earlier date being fixed by Proclamation, at three o'clock p.m. on the date so fixed.

Given under my Hand and the Seal of the Commonwealth at Canberra,
(l.s.) this eighth day of February, in the year of Our Lord One Thousand
nine hundred and forty-five and in the ninth year of His Majesty's
reign.

By His Royal Highness's Command,
JOHN CURTIN
Prime Minister.

GOD SAVE THE KING!

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yields. The result has been a surplus of early season potatoes. Growers in Tasmania have been repeatedly advised to dig and store potatoes so as to make their land available for other crops, and have been assured that the Government would abide faithfully by the terms of its contract with growers, and that potatoes would be accepted before undue deterioration took place. Quite recently, it was reported to me that growers in the Glengarry-Winkleigh area were threatened with severe losses from storage deterioration; an immediate inspection was made and the report was found to be groundless. More recently, another report was made to me of a grower in the midlands of Tasmania who had a very large quantity of potatoes on hand and that the Australian Potato Committee had taken no steps to honour its obligations. Again, an immediate inspection was undertaken, which disclosed that the grower himself had nominated Launceston as his port of shipment, but was endeavouring to ship via Hobart; it was ascertained that he had taken no steps to contact either the Distribution Manager in Launceston or the Tasmanian Deputy Potato Controller. This he frankly admitted and further stated that he had no complaint to make about the treatment he had received. The complaint which reached me apparently came from a relative without the grower's authority. The point to be noticed in these cases is that there has not been undue deterioration to date, and I can assure Senator Herbert Hays that the position is being closely watched so that growers will not suffer. The effect of some of the requests would be to compensate growers for large quantities of potatoes still in the ground undug, and allow potatoes to go to waste. The attitude of the Australian Potato Committee was, and is, that it will not sanction the destruction, or writing off, of a single ounce of foodstuff unless that action became inevitable. It is admitted that some growers have been put to inconvenience in having to hold a portion of their crop longer than usual, but the net returns of growers have been exceptionally satisfactory and the Australian Potato Committee has kept a careful watch to ensure that growers did not suffer loss through any of its actions.

Senate.

Thursday, 19 July, 1945.

The PRESIDENT (Senator the Hon. Gordon Brown) took the chair at 3 p.m., and read prayers.

POTATOES.

Senator FRASER.—On the 29th June, Senator Herbert Hays referred to deliveries of Bismarck potatoes in Tasmania. I am now in a position to furnish a reply to the honorable senator. Whilst the Government can understand the natural desire of growers to receive payment for potatoes grown under contract with the Australian Potato Committee at the earliest possible moment, the action of the Australian Potato Committee is reasonable. The contract provides for potatoes being held by growers for a reasonable time, and this is taken into account in the guaranteed price. It is incorrect to state that last year's growers were especially requested to increase the area of Bismarcks. On the contrary, as far back as two years ago, growers were warned by the Potato Controller that they were running serious risks in over-planting Bismarcks, and were informed that, irrespective of the variety grown, growers would be required to spread their deliveries over the season. Notwithstanding that advice, a number of growers planted over 100 acres each of Bismarcks and very few Brownsells or other late-keeping varieties. Following on this heavy planting, a record growing season was experienced with consequent heavy

Demands for potatoes are likely to increase towards the end of the season, and in view of the guaranteed prices being paid by the Government and the assured position of the industry, it is only reasonable that growers should co-operate, even to the point of some inconvenience, in ensuring that supplies of potatoes will be available right throughout the season.

It is quite natural for growers to wish to deliver their potatoes at their own convenience, but one reason for control is the need to regulate supplies on to the market, and, as mentioned, this aspect was considered in fixing the guaranteed price. It is pointed out, also, that there are growers' representatives on all State Potato Advisory Committees, and as a result any matters affecting growers can be ventilated readily, and usually can be adjusted quickly.

VEGETABLE SEEDS.

Senator FRASER.—On the 3rd July Senator Aylett directed my attention to the matter of payment to farmers for vegetable seeds. I now advise the honorable senator that before payment to primary producers for produce grown under contract for the Commonwealth is effected, it is necessary that proper verification be obtained of the service which involves such payment. Payment in respect of vegetable seeds grown under contract is dependent upon the results of purity and germination tests which involve a recognized procedure. My colleague, the Minister for Commerce and Agriculture, has specifically directed that in any matters where payment to primary producers is the responsibility of his department, there shall be no avoidable delays. If the honorable senator wishes to instance particular cases of delays in payment for vegetable seeds supplied, I shall have them inquired into.

MOTOR BODY PANELS.

Senator FINLAY asked the Minister for Trade and Customs, *upon notice*—

In view of the Government's pronouncement of its policy to permit the importation of motor chassis into Australia for a period of time to encourage the acceleration of the motor building industry until such time as it is possible to manufacture the complete motor vehicle in Australia, will the Minister give the Senate and those interested in the develop-

ment of the motor industry in this country an assurance that the importation of pressed panels, which have been, and still can be, produced in Australia in sufficient quantity and quality to meet the requirements of the motor body-building industry, will be prohibited?

Senator KEANE.—The answer is as follows:—

It is not the policy of the Government to protect Australian industries by prohibiting importations. Manufacturers of pressed panels are protected by heavy tariff duties. It is considered that any decision by importers to import panels will be governed largely by a comparison of their landed cost with the price to be charged for similar locally produced panels.

PUBLIC SERVICE.

STAFFING OF DEPARTMENTS.

Senator BRAND asked the Leader of the Senate, *upon notice*—

Will the Government consider setting up a royal commission in connexion with the Commonwealth Public Service to inquire into the following allegations, viz.—

- (a) Waste of man-power in government departments and government-controlled organizations;
- (b) Unnecessary and wasteful setting up of heavily staffed Commonwealth departments to perform functions which existing State organizations could do as well, if not better, and with considerable saving of manpower;
- (c) The unsatisfactory and uncontrolled fashion in which the Public Service has developed since the end of 1941;
- (d) Time-wasting and circumlocutory methods adopted by temporary public servants?

Senator KEANE.—It is not considered necessary to set up a royal commission to inquire into the allegations mentioned. The Government has appointed a committee to report on questions concerning civil staffing of wartime activities of Commonwealth departments. The committee, which has already commenced its inquiries, consists of Mr. J. T. Pinner, Assistant Commissioner, Public Service Board (as chairman); Mr. A. A. Fitzgerald, a well-known practising accountant of Melbourne; and as third member an officer to be appointed from each department, or activity, which is being examined. The committee is required to present reports to the Prime Minister from time to time as its investigations proceed.

The terms of reference are—

1. To make a general review of the civil staffing of war-time activities of Commonwealth departments, boards, commissions, &c., including those not functioning under the Public Service Act.

2. Advise which, if any, of the present functions are of a permanent character or likely to stand for an appreciable time and for which it would be desirable to provide permanent officers.

3. Bring to notice, as a result of its inquiries, any cases in which it considers that it would be desirable to secure the services on a permanent basis of particular persons now employed by the Commonwealth on loan from State services or instrumentalities or who have been recruited from universities or private business sources.

4. Advise whether temporary staff seen in the course of the committee's inquiries, whose duties bring them into direct contact with the public, are suitable for the particular functions to which they are allotted.

RIFLE CLUBS.

Senator BRAND asked the Minister representing the Minister for the Army, upon notice—

1. Is it a fact that on the 11th June, 1941, the sum of £19,446, the property of 43,229 members of 1,100 rifle clubs throughout Australia, was called up and placed in a defence trust fund until such time as these clubs resume their normal activities?

2. If so, can the Minister say when this money will be returned?

3. Is it the intention to place on the Estimates for 1945-46 a sum of money to enable these clubs to resume their normal activities?

4. Will the Minister arrange a conference between the Military Board and the Executive of the Commonwealth Council of Rifle Associations to consider in what direction rifle clubs can be reorganized and trained as reserves for the future defence of the Commonwealth.

Senator FRASER.—The Minister for the Army has supplied the following answers:—

1. The sum of £20,498 14s. 10d. is held by District Finance Officers, representing balances of rifle clubs' and unions' funds at the time rifle clubs were placed in recess. This amount is held in trust funds, other trust moneys and Government securities. These funds are to be held until such time as rifle clubs resume their normal activities.

2. No.

3. No.

4. The matter is now under staff examination and the Commonwealth Council of Rifle Clubs will be consulted at the appropriate time.

WAR GRATUITY BILL 1945.

Bill received from the House of Representatives and (on motion by Senator ASHLEY) read a first time.

LIFE INSURANCE BILL 1945.

SECOND READING.

Senator KEANE (Victoria—Minister for Trade and Customs) [3.15].—] move—

That the bill be now read a second time. The purpose of this bill is to regulate life insurance business conducted in Australia, and to protect the interests of persons who have effected life insurance policies. Life insurance business has been developed extensively, and there are now about 4,500,000 policies in force in Australia. It has long been recognized that some form of public control is necessary over a business which affects such a large proportion of the people, and in fact various enactments with this object in view have been passed by the Commonwealth and State Parliaments. It is generally admitted, however, that the control exercised by existing legislation is not completely satisfactory, and it is the object of this bill to consolidate and extend the provisions of those acts.

To explain the type of control proposed by this bill it is necessary to refer briefly to the historical development of life insurance business. The business was largely developed in Great Britain during the last century, and after the failure of one or two companies had attracted public attention, a system of legislative control was instituted in 1870. Under this system, the principles of which have been described as "freedom with publicity", a company is required to lodge a relatively small deposit with the Government as security for policy-holders, but otherwise it is allowed considerable freedom in the management of its business, provided that it publishes its accounts and statistics in a standard form. In the past the publicity given to a company's results, and the competition between various companies has been relied upon to ensure a minimum standard of protection for policy-holders. Life insurance in Australia is carried on mainly by local mutual companies on lines very similar to those adopted by

British companies, and the British system of legislative control, i.e., "freedom with publicity", was adopted by all the States, with the important exception of New South Wales, before the Commonwealth was founded in 1901. As these State enactments differed in details, though not in principle, the need for uniform insurance legislation was foreseen when the Commonwealth Constitution was drafted, and power was taken accordingly. As a step to implement this power, a royal commission was appointed in 1908. The commission reported in 1910, and although bills were twice presented to the Senate, neither of them was proceeded with. On two special subjects only has the Commonwealth passed life insurance legislation. In 1905 it extended to life policies the limitation imposed upon friendly societies, regarding the amount that may be paid on the death of a child. In 1932 it assumed control over the deposits previously lodged by companies with some of the States, and imposed a uniform scale of deposits for the whole of Australia. It may be mentioned that this act effectively checked the formation of "mushroom" companies, many of which had previously commenced business in New South Wales, where no deposit was required. The first purpose of this bill is thus to consolidate these existing State and Commonwealth acts. It has become apparent, however, that the principles of "freedom with publicity" embodied in these acts require some modification in view of modern conditions. This fact was recognized in Great Britain in 1923, when, following an inquiry into the methods of transacting industrial insurance, an Industrial Insurance Commissioner was appointed, with wide powers of supervision of the companies. In the present bill it is proposed that a Commissioner be appointed to supervise the administration of the proposed act, both as regards ordinary and industrial insurance. A further point is that whereas the bulk of life insurance business in Australia is transacted by companies which have acquired a world-wide reputation for their soundness, there are a few companies that are not yet so firmly established. In the case of the strong companies it is anticipated

that the duties of the Commissioner will be largely of a supervisory nature. In the case of those companies which are not so well established, it is expected that he will have to take more active steps to procure the maximum possible protection for the policy-holders. In such circumstances, British legislation provides only that the Commissioner can make application for the winding-up of the company by the court. It is thought, however, that in respect of a life insurance company, it will frequently be possible to make arrangements which are more satisfactory to the policy-owners than a complete winding-up of the company, and the bill provides the machinery whereby each case can be closely examined and, subject to directions of the High Court, the procedure most favorable to the policy-holders can be adopted. The procedure adopted has been modelled upon an enactment of the South African legislature.

It is appropriate at this stage to summarize the main objects of this bill, which have arisen from the foregoing historical discussion. These are—

- (a) To replace all State legislation on the subject of life insurance, and to provide a uniform basis for applying the requirements of those acts to the whole of Australia;
- (b) to incorporate existing Commonwealth acts with minor amendments;
- (c) to appoint an insurance commissioner who shall exercise active supervision of the activities of life insurance companies, with a view to securing the greatest possible protection for policy-owners;
- (d) to set up adequate machinery for dealing with any company that fails to maintain a required minimum standard of solvency.

In addition, it is proposed to provide for the establishment of a Commonwealth Government Insurance Office, if and when the establishment of such an office is thought to be in the public interest.

I now propose to outline briefly some of the more important provisions of the bill. Before doing life insurance business in Australia, a company must lodge

a deposit, on the same scale as is provided by the present Commonwealth act, and register with the Commissioner. The Commissioner may, subject to the Treasurer's approval, refuse to register any company not already transacting life insurance business in Australia. Companies already doing life insurance business in Australia are entitled to registration on application within three months, but such registration is merely to ensure the continuity of their business, and will not imply that the Commissioner is satisfied with the methods under which their business is conducted. Should the Commissioner have any doubt as to whether an existing company should be allowed to continue transacting life insurance business, the bill gives to him power, after registering the company, to make an immediate investigation, and then, if he thinks fit, to compel the company either to improve its methods or to cease doing business in Australia.

It has long been recognized that the funds of life insurance companies are in the nature of trust funds, and that they should, subject to any proper allocation of profits, as decided by the members of the company, be applied solely for the benefit of the policy-owners. This principle is enforced in the bill by the establishment of statutory funds. All moneys received in respect of life insurance business must be carried to a statutory fund, the assets of which must be kept entirely separate from all other assets of the company, and no part of a statutory fund may be applied towards any purpose other than life insurance business. Thus, if a company transacts, say, fire insurance business, as well as life insurance, and suffers losses on its fire business, the life statutory funds cannot be charged with those losses. The bill provides that accounts and balance-sheets in respect of each statutory fund shall be prepared annually in a prescribed manner and that such accounts and balance-sheets shall be audited by competent persons. A person must, in the first instance, secure the approval of the Commissioner before he undertakes the duties of auditor of a life insurance company. At least once in each five years the affairs of each company

must be thoroughly investigated by an actuary. These provisions follow those set out in British legislation, with one or two further safeguards. For instance, it is provided that the basis of valuation adopted by the actuary shall be not less stringent than a prescribed "minimum basis". This minimum basis cannot be called a severe one in present conditions, and no solvent company should have any difficulty in complying with it. For those companies whose position is not entirely satisfactory, however, the adoption of a uniform minimum basis of valuation will assist the Commissioner to determine the course of action he should take. Besides being entrusted with the general administration of the proposed act, the Commissioner is to be given very full powers to make confidential inquiries into the business of any life insurance company. He can demand any relevant information from a company and can, if he thinks fit, investigate any part of a company's business. In the event of such an investigation, the legitimate interests of the company are preserved by the fact that the Commissioner must inform the company of the grounds on which the investigation is to be made, and of the results of an investigation. Also, the investigation must be conducted in secret, and no information may be divulged except in pursuance of a duty under the act. As a result of his investigations, the Commissioner may give such directions to the company as he thinks necessary, but, in view of the fact that such directions might seriously affect the business of the company, it is provided that the company may appeal to the High Court against those directions. It is anticipated, however, that the Commissioner would normally give directions only on matters of minor importance. Should his investigations show that there is anything seriously wrong with the management of a company, his remedy would be to apply to the High Court for the appointment of a judicial manager to the company. If appointed, the judicial manager will, subject to directions from the court, take over all the powers and functions of the management of the company. The judicial management is intended to be only a temporary phase to protect the interests of the

policy-owners, and, as soon as practicable, the judicial manager will report to the court, indicating whether he considers the company should be wound up, or its business transferred to another company, or whether any better arrangement can be made in the interests of the policy-owners. These, then, are the powers whereby the Commissioner will be able to ensure that all life insurance companies remain solvent, not only as regards their immediate liabilities, but also as regards the actuarial reserves that must be built up to pay future claims. It will be noted that there is nothing arbitrary about his powers on any question of vital importance; if the company is not satisfied with the Commissioner's decision, it can take the matter to the High Court for decision.

A considerable part of the bill sets out certain minimum rights that a policy-owner shall have in relation to his policy contract. These provisions, for the most part, follow similar provisions in the various State acts, and in any event, are merely privileges that the better companies have freely allowed to their policy-holders for many years. The object of the bill is to require all companies to maintain these minimum standards in all States.

In recent years the Victorian Government has taken an active interest in life insurance legislation of this nature. Senators will remember that a Royal Commission on Industrial Insurance was appointed in Victoria in 1938, and the recommendations of that royal commission were subsequently embodied in the legislation of that State.

The present bill has included all the provisions of recent Victorian legislation, with minor amendments, and thus extends to policy-owners in all States the benefits of the findings of that royal commission. The most important of these provisions is, perhaps, the institution of a minimum scale of surrender values and paid-up policy values which, as in Victoria, are extended to both ordinary and industrial insurance policies.

I do not propose at this stage to enter into details regarding the other provisions of the bill, some of which are of a technical nature, since they are described in the memorandum which I

am presenting for the information of honorable senators. I would, however, once more emphasize the need for uniform and comprehensive legislative control of this business which so closely affects the lives of the Australian people. Before this bill was drafted, an extensive study was made of comparable legislation in Great Britain and in most of the British dominions, and I believe that the form of control suggested by the bill is the most suitable to Australian conditions. The provisions of the bill are not unduly harsh on the management of life insurance companies; indeed, I think it can be said that the better companies have already voluntarily given to their policy-holders substantially all the rights conferred by the bill. The measure will, however, introduce improvements into the practices of some other companies that have not been so liberal in the past, and will also have the undoubtedly advantage of rendering the minimum rights of policy-owners uniform in all companies and in all States.

Debate (on motion by Senator LECKIE) adjourned.

COMMONWEALTH BANK BILL 1945.

In committee: Consideration resumed from the 18th July (*vide* page 4160).

Clause 26 agreed to.

Clause 27 (Deputy Governor to act when no Governor).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [3.30].—The clause reads—

In the event of a vacancy in the office of Governor, the Deputy Governor shall perform the duties of the Governor and shall have and may exercise the powers and functions of the Governor.

Apparently, no provision is made to enable the Deputy Governor to perform the duties of the Governor should the latter suddenly take ill, or be unable to perform his duties for some other reason. It is true that clause 26 provides that the Deputy Governor shall perform such duties as the Governor directs. But the clause now before the committee only gives power to the Deputy Governor to act should the Governor die, or the office become vacant for any other reason. The Minister should examine the clause

to ensure that provision is made to enable the Deputy Governor to carry on during such periods as the Governor is absent on leave or owing to illness or other causes.

Senator KEANE (Victoria—Minister for Trade and Customs) [3.31].—The clause enables the Deputy Governor to take control of the bank if, for instance, the Governor dies. In such circumstances, the Deputy Governor would remain in control until another Governor is appointed by the Governor-General. The act of 1911 provided that “if the Governor is absent from the Commonwealth, or is absent from duty on leave, or is unable by reason of illness or other cause to perform his duty, or if any vacancy exists in the office of Governor, the Deputy Governor shall have and exercise all the powers and functions of the Governor during his absence, or while the inability continues or the vacancy exists”. In 1924, that section was repealed and, in lieu thereof the existing section 23 was inserted. The reason for the wording of the clause now before the committee is that it is more appropriate in relation to statutory appointments.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [3.32].—The Minister will realize that probably the reason why the section to which he referred was repealed was that the bank was placed under the control of a board, and the board could immediately grant all necessary powers to the Deputy Governor. It would seem that the matter I have raised has been overlooked. An amendment should be inserted in order to give to the Deputy Governor power to carry on in the event of the illness of the Governor, or incapacity from other causes to perform his duties.

Senator KEANE.—I think that the clause is adequate.

Clause agreed to.

Clause 28 agreed to.

Clause 29 (Advisory Council).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [3.34].—The Government has decided to substitute an Advisory Council for the present board. Apparently, it deems this method the best way of supplementing any wisdom which the Governor may possess in his

management of the bank. It is curious to note how this provision fits into the scheme of the measure, the object of which is to make the bank completely subservient to the Treasurer of the day.

Sub-clause 2 provides—

The Advisory Council shall consist of—

- (a) the Secretary to the Department of the Treasury;
- (b) the Deputy Governor;
- (c) an additional representative of the Department of the Treasury, who shall be an officer of the Public Service of the Commonwealth and shall be appointed by the Governor-General; and
- (d) two officers of the Bank, who shall be appointed by the Treasurer, on the recommendation of the Governor.

Every one of those officers is subject to the Treasurer of the day, and his appointment will depend upon the Treasurer of the day. It is hardly likely that an Advisory Council so constituted would at any time oppose the wishes of the Treasurer of the day who holds their livelihood in his hand.

Senator KEANE.—The Treasury officers at present often go against the Treasurer's opinion.

Senator LECKIE.—They might. All of the members of the proposed Advisory Council will be paid officers of the Treasury, and it is not likely that they would go against the wishes of the Treasurer.

Senator KEANE.—They are the most persistent bulldogs I have ever met.

Senator LECKIE.—This proposal seems to me to be like the fifth wheel of the coach. It is merely a trimming to lead the people to believe that the Governor will be guided by the Advisory Council. It may be better than nothing, but compared with board control it will be practically useless. This proposal is designed to lead the people concerned with the bank to believe that they will still have some interest in it. The measure as a whole, and particularly this clause, reduces the status of the Commonwealth Bank to a public department. The Government seeks to achieve that objective by appointing officers of a government department to advise the Governor of the bank on financial matters. But such officers will have no responsibilities and no powers. The Governor need not

take the slightest notice of any advice they may tender.

Senator KEANE.—They are not political; that is the important point.

Senator LECKIE.—They should not be.

Senator KEANE.—But some advisers in the past were political.

Senator LECKIE.—These officers will have no responsibility and no power. It would be an improvement to provide that the Advisory Council shall report to Parliament in respect of any difference of opinion with the Governor. That would be a safeguard, but under the clause the Governor can ignore any advice which the council may give, and he cannot be called to account for such action because no one except himself will know what advice the council may offer. The council will report to him alone, and he may simply sweep their advice aside. I do not propose to move an amendment, but I point out the uselessness of the proposed council. It will be of no value in looking after the affairs of the bank. The Governor with the Treasurer standing over him will simply run the bank. Obviously, the proposal is intended to lead people to believe that the Advisory Council will have some responsibility and power. That is not the case. The council will not even have the power to submit its advice to the Treasurer.

Senator J. B. HAYES (Tasmania) [3.39].—The Minister, by interjection, said that the members of the Advisory Council would be non-political. That is probably true; but an earlier clause passed by the committee provides that in the event of disagreement the Treasurer's view shall prevail. In effect, that means that the council must work under the control and direction of the Treasurer of the day. The Treasurer, whoever he may be, will be distinctly political and it is useless to say that the Advisory Council will not be political, because the bill is political from beginning to end. That is indicated by the provision that in the event of disagreement, the will of the Government shall prevail. The Leader of the Opposition in the House of Representatives (Mr. Menzies) has announced that when the Liberal party gains the treasury bench, the Bank Board will be

re-established. Henceforth, every general election will be fought on banking. The stability of banking depends on the application of a constant policy. People dealing with banks, and they are legion, ought to be able to ascertain exactly what the banking policy is, but they will not be able to do so, because with every change of government, there will be a change of the banking legislation. That will destroy stability. At the next general elections, the people will be asked whether they prefer the Commonwealth Bank to be administered by politicians or independent men. I have no doubt what the people will say. The Government should seriously reconsider this extremely dangerous substitution of political control for the independent control of the Bank Board.

Senator SAMPSON (Tasmania) [3.43].—Sub-clause 5 provides—

Each of the members of the Advisory Council referred to in paragraphs (a) and (c) of sub-section (2.) of this section shall be paid an allowance by the Bank at the rate of Six hundred pounds per annum.

The members of the Advisory Council referred to in that sub-clause are the Secretary to the Treasury and the other representative of the Treasury. I assume that they are adequately paid by the Government. If they are to be additionally remunerated for their work as members of the Advisory Council, why is it not proposed that the other members of the Advisory Council shall be similarly remunerated?

Senator KEANE (Victoria—Minister for Trade and Customs) [3.44].—The payment of £600 a year to the representatives of the Treasury on the Advisory Council will be in accordance with the present practice under which the Secretary of the Treasury, as a member of the Commonwealth Bank Board, receives an extra £600 a year. The representatives of the Commonwealth Bank on the Advisory Council, I assume, will be reclassified for their higher duties and paid accordingly.

Senator HERBERT HAYS (Tasmania) [3.45].—An outstanding feature of this clause is that all the members of the Advisory Council will be nominated by the Government. Some provision should be made for an independent

mind to be brought to bear on the matters on which the council will be required to give advice to the Governor. That is the great weakness in the constitution of the Advisory Council.

Clause agreed to.

Clause 30 (Governor to preside at meetings of Council).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [3.46].—This clause is peculiar in that it provides that the Governor shall attend and preside at all meetings of the Advisory Council but shall not be entitled to vote. The Deputy Governor will have a vote. The Minister should explain the need for the differentiation.

Senator J. B. HAYES (Tasmania) [3.47].—This clause provides that the Governor shall attend and preside at all meetings. What would be the position if he were absent on leave or through illness?

Senator KEANE (Victoria—Minister for Trade and Customs) [3.47].—The obvious explanation is that the Governor is the controller of the whole concern. The members of the Advisory Council are to be his advisers. He will meet them for the purpose of receiving advice. He does not need to have a vote on advice to be tendered to him.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [3.48].—The Minister (Senator Keane) has not explained the point raised by Senator J. B. Hayes as to whether the Advisory Council can meet in the absence of the Governor. It seems to me that insufficient consideration has been given to this clause.

Senator KEANE (Victoria—Minister for Trade and Customs) [3.49].—The Acting Leader of the Opposition (Senator Leckie) is raising a question on almost every line of this bill. The honorable senator could as well ask me how many letters are in the Post Office as to ask some of the questions he is putting to me. I do not intend to debate clauses which are obviously clear.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [3.50].—At last we have a definite statement from the Minister. He does not know what

the clause means, or, if he does know, he does not intend to tell us.

Senator KEANE.—The clause is quite plain.

Senator LECKIE.—Even if we are able to point out faulty drafting, the Minister's attitude seems to be, "We have the numbers and, faulty or not, the bill is going through".

Clause agreed to.

Clauses 31 to 34 agreed to.

Clause 35 (Agents).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [3.51].—After the outburst by the Minister for Trade and Customs (Senator Keane) in response to my last inquiry, it hardly seems worth while asking questions on these clauses. However, I should like to know if this clause means that the bank may arrange with any individual—not a company or an organization, but a single individual who is not a member of the bank staff—to act as its agent? One can understand a branch manager acting as an agent, but not a person who has no connexion whatever with the bank.

Senator AMOUR.—This is done at present in regard to post office branches.

Senator LECKIE.—That is a different matter. Those are small savings bank branches. I presume that the agents provided for in this clause will be called upon to carry out the administration of rural credits, general banking business, and other branches.

Senator KEANE (Victoria—Minister for Trade and Customs) [3.53].—This clause follows the lines of section 41 of the existing act, except that the provision has been widened so that any person, not only a bank, may act as an agent of the bank. In addition to having banks overseas acting as its agents, it is necessary to provide that persons may be appointed to act similarly. A shipping or travel company may be needed in connexion with the cashing of travellers' cheques, or letters of credit issued by the bank. It is essential that the bank have power to appoint either agents, companies or persons both within and outside Australia.

Clause agreed to.

Clauses 36 and 37 agreed to.

Clause 38—

The Bank may, with the approval of the Treasurer, enter into an arrangement with any other bank for the transfer to the Bank, upon such terms and conditions as are agreed upon between the Bank and that other bank, of the whole or any part of the assets, liabilities and business of that other bank.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [3.54].—I have no objection to this clause as it stands, but I should like to know why no provision is made for the staffs of banks which will be absorbed by the Commonwealth Bank. Those staffs will include many men who have spent their lives in the service of the private banks, and this clause does not impose any obligation upon the Government to provide employment for them, or to pay compensation for the loss of employment. I point out also that officers of private banks have their own superannuation funds. What payments are proposed to compensate private bank officers for the money which they have paid into their superannuation funds? To safeguard the position of these officers I move—

That the following proviso be added:—

“Provided that in any such transfer, the staff of the Bank taken over shall be absorbed in the Commonwealth Bank staff so as to preserve to them the same status and rights as in their original employment.”

Senator KEANE (Victoria—Minister for Trade and Customs) [3.56].—Clause 156, sub-clause 3 provides—

Where the Bank enters into an arrangement under section thirty-eight of this Act, or the Savings Bank enters into an arrangement under section one hundred and twenty-five of this Act, the Bank may appoint to the Service of the Bank officers of the body corporate or Savings Bank with which the arrangement is made although they have not passed a prescribed entrance examination.

When this legislation becomes operative, it will be necessary for recruits for the Commonwealth Bank staff to pass a prescribed entrance examination. That, however, does not apply to officers of banks taken over by the Commonwealth Bank. Although clause 156 does not go so far as the amendment does, it provides adequate protection. The object of the amendment is to have officers of private banks taken over by the Commonwealth Bank accepted in the Commonwealth Bank on the same status and with the same rights as they held in their original

employment. It is reasonable to assume that any officer who held a position of importance in a private bank will not be derated when he is absorbed into the Commonwealth Bank staff. However, there may be other officers who because of drunken habits, or for some other valid reason, cannot be regarded as desirable members of the Commonwealth Bank staff. The Commonwealth Bank should not be under an obligation to employ people of that type. I admit that this is one of the main objections of certain bank officers' organizations to this legislation. Representatives of these organizations have been conducting a campaign throughout the Commonwealth, and telling bank officers that if this legislation becomes law they will lose their jobs. That is not so. The interests of officers of private banks will be protected adequately.

Senator J. B. HAYES (Tasmania) [3.57].—The Minister for Trade and Customs (Senator Keane) has said that the Commonwealth Bank will take over the best of the officers of the private banks which are to be absorbed, but will reject anybody who is considered undesirable. I point out that undesirable individuals are not employed by the private banks. These institutions employ only competent officers of high personal integrity and competence.

Senator HERBERT HAYS (Tasmania) [3.58].—I support the arguments that have been advanced by the Leader of the Opposition (Senator Leckie). As the honorable gentleman has said, officers of private banks are contributors to superannuation funds. If a bank is taken over by the Commonwealth Bank and no provision is made for the absorption of all its employees, what will happen to the superannuation contributions of employees who lose their jobs? There should be a liability upon the Commonwealth to pay compensation in these cases. There is an obligation to make superannuation provision for these men. What will happen to the staff of a private bank should the Commonwealth Bank take it over and the superannuation payments be only partly paid?

Senator KEANE (Victoria—Minister for Trade and Customs) [4.1].—That

is a fair question, but I remind the committee that when the Commonwealth Bank took over certain banks in Western Australia and Queensland, it absorbed 100 per cent. of their staffs whose rights were amply protected. Under certain social service legislation, which will come before the Parliament soon, it may be necessary to take over some State officers. Before the Commonwealth Government asks them to accept transfer to the Commonwealth Public Service, legislation will have to be passed to preserve their rights. Honorable senators opposite may rely upon the Commonwealth Bank doing the right thing in the circumstances outlined by Senator Herbert Hays, with whose representations I am in sympathy.

Senator McKENNA (Tasmania) [4.2]. Clause 38 does not deal with the compulsory acquisition of another bank by the Commonwealth Bank, but with a voluntary arrangement between banks. In that event, I suggest that it would be the duty of the trading bank, which is negotiating for the sale of its assets to the Commonwealth Bank, to include in the proposed agreement provisions for the protection of its staff. It would not be reasonable to suggest that the Commonwealth Bank should take over every member of the staff of a bank which was being acquired.

Senator HERBERT HAYS.—What about the superannuation rights of the bank officers?

Senator McKENNA.—Adequate provision should be made in that connexion. Representations have already been made to the Treasurer (Mr. Chifley) on that subject, and they are being given careful consideration. I understand that the right honorable gentleman is not prepared to make an announcement at this stage, but that he will do so after this legislation has passed through the Parliament.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [4.3].—If there is to be an announcement by the Treasurer (Mr. Chifley), it should be made now, before it is too late, because should the bill be passed in its present form, the staff of any banking institution which may be taken over by the Com-

monwealth Bank will be left in a state of uncertainty. It is all very well for the Minister for Trade and Customs (Senator Keane) to say that ample provision is made in clause 156, but all that that clause provides, in sub-clause 2, is that "the Bank may appoint persons who have not passed a prescribed entrance examination to such positions or to positions of such classes, as are prescribed". Sub-clause 3 goes a little farther; it provides that officers of a bank which is taken over by the Commonwealth Bank may be appointed although they have not passed the prescribed examination. That means only that the staff of any bank which is taken over will be at the mercy of the Governor of the Commonwealth Bank.

Senator McKENNA.—It will be the duty of the private bank to protect its officers when entering into an agreement with the Commonwealth Bank.

Senator LECKIE.—No doubt it will do so to the best of its ability, but a private bank which is carrying on business successfully and is making profits is not likely to want to hand over its business to the Commonwealth Bank. Only when a private bank is experiencing difficulties will it be willing to enter into negotiations with the Commonwealth Bank, and, therefore, it may not be in a position to lay down, hard and fast, the conditions which shall apply to its staff. I cannot understand why the Government proposes to treat the staff of private banks so badly. Most of these officers are not highly paid and after many years of service with a bank they will not be fitted for other classes of work. The Government's duty is to see that officers of a bank which is being taken over by the Commonwealth Bank shall be adequately safeguarded. I cannot understand the reluctance on the part of the Government to accept the amendment. I wish to make it clear that I have not consulted with any bank officer in his matter, and that no representations on this subject have been made to me. When I saw this clause, I marked it immediately as one deserving of further consideration, because I foresaw that it could cause hardship. I am astonished that the Ministry has not taken the opportunity to reassure

officers of private banks that their interests will be safeguarded. The Government professes to represent the working people of this country and I cannot understand its attitude in this matter.

Amendment negatived.

Clause agreed to.

Clauses 39 to 41 agreed to.

Clause 42—

Australian notes may be issued in any of the following denominations, namely, Five shillings, Ten shillings, One pound, Five pounds, Ten pounds or any multiple of Ten pounds.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [4.8].—This clause provides for a departure from the existing practice in respect of the note issue and cannot be allowed to pass without comment. For many years the note issue has had a backing of either gold or other suitable security, but now the Government says that there is no necessity for any such backing. Clearly, the Government wants the power to print as many notes as it thinks fit; it wants freedom to act wildly, and to print notes without limit and without supporting security of any kind.

Senator ASHLEY.—The honorable senator is repeating a story which is 40 years old. When the Commonwealth Bank was established derogatory references were made to "Fisher's flimsies".

Senator LECKIE.—The Minister for Supply and Shipping (Senator Ashley) will not deny that, so far, the note issue has had either a gold or a security backing, and that now the Government proposes to depart from the practice of generations.

Senator ASHLEY.—The resources of the nation stand behind the note issue.

Senator LECKIE.—I have heard that before, but those resources are already heavily mortgaged. The existence of a backing, in either gold or other security, to the note issue would give the people confidence that the currency was being safeguarded. Moreover, such a backing would constitute a valuable nest-egg for use in connexion with foreign transactions. The Minister knows that Australian notes are not accepted outside Australia. Most of our transactions overseas will have to be paid for either in gold or in goods and, as I have said,

the existence of a backing to the note issue would be valuable should the trade balance be against Australia.

Senator KEANE.—This clause deals only with the denomination of notes and has nothing to do with a gold backing to the note issue.

Senator LECKIE.—Nowhere in the bill is there any reference to a gold backing to the note issue. I am drawing attention to the omission.

Senator KEANE.—The honorable senator is out of order.

Senator LECKIE.—There should be such a provision in the bill, and I intend to move accordingly.

Senator KEANE.—Gold is not referred to in the bill. The Lyons Government got rid of the gold backing to the note issue.

Senator LECKIE.—It is because there is no reference to gold in the bill that I refer to it. At least, the Government should have regard to the amount of the note issue, and should agree to some limitation being placed on it. Before the war, Australian notes in circulation represented about £6 or £7 per head of the population; to-day notes to the value of from £28 to £30 per head of the population are in circulation. What proportion of those notes is held by banks, and what proportion is held by the public, I do not know, but I suggest that a limit of £25 per head of population would adequately serve all currency requirements and buying necessities of this country. Such a limit would be flexible, because it would vary with any increase of the population. I move—

That the following proviso be added:—

"Provided that the total issue of notes does not exceed £25 per head of the population of Australia, without the consent of Parliament."

The CHAIRMAN (Senator Courtice).—The amendment is not in order as this clause deals only with the denomination of notes.

Senator LECKIE.—I wish to place a limit upon the value of notes which may be printed in the denominations set out in the clause.

The CHAIRMAN.—As the clause deals specifically with denominations of notes the Acting Leader of the Opposition would not be in order in seeking to

amend the clause along the lines he has intimated. He may propose a new sub-clause to achieve the intention that he has in mind. The number of notes does not arise under the clause. The clause deals with classes of notes.

Senator MATTNER (South Australia) [4.18].—Under the clause at it stands, will the bank have power to issue notes to an unlimited amount?

The CHAIRMAN.—The clause does not refer to the number of notes that may be issued. It deals specifically with denominations.

Senator MATTNER.—I address my question to the Minister in charge of the bill.

Senator LECKIE.—In order to enable us to get out of our difficulty, will the Minister agree to the recommittal of clause 21?

Senator KEANE.—No.

Clause agreed to.

New clause 42A.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [4.19]:—I move—

That the following new clause be inserted:—

“42A.—Nothing in section forty-two shall enable the Note Issue Department of the Bank to issue notes of a total value exceeding £25 per head of the population.”

My amendment would limit the note issue to approximately £180,000,000. That amount should be sufficient for the ordinary transactions of the community. However, my main objective is to place some limit upon the total value of the note issue in order to prevent this, or any government in the future, from wildly printing notes. I know that it will be argued that notes in excess of what is demanded by the public will not be printed. However, the people do not hold all the notes now on issue. Notes are held also by banks and other institutions. I suggest that when we come to the appropriate clause, the Minister should make a statement setting out not only the value of the notes now on issue, but also how these notes are distributed as between private individuals and institutions. I am not exactly wedded to the basis of £25 *per capita* mentioned in my amendment,

although I think that that amount would be ample. My objective is to place a limit upon the value of the note issue. This is imperative having regard to the fact that the Government has abolished the note issue reserve, which, in the past, restricted the issue of notes. Under this bill, no limit whatever is provided with respect to the printing of notes. I wish to protect the people of Australia from the ruinous experience of Germany, and other continental countries, where administrations printed notes *ad lib.* Surely, the Government does not wish to see such a state of affairs occur in Australia? However, if it refuses to set a limit to the note issue as I now propose, one can only conclude that it intends to print bank notes *ad lib.* I also point out that my amendment provides that the Treasurer of the day may seek the permission of Parliament to increase the note issue. I have no doubt that should sound reasons be advanced for such a course, Parliament would give its consent. Does the Minister refuse to put any limit on the value of the bank notes which may be printed?

Senator GIBSON (Victoria) [4.24].—I support the amendment moved by the Acting Leader of the Opposition (Senator Leckie). It is a very fair proposal. In 1938 the amount of money in circulation averaged £7 *per capita*, whereas to-day the amount is about £25 *per capita*. The amendment proposes to limit the note issue at that level, unless Parliament consents to exceed that limit. It is obvious that to-day many people are hoarding bank notes, because all of the notes issued are not in circulation. With freer circulation of notes the present note issue could be greatly reduced. The main reason for the present shortage of notes is that notes are being hoarded by many people who seem to think they are hoarding something of value, whereas the notes they hold would be just as safe in the hands of banking institutions. A limit of £25 *per capita* would be the equivalent of a total note issue of approximately £180,000,000.

Senator KEANE (Victoria—Minister for Trade and Customs) [4.26].—For practical purposes the effect of the amendment moved by the Acting Leader of the Opposition (Senator Leckie)

would be to impose a maximum limit on the note issue of approximately £165,000,000 except with the consent of Parliament. In deciding to abolish the note issue reserve the Government gave careful consideration to the alternative of placing a statutory limit on the note issue. During the last six years the note issue has, for war reasons, increased from approximately £50,000,000 to a high water mark of about £200,000,000. It is now about £185,000,000. The Government considers that this war-time expansion which may be followed by a large contraction, makes it inappropriate at the present stage to impose a maximum limit on the note issue. The Government also considers that under modern conditions control of bank credit is more important as a protection against inflation than the placing of a legislative limit of the note issue.

Question put—

That the proposed new clause (Senator LECKIE's amendment) be inserted.

The committee divided.

THE CHAIRMAN—SENATOR B.
COURTICE.)

Ayes	9
Noes	16
<hr/>	
Majority	7
<hr/>	

AYES.

Brand, C. H.	Leckie, J. W.
Collett, H. B.	MacDonald, Allan
Cooper, W. J.	Mattner, E. W.
Gibson, W. G.	<i>Teller:</i>
Hayes, J. B.	Sampson, B.

NOES.

Amour, S. K.	Keane, R. V.
Armstrong, J. I.	Lamp, C. A.
Arnold, J. J.	McKenna, N. E.
Ashley, W. P.	Nicholls, T. M.
Brown, G.	O'Flaherty, S. W.
Cameron, D.	Sheehan, J. M.
Courtice, B.	
Finlay, A.	<i>Teller:</i>
Fraser, J. M.	Clothier, R. E.

PAIRS.

McLachlan, James	Large, W. J.
Foll, H. S.	Grant, D. M.
McLeay, G.	Nash, R. H.
Hays, Herbert	Aylett, W. E.
Crawford, T. W.	Collings, J. S.

Question so resolved in the negative.

Clauses 43 to 47 agreed to.

Clause 48 (Monthly statement of notes issued).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [4.33].—Clause 48 provides—

(1.) As soon as practicable after the last Monday in each month, an officer appointed for the purpose by the Governor shall prepare and sign a statement showing, as at the close of business on that day, the number and amount of Australian notes on issue.

I should like the clause to provide that that statement shall show not only the number and amount of Australian notes on issue, but also the number and amount held by the banks, and the number and amount held by the public. If there should be any great difficulty in making such a return I would not persist, but I can see no such difficulty. It will be realized that money in the hands of private persons is not all thrown onto the market at once, but there could be a great danger in a sudden flooding of the market with money by a financial institution.

Senator MCKENNA (Tasmania) [4.35].—The Banking Bill provides that the trading banks shall furnish regular returns of the notes held by them. By a simple process of deduction the division of the notes as between the banks and the public could be ascertained.

Senator MATTNER (South Australia) [4.36].—Sub-clause 2 provides—

In preparing any such statement, notes of a denomination not exceeding One pound which have been on issue more than 20 years, and notes of a denomination exceeding One pound which have been on issue for more than forty years, shall not be included.

What is the reason for that provision? Obviously, if they are omitted, we shall not have a correct statement of the number and amount of notes on issue. Perhaps they could be shown in an addendum. Then one could arrive at the correct figure.

Senator ASHLEY (New South Wales—Minister for Supply and Shipping) [4.38].—In reply to Senator Leckie, the amount and number of Australian notes held by the Commonwealth Bank, the trading banks and the public are published weekly.

Senator LECKIE.—Why is that not provided for in this bill?

Senator ASHLEY.—There is no need for such provisions when the figures are already published weekly.

Senator LECKIE.—Will they continue to be published weekly?

Senator ASHLEY.—Yes. With regard to the matter raised by Senator Mattner, for the purposes of calculating the note issue reserve to be held in terms of section 109 of the existing act, notes of a denomination not exceeding £1 which have not been presented for payment within twenty years from the date of issue, and notes of a denomination exceeding £1 which have not been presented for payment within 40 years from the date of issue are deemed to have been redeemed.

Senator LECKIE.—The honorable gentleman does not mean to imply that such notes will no longer be redeemable and will be valueless?

Senator ASHLEY.—No.

Clause agreed to.

Clauses 49 to 55 agreed to.

Clause 56 (Making, &c., of false forms).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [4.40].—Some explanation is needed of this clause which provides a penalty of imprisonment for four years for the possession of “any instrument or thing which may be used in making any form of any Australian note”. All printers engaging in delicate work like the printing of cheque forms have printing machinery capable of being used in the making of any form of any Australian note. It seems rather rough that they should be liable to imprisonment for four years, when their only purpose is to carry on a legitimate trade in which they are engaged. There should be some qualification, perhaps a licensing system, to enable them to carry on without fear of sudden imprisonment for having been engaged in a legitimate enterprise. I do not suggest that that is the intention of the Government, but there should be no possibility of such a happening.

Senator ASHLEY (New South Wales—Minister for Supply and Shipping) [4.43].—To be guilty of a criminal offence, a person must possess what is commonly referred to as *mens rea*, that is, a guilty mind or purpose. A person having an instrument for an honest purpose, therefore, would not be guilty

of an offence. This provision has been in force since 1920 and no difficulty has occurred or is expected.

Clause agreed to.

Clauses 57 to 63 agreed to.

Clause 64 (Capital of Department).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [4.45].—This clause provides that the capital of the Rural Credits Department shall be £2,000,000. Clause 65 provides that a further £3,000,000 may be loaned to the department by the Treasurer, making a total of £5,000,000. That hardly seems sufficient to conduct the activities of the Rural Credits Department?

Senator GIBSON.—Especially as a first payment on wheat may involve £30,000,000.

Senator LECKIE.—That is so.

Senator ASHLEY (New South Wales—Postmaster-General) [4.47].—In the terms of section 130 of the existing act, 25 per cent. of the net annual profits of the Note Issue Department have been paid to the Rural Credits Department until the amount paid reached a total of £2,000,000. This sum is not described in the present legislation as capital, but in fact, it is capital, and has been treated as such. The balance sheet of the bank has shown the capital account of the Rural Credits Department at £2,000,000. The bank regards this amount as sufficient for immediate requirements.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [4.48].—Presumably the Rural Credits Department will be called upon to finance large transactions in wheat, butter, wool, and other primary products. The money involved will amount to many millions of pounds. If these activities were to be carried out by the General Banking Department, of course, all the money in the bank would be available; but responsibility for these functions rests upon the Rural Credits Department, which I have said will have a total capital of only £5,000,000.

Senator KEANE.—Clause 66 provides that the bank may make advances to the Rural Credits Department of such amounts, and subject to such terms and conditions, as the Governor determines.

Clause agreed to.

Clauses 65 to 79 agreed to.

Clause 80—

(1.) Subject to this Part, loans may be made by the Bank through the Mortgage Bank Department to any person engaged in farming, agricultural, horticultural, pastoral or grazing operations, or in such other form of primary production as the Bank thinks fit, upon the security of a mortgage to the Bank of an estate or interest in land in the Commonwealth owned by the borrower, where the land is used or is to be used primarily for farming, agricultural, horticultural, pastoral or grazing operations or in such other form of primary production as the Bank thinks fit.

Senator GIBSON (Victoria) [4.51].— I move—

That the following words be added to sub-clause (1.):—

"and, in addition, loans may be made by the Bank on live-stock and machinery".

These words appear in the Victorian Closer Settlement Act. I move this amendment because at present, the Mortgage Bank Department does not make loans on machinery or anything incidental to farming or land settlement. The amendment if carried would enable the Mortgage Bank Department to carry on a farmer's entire banking business, that is, his overdraft as well as his mortgage. At present the Mortgage Bank Department can make loans by way of mortgage only on land. Thus, a farmer may be compelled to take a second mortgage, and I assume that if the Government holds the first mortgage, no other institution would take a second mortgage. If my amendment be made the Mortgage Bank Department will be able to make advances on machinery, livestock and plant. It is advisable that a primary producer's accounts should be kept by one institution. If that were done, the Mortgage Bank Department would know immediately the total amount that it had advanced and the security that it held. Clause 141 of the Victorian Closer Settlement Act enables advances to be made on implements, livestock and even manures. To date, the total number of applications granted by the Mortgage Bank Department of the Commonwealth Bank is 814, but 819 applications have been rejected, no doubt mainly for the reason which I have stated. The Minister would be wise to accept the amendment. Land values are now being deter-

mined by government valuers on the conservative side. The Mortgage Bank Department will advance up to 70 per cent., leaving a 30 per cent. equity for the farmer in his property. If a man has a 30 per cent. equity, he has a good hold on his property, and the bank is not likely to lose anything by the acceptance of this amendment which would permit the Mortgage Bank Department to grant loans for the purpose which I have stated.

Senator O'FLAHERTY.—Will that position not be covered by the general banking provisions?

Senator GIBSON.—No. That would necessitate a farmer having two accounts, which I do not think is fair.

Senator KEANE (Victoria—Minister for Trade and Customs) [4.55].—The purpose of the Mortgage Bank Department is to make long-term loans to rural producers on the security of land. The Government considers that it would be inappropriate to make loans on livestock and machinery under this part. However, it is open to the Commonwealth Bank to make loans to rural producers on livestock and machinery under the general banking provisions.

Senator COOPER (Queensland) [4.56].—I support the amendment that has been moved by Senator Gibson. True, these loans could be made available under the general banking provisions, but that would mean two separate accounts. Also, the position is most difficult for primary producers in Queensland where the bulk of pastoral land is held on Crown lease. I cannot find any provisions in this bill for advancing money against a lease of Crown land. If there is no such provision, a farmer could obtain a loan only in respect of stock and machinery. I ask the Minister to explain this point..

Senator GIBSON (Victoria) [4.57].—The Minister for Trade and Customs (Senator Keane) has stated that it is not appropriate for the Rural Credits Department to make loans on livestock and machinery. The words which I propose should be inserted in this clause have been taken from the Victorian Closer Settlement Act, which deals wholly and solely with land. Provision is made in that legislation for a farmer to borrow up to 80 per cent. of the value

of his property. In addition, he may borrow from the same bank on his live-stock, machinery and manures. I am asking only that primary producers should be able to borrow from the Rural Credits Department for implements and livestock. Apart from soldier settlement undertakings, the Victorian Government has not lost money on its closer settlement schemes. Up to date, the Mortgage Bank Department of the Commonwealth Bank has refused applications totalling £1,819,000, chiefly because the applicants did not have a 30 per cent. equity in their properties. Under the Victorian system, those applications probably would have been successful, because the equity required is less. I ask the Minister to consider seriously the amendment which I have moved. Competent officers will be available to determine whether or not the risk involved in lending money on machinery and livestock is reasonable.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [5.0].—Senator Gibson has submitted a reasonable proposal. The explanation of the Minister for Trade and Customs (Senator Keane) was that, under this clause, the Mortgage Bank Department of the Commonwealth Bank would have a mortgage on either freehold or leasehold land. Senator Gibson has pointed out that the land-holder would have difficulty in borrowing money elsewhere, but the Minister answered that objection by saying that he could borrow money from the General Banking Division of the Commonwealth Bank. Let us consider the position of a man who receives from the Mortgage Bank Department a loan of 70 per cent. of the value of his land and then needs more money with which to purchase live-stock, or plant and machinery. He would be unable to get that money from any private institution, and, therefore, he must go to the Commonwealth Bank for it. That means that he must enter into a new instrument of mortgage with the General Banking Division of the Commonwealth Bank and give additional security for his borrowings in respect of plant, machinery and live-stock. That complicates the transactions unduly; a single mortgage with the Commonwealth Bank would be much better

because it would obviate dealings with two different departments. As has already been pointed out, the Victorian act has worked well.

Senator O'FLAHERTY.—That is a closer settlement act.

Senator LECKIE.—Of course it is. Is not this also a closer settlement provision? It provides for mortgages on broad acres, which means primary producing land. This bill places impossible conditions upon a man who has not sufficient money to buy the live-stock necessary to stock his land which is already mortgaged. The only inference that can be drawn from the attitude of the Government is that after the Commonwealth Bank has accepted a mortgage over a man's land, the land-holder will be compelled to apply to the Commonwealth Bank for any further financial accommodation that he may require. Senator Gibson's proposal is reasonable, and I cannot see why the Minister cannot accept it, unless it be that he is acting under strict instructions. Acceptance of Senator Gibson's proposal would undoubtedly make things easier for the man on the land.

Senator GIBSON (Victoria) [5.3].—If a man has to go to the Commonwealth Bank for financial assistance he must give a lien on his stock. Once a man has given to another a lien on his stock he is under an obligation to sell that stock, not when it suits him, but when it suits the other party to the transaction. Many men who may ask for assistance from the Mortgage Bank Department, would be helped if provision were made for them along the lines that I have indicated.

Amendment negatived.

Clause agreed to.

Clauses 81 and 82 agreed to.

Clause 83—

The amount of any loan under this Part . . . shall not exceed seventy per centum of the value . . . of the estate or interest in land on which the loan or loans are secured, or Five thousand pounds, whichever is the less.

Senator COOPER (Queensland) [5.5].—I move—

That the word "seventy" be left out with a view to insert in lieu thereof the word "eighty".

The amendment would bring this legislation into conformity with the Victorian Closer Settlement Act. In his amend-

ment to clause 80, Senator Gibson said that a man who had an equity of 30 per cent. in his land was in a sound position. Acceptance of my amendment would be of considerable benefit to a man when stocking or improving his property, and I ask the Minister to accept it.

Senator GIBSON (Victoria) [5.6].—I support the amendment for the reasons given by Senator Cooper and also those which I gave in support of the previous amendment. Although the Mortgage Bank Department of the Commonwealth Bank was established in order to benefit the man on the land, it has rejected 819 applications for loans amounting to £1,819,000. Probably many of those applications were rejected because they would have represented more than 70 per cent. of the value of the estate or the land-holder's interest in the land. Honorable senators know that Commonwealth Government valuations of land are exceedingly low. Had the Mortgage Bank Department been authorized to make advances up to 80 per cent. of the value of the land, it is probable that few of those applications would have been rejected. Those unsuccessful applicants have been forced to seek money elsewhere. Unfortunately it frequently happens that the man whose application is rejected is the man who is most in need of financial assistance. The margin of 30 per cent. should be reduced to 20 per cent. The alteration proposed by Senator Cooper is more necessary now than at any other time during the last 30 years, because of the losses which men have suffered through drought and the depreciation of their properties because of war conditions. I hope that the Minister will accept the amendment.

Senator KEANE (Victoria—Minister for Trade and Customs) [5.8].—This matter was carefully considered in 1943, when the Government established the Mortgage Bank Department of the Commonwealth Bank. After taking into account all circumstances, the Government considers that the existing provisions for loans up to 70 per cent. of the value of the land, or £5,000, whichever is the less, are adequate.

Senator COOPER (Queensland) [5.9].—A fixed percentage of 70 per cent. of

the value of the land must have been decided on by men who do not understand the difficulties which face the man on the land. In my second-reading speech, I said that a government-controlled bank does not allow of that flexibility which is one of the greatest assets of the private banks. A man is most in need of financial help when he is in difficulties. There may be times when 70 per cent. or even 80 per cent., of the value of his land would not be sufficient to meet a man's needs. In such circumstances, private banks do not follow an inflexible rule; they take into consideration the character of the applicant, and the reason for his losses, and they make advances to him, not so much on the value of his land, as on their assessment of his character. In practically 100 per cent. of the cases in which private banks have acted generously, the men have succeeded, whereas if the banks had been subjected to an inflexible rule the men might have been forced off their holdings. Even a loan of 80 per cent. of the value of the land is not as much as I would like to see provided for, but an increase from 70 per cent. to 80 per cent. would help many men who are facing the results of droughts, bush fires, and other catastrophes.

Senator FRASER (Western Australia—Minister for Health and Minister for Social Services) [5.12].—I was a member of a parliamentary committee, consisting of members of both Houses of the Parliament and representing all parties, which considered the establishment of a Mortgage Bank Department of the Commonwealth Bank in 1943. Other members included the honorable member for Indi (Mr. McEwen) and Senator Allan MacDonald. One of the most contentious matters with which that committee dealt was the limit which should be placed on loans. Ultimately, a limit of 70 per cent. was agreed to, but during the discussions, Senator Allan MacDonald contended that the limit should be 60 per cent. I am, therefore, astonished to hear honorable senators opposite now asserting that a limit of 70 per cent. is too low.

Senator GIBSON (Victoria) [5.13].—I am not influenced by the views of the committee, to which the Minister for

Health and Minister for Social Services (Senator Fraser) has referred. I assure the Minister that the limit set out in this clause will force many land-holders to apply to the private trading banks for financial assistance. In these days, most land-holders are without cash reserves, and must obtain finance somewhere. This clause aims at assisting men who are primary producers in a small way, because the amount of the loan which may be granted to any man is limited to £5,000. It is not too much to ask that the struggling land-holders should be entitled to advances up to 80 per cent. of the value of their holdings. That is generally the limit of the trading banks. A reluctance to increase the percentage is an indication that the sufferings which men on the land have endured during recent years, are not understood.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [5.15].—The Government makes rosy promises of relief to the man on the land and then refuses to honour them. The fact is that up to the present the man on the land has been able to obtain financial accommodation on more liberal terms from the private banks and the State financial agencies than from the Mortgage Bank Department, because he could give a lien on his machinery and live-stock. The Government says that the Mortgage Bank Department was established for the purpose of benefiting the small man who wants to borrow up to, say, £5,000, and it adopts the attitude that it is making a very practical proposition; but when we examine that proposition we find that the conditions imposed upon the borrower are not so easy, because, first, valuations given by the Commonwealth are lower than those given by other financial houses, and, secondly, the amounts advanced are less than those made by outside institutions. Nevertheless, I have no doubt that at the next general elections the Government will boast that it has set up a mortgage bank to help the man on the land.

Senator KEANE.—And that is true.

Senator LECKIE.—Yes, but of what value is it? It has been found that less than one half of the people who apply to the bank are being accommodated.

Senator KEANE.—Why?

Senator LECKIE.—Because the valuations of the bank are so low as to render the advances insufficient for borrowers' needs, and, further, the mortgage terms will not admit any lien on stock or machinery. In modern farming practice stock and machinery represent considerable value. In ordinary circumstances, a man with capital only sufficient to buy land would be obliged to mortgage the land up to 50 per cent. of its value in order to enable him to purchase stock and implements. Therefore, this limitation on the Mortgage Bank Department will greatly hamper its ability to help the small man who wants to borrow up to £5,000. Under it, borrowers will not be able to obtain terms as liberal as those which they have been able to obtain up to the present from other institutions. In addition, the managers of wool firms and private banks take a personal interest in the affairs of clients, whereas no such policy will be adopted by a mortgage bank of this kind. In this instance, applicants will be obliged to deal only with the head office. The promise made by the Government to provide easy money for the man on the land is merely "eye-wash".

Senator SHEEHAN (Victoria) [5.18].

—The Acting Leader of the Opposition (Senator Leckie) has shown the inconsistency of the arguments adduced by honorable senators opposite in respect of this measure. He and his colleagues now say that this provision will drive the small man on the land into the hands of the private banks. But during the second-reading debate, those honorable senators declared that the objective of the measure was to destroy the private banks by driving them out of business. Honorable senators opposite cannot have it both ways. I believe that the Minister in charge of the bill can give good and sufficient reasons why it is proposed to limit the amount of the advance to 70 per cent. of the valuation of the security. The Minister for Health and Social Services (Senator Fraser) has pointed out that when the original measure to establish the Mortgage Bank Department was before Parliament, Senator Allan MacDonald and the honorable member

for Indi (Mr. McEwen) in the House of Representatives, were not prepared to allow the bank to make advances of even up to 70 per cent. of the valuation of the security. On the basis of the arguments now advanced by honorable senators opposite, the purpose of those two gentlemen, apparently, was to cause the Mortgage Bank Department to fail in its objectives.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [5.21].—It is comforting to hear a little argument now and again from honorable senators opposite. Senator Sheehan's contention that the arguments of members of the Opposition are inconsistent is ridiculous. We have said that the bill is hostile to the interests of the private banks. Now, we say that in ordinary circumstances, borrowers, up to the present, could obtain from private banks more liberal accommodation than is provided under this clause. Senator Sheehan should not forget that the Commonwealth Bank will have at its disposal surplus funds of the private banks amounting to £240,000,000. Deprived of those resources, the private banks, obviously, will not be able to continue to provide accommodation on the liberal terms they offered in the past. Therefore, we are not inconsistent. The honorable senator conveniently forgets that the measure takes funds from the private banks, and also restricts the classes of advances which those institutions will be permitted to make. Private institutions in future may not advance money on certain classes of property in respect of which the Commonwealth Bank may do so. By that means the man on the land will be forced to deal with the Mortgage Bank Department. Therefore, the honorable senator's charge of inconsistency is absurd.

Senator HERBERT HAYS (Tasmania) [5.24].—It is difficult to understand the attitude of the Government with respect to this clause. Only for this measure, the private banks would have sufficient capital to make advances on easy terms to the man on the land who will now have to seek accommodation from the Mortgage Bank Department. The inconsistency of the Government's proposal lies in the fact that up

to the present borrowers could obtain more liberal terms from the private and State financial agencies. It is extraordinary that the Government should curtail the resources of the private banks, and thus prevent them from doing their ordinary business in an ordinary way. The State financial agencies are making advances up to 80 per cent. of the valuation of securities. Yet this Government has boasted for years that it would do more to help the man on the land. Under the bill, the Mortgage Bank Department will not only provide less liberal accommodation than that provided by existing State financial agencies, but, at the same time, the Government will limit resources of private institutions which have rendered better service in the past. To-day, the Tasmanian Government, under its housing scheme, is providing finance up to the full cost of homes, and under the scheme losses to date have been practically nil. When the people realize exactly the conditions governing advances from the Mortgage Bank Department they will treat the Government's boasts with contempt, and will fall back upon the State financial agencies. Senator Sheehan said that honorable senators on this side have been inconsistent in their attitude towards the measure. We voted against the second-reading of the bill, because we believe that it is unnecessary, and that the interests of the community would be better served under the old system of board-control of the Commonwealth Bank. However, as we have not sufficient numbers to carry our point, it is our purpose to try to improve the bill as much as possible.

Honorable senators opposite have always had much to say about what the Government should do for the primary producer. They now have an opportunity to enable the Mortgage Bank Department to render very great assistance in the extensive land settlement schemes envisaged in the post-war period. At the same time, honorable senators opposite speak about expanding credit. They argue that there is no need for bank deposits and that the Commonwealth Bank can create credit against the resources of the nation. Contrast that attitude with their refusal to enable the

Mortgage Bank Department to provide terms even as generous as those provided by private institutions up to the present. We should make a special effort to enable the Mortgage Bank Department, even at the risk of incurring a small loss, to give the most generous terms to borrowers. Let us recall the risks run by the private banks, particularly in times of drought. The private banks and the pastoral finance companies of this country have greatly assisted the development of Australia. They have come to the rescue of primary producers in times of stress such as in the recent drought. We on this side are often charged with being tories, but the real conservatives are shown to be on the Government side by this very conservative provision that the Mortgage Bank Department shall advance only 70 per cent. of the value of the asset. If the Government is as concerned as it professes to be for the man on the land and had the interest it claims in decentralization, it would comply with our reasonable request that the Mortgage Bank Department should be authorized to advance up to 80 per cent. of the value of the security offered. Here is a chance for the Minister to prove the Government's sincerity.

Senator GIBSON (Victoria) [5.32].—My last word on this matter is to say that I had some justification for saying that men would be compelled to leave the Mortgage Bank Department and go back to the trading banks. The last time I was home a young man came to me and said, "The mortgage on my property is due. What do you advise me to do?" I said, "Get your money from the Mortgage Bank Department of the Commonwealth Bank". He said, "What are the terms?" I told him what they were. He then saw the manager of the branch of the bank with which he had been dealing, who quoted better terms than were obtainable from the Mortgage Bank Department. The next time I saw the young man, he said, "I have made arrangements to get the money from my bank". He named the bank. He got on overdraft the same amount of money as the Mortgage Bank Department would have given on mortgage at the same amount of interest. Scores of men are being compelled to go to trading banks to get advances that

they cannot get from the Mortgage Bank Department. I hope that the Minister will see his way to accept the amendment. Otherwise, even more men will be driven to the private banks to get at the same rate of interest a greater amount of money than they could get from the Mortgage Bank Department.

Senator MATTNER (South Australia) [5.34].—Members opposite visualize the day when the Commonwealth Bank will monopolize banking in Australia.

Senator O'FLAHERTY.—What has that to do with this clause?

Senator MATTNER.—Everything. It has been proved in Victoria that it is sound finance to advance 80 per cent. of the value of the security offered, but this Government is providing that the Mortgage Bank Department shall oblige applicants to retain a 30 per cent. equity.

Senator HERBERT HAYS.—They are the very men that need help.

Senator MATTNER.—Yes. They can get an 80 per cent. advance from trading banks. To provide for an advance of only 70 per cent. is retrograde. I take it that it is the desire of this Government to assist the small man on whom the security of this country rests. His financial stability must be assured, but the Government is not willing to ensure it in the interests of the prosperity of the country.

Senator COOPER (Queensland) [5.36].—I rise to answer Senator Sheehan's accusation that we are inconsistent. I believe that the eventual effect of this legislation will be the closing of the private banks. That is why I so strongly advocate provision in this clause for an 80 per cent. advance. When the Commonwealth Bank is the only bank, its policy may be to reduce the maximum advance to 60 per cent. or 50 per cent., and those seeking advances will have no redress, because they will have no choice but to take what the Commonwealth Bank offers, in the absence of other means of obtaining finance.

Question put—

That the word proposed to be left out (Senator Cooper's amendment) be left out. The committee divided.

(THE CHAIRMAN—SENATOR B.
COURTICE.)

Ayes	8
Noes	16
Majority	8

AYES.

Brand, C. H.	Leckie, J. W.
Collett, H. B.	Mattner, E. W.
Cooper, W. J.	
Gibson, W. G.	Teller:
Hayes, J. B.	Sampson, B.

NOES.

Amour, S. K.	Keane, R. V.
Armstrong, J. I.	Lamp, C. A.
Arnold, J. J.	McKenna, N. E.
Ashley, W. P.	Nicholls, T. M.
Brown, G.	O'Flaherty, S. W.
Cameron, D.	Sheehan, J. M.
Courtice, B.	
Finlay, A.	Teller:
Fraser, J. M.	Clothier, R. E.

PAWS.

McLachlan, James	Large, W. J.
Foll, H. S.	Grant, D. M.
McLeay, G.	Nash, R. H.
Hays, Herbert	Aylett, W. E.
Crawford, T. W.	Collings, J. S.

Question so resolved in the negative.

Clause agreed to.

Clauses 84 to 91 agreed to.

Clause 92 (Establishment of Industrial Finance Department).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [5.44].—The Commonwealth Bank is directed by this bill to develop its general banking business, but I fail to see what general banking business will be left for it to do after all the various departments proposed have done their business. This clause provides for the establishment of an Industrial Finance Department. Already we have the Rural Credits Department, the Mortgage Bank Department, the central bank and the Note Issue Department, and we shall soon be dealing with the Savings Bank. The provisions relating to the Industrial Finance Department are among the most dangerous in the bill. Some of the clauses, not any of which are cleverly drafted, leave the Commonwealth open to vast losses. The Government's control of banking under this legislation will enable it to enforce the nationalization or socialization of almost any industry. It may buy or sell shares, or do anything

else necessary to set up an industrial organization. Sub-clause 2 provides—

The Bank shall keep the accounts and transactions of the Industrial Finance Department separate and distinct from the other accounts and transactions of the Bank.

How the bank will be able to keep the Industrial Finance Department accounts and transactions distinct from those of the general bank, I cannot understand. That will be most difficult. A man engaged in industry may require money for that industry, and for other purposes as well. I realize, of course, that it is useless to ask the Minister to eliminate the part of this measure dealing with the Industrial Finance Department. Therefore, I shall reserve further remarks on this subject until later clauses are under discussion.

Clause agreed to.

Clause 93 (General Manager of Department).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [5.47].—The general manager of the Industrial Finance Department is to be appointed not by the Governor of the bank but by the Governor-General, which, of course, means that he will be appointed by the Treasurer. Once again, the cloven hoof is evident in the operations of the bank. The Treasurer will determine also the salary and allowances of the general manager of the Industrial Finance Department. Obviously, this officer is to be at the beck and call of the Treasurer, and, in fact, will not be a servant of the Governor. He is to be appointed for a period not exceeding seven years. No minimum period of appointment is prescribed. He may be appointed for three months, six months or twelve months if the Treasurer so desires. We can well imagine the hold upon the general manager that this provision will give to the Treasurer. The Treasurer will be able to appoint a general manager virtually on probation for a short period to determine whether or not he is prepared to carry out the wishes of the Government. Ordinary business acumen suggests that a minimum term of office should be prescribed, of say, three years. This is further evidence of the Government's intention to grasp all possible power. Ostensibly, the bank is to be

controlled by the Governor, but here is an instance of authority being taken completely out of the Governor's hands. In these circumstances, what class of officer will accept this position? The job is a most important one and should be attractive to the shrewdest banker in the country—a specially trained officer with first-class credentials and wide experience. Does the Government really believe that a man of that calibre will accept the position under the conditions prescribed in this measure? He will be liable to dismissal at a moment's notice. The job is worth £3,000 or £4,000 a year at least, and unless it is held by a competent officer complete failure of the department may result. The proposal is fraught with dangerous risks. Whoever is appointed to the position of general manager should devote his full time to the job, and should hold office for a minimum period of three years.

Senator MATTNER (South Australia) [5.52].—This provision represents a complete departure from established practice. The Industrial Finance Department is part of the Commonwealth Bank organization which is to be controlled by the Governor; yet the Governor will not have a voice in the appointment of the general manager. Differences of opinion may arise between the Governor and the general manager of the Industrial Finance Department, but the Governor will not be able to take disciplinary action against the general manager. The general manager will be at liberty to act entirely on his own authority. That may place the Governor in a most awkward situation.

Senator KEANE.—Clause 94 states that the general manager of the Industrial Finance Department shall, under the Governor, manage that department.

Senator MATTNER.—But just what do the words "under the Governor" mean? The Governor will not have a voice in the appointment of the general manager.

Senator LECKIE.—Or in the fixing of his remuneration.

Senator MATTNER.—That is so. The position of general manager of the Industrial Finance Department is most important, and it is possible that the general manager may be paid more than

the Governor. I object to the provision that the appointment of the general manager shall be made by the Governor-General. The officer should be appointed by the Governor of the bank and should devote his whole time to his duties.

Clause agreed to.

Clause 94 agreed to.

Sitting suspended from 5.55 to 8 p.m.

Clause 95—

The functions of the Industrial Finance Department shall be—

- (a) to provide finance for the establishment and development of industrial undertakings, particularly small undertakings;
- (b) to assist in the establishment and development of industrial undertakings; and
- (c) to provide advice on the operations of industrial undertakings with a view to promoting the efficient organization and conduct thereof.

Senator LECKIE (Victoria—Acting Leader of the Opposition). [8.0].—Hitherto, the policy of the Government has been to bolster up large industries and to drive small industries out of existence. Does paragraph *a* mean that the Government has undergone a change of heart and in future will look after the interests of the small business man? For instance, if a man wants to start a small engineering establishment does paragraph *a* mean that all that he will have to do is to obtain sufficient finance to enable him to purchase machinery and plant, and probably buildings also, will be to go to the Industrial Finance Department of the Commonwealth Bank and ask for the money? I have always understood that a bank is an institution to provide finance for various purchases. Does paragraph *b* mean more than that the Industrial Finance Department will grant financial assistance to enable industrial undertakings to be established and developed? It would appear that this paragraph is redundant. But the most amazing of the three paragraphs is paragraph *c*.

Senator KEANE.—Its object is to ensure that the money granted to assist in the establishment and development of industrial undertakings will not be wasted.

Senator LECKIE.—It would appear that the Government, which knows nothing about industrial undertakings, is

about to give advice to men who have already made a success of their businesses. Paragraphs *b* and *c* are not necessary.

Senator GIBSON.—It would be interesting to know what economists have been chosen to fill these positions.

Senator LECKIE.—The Government probably has in mind Dr. Coombs or Professor Copland. No doubt those estimable gentlemen would be able to offer Senator Finlay advice as to the manufacture of motor car panels, but if they did so I imagine that the honorable senator would laugh at them. Advice by bureaucrats and bank officers to experienced manufacturers would be of little value.

Senator KEANE.—The men to whom the honorable senator has referred would be as good judges as are most bank managers.

Senator LECKIE.—The average bank manager does not give advice as to how a man shall conduct his factory. Nor would he attempt to tell Senator Gibson how to raise sheep. The ordinary banker does not give advice except on matters of finance. As I consider that paragraph *b* is unnecessary, I move—

That paragraph (*b*) be left out.

Senator KEANE (Victoria—Minister for Trade and Customs) [8.7].—It is the intention of the Government that the Industrial Finance Department of the Commonwealth Bank shall assist in the establishment and development of industrial undertakings, not only by the provision of finance and advice on operations, but also by the granting of assistance during the difficult period of the initiation and establishment of such undertakings. Assistance during that period could take the form of providing advice as to the best means of floating a company and complying with the various formalities necessary before business could be commenced. The amendment is not acceptable to the Government.

Amendment negatived.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [8.8].—I should like the Minister to explain the meaning of paragraph *c*. For many years I have heard Ministers in the present Government denounce companies of

all kinds but now it appears that they wish to encourage the formation of companies. Does that mean that Ministers favour the making of profits? I should like to know who is to provide the advice referred to in this paragraph, and what its nature will be.

Senator KEANE.—It will be sound advice.

Senator LECKIE.—I have no doubt that it will be mostly sound. I do not suppose that much harm will be done by the offering of advice, but the paragraph is absurd, because no manufacturer is likely to take the slightest notice of the pet economists whom the Government will send to offer advice. I should like some enlightenment regarding this paragraph.

Senator KEANE (Victoria—Minister for Trade and Customs) [8.11].—Paragraph *c* means what it says. Its object is to prevent the squandering of money as the result of muddling methods.

Clause agreed to.

Clause 96.—

The Bank shall have, and may exercise through the Industrial Finance Department, such powers as are necessary for the exercise of the functions of the Industrial Finance Department under the last preceding section and, without limiting the generality of the foregoing, may, through the Industrial Finance Department—

- (a) lend money; and
- (b) purchase or otherwise acquire shares and securities and sell or otherwise dispose of shares and securities so purchased or acquired.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [8.12].—This is probably the cleverest and most dangerous clause in the bill. It authorizes a departure from well-established banking practice. Under Paragraph *b* the bank is to have power to “purchase or otherwise acquire shares and securities and sell or otherwise dispose of shares and securities so purchased and acquired”. Under clause 95 *c* advice is to be given about the formation of companies. This clause empowers the bank to acquire shares in a company. I suppose that the intention is that the bank shall acquire more than 50 per cent. of the shares of certain industrial undertakings, so that it will be able to control those undertakings. That is merely another method of socializing an industry. Ordinarily,

banks do not buy shares in industrial concerns. Indeed, the acquisition of shares is forbidden by the articles of association of most banks, except as collateral security, and then only for the purpose of selling them again. This is a new departure in share dealing by the Commonwealth Government. Under this clause, the Government will be empowered to take over practically any industry. I believe that in a later clause, or perhaps it is in a clause of another bill, it is provided that the bank shall not deal in shares which are sold on the stock exchange. I can understand a bank lending money to a manufacturer on the security of certain assets, but that a bank should acquire shares and retain them, thereby accepting hateful profits, is beyond my understanding. That is a departure from ordinary banking practice. If this provision does not give power to the Government to take over companies and factories, what does it mean? That is the only interpretation that I can place upon it. It is a dangerous provision which may involve the Commonwealth in heavy losses. I regard the clause as one of the worst in the measure. I should like the Minister to explain why the Government proposes to depart from ordinary banking practice by giving to the Commonwealth Bank the power provided under the clause. I move—

That, at the end of paragraph (b), the following proviso be added:—

"Provided that shares shall be purchased or otherwise acquired only with a view to resale thereof."

Senator SAMPSON (Tasmania) [8.14].—Undoubtedly paragraph b gives the bank power to own and control any industrial undertaking. Under the clause the bank may acquire a controlling interest in any such undertaking. I fail to see what that has to do with banking. The bank could take such action without parliamentary sanction.

Senator FOLL.—It is one way of getting round the Constitution.

Senator SAMPSON.—Yes. Considerable doubt exists as to whether the Commonwealth has power to engage in industrial undertakings; but the clause gives to the bank, as an instrumentality of the Government, power to take com-

plete control of industrial undertakings. That is a departure from normal banking practice. It seems that the Government intends to adopt the German method of industrial finance, which I need hardly point out will not be tolerated in this country.

Senator KEANE (Victoria—Minister for Trade and Customs) [8.18].—The purpose of the clause is to enable the Industrial Finance Department to acquire shares in a company where circumstances indicate that that course is more advantageous than the making of a fixed loan. Shareholding confers certain rights which could be of assistance to the department in rendering assistance to clients. The amendment would tend to nullify the advantages of this procedure. Accordingly, it is considered that the Industrial Finance Department should not in any way be limited as to the period which it considers would be advantageous for it to hold shares in any company.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [8.19].—I intend to persist with my amendment, the object of which is to provide that the bank shall not hold shares of any company in perpetuity. The explanation just made by the Minister in charge of the bill bears out all that I have said to the effect that the Government intends to acquire shares in companies. Under the Constitution, the Commonwealth has no power to conduct private industries. I doubt very much whether this procedure will survive a test in the High Court. I should be very surprised if the Government is not prevented from driving through the Constitution in this fashion. This provision is merely a subterfuge to enable the Government to get round the Constitution. In this instance, the Government is absolutely defying the verdict given by the people at the recent referendum, when, by a very large majority, they decided that the Commonwealth should not be given the very powers which the Government is taking under this measure. In effect, the Government says that despite the verdict of the people at the recent referendum it will acquire enterprises through this department which, under the bill will

be given power to purchase, own and conduct factories.

Senator SAMPSON.—This has nothing to do with banking.

Senator LECKIE.—Apparently, the Government need only say that the proposal is concerned with banking. The Government, instead of bowing to the decision of the people at the recent referendum, as it would do if it were a democratic government, intends to defy the people in this matter.

Senator KEANE.—Under the Constitution, the Commonwealth has always had power in respect of banking.

Senator LECKIE.—That is so; but how does the Minister reconcile the fact that the Commonwealth has not the power to engage in industrial undertakings with the fact that under the clause it is giving to the Commonwealth Bank, as an instrument of the Government, power to acquire and control such undertakings?

Senator KEANE.—We are doing that under the Commonwealth banking powers.

Senator LECKIE.—I disagree with the Minister on that point. Under this provision the Commonwealth is likely to incur very serious losses. This provision represents the first step in a plan under which the Commonwealth is to own businesses and departments of businesses. Then, apparently, the Government proposes to poke its nose into industry to give advice upon manufacturing. Such an idea, of course, is preposterous, when it is clear that the Government, owing to faulty organization, is not able to cope with its own small problems. Although it recently announced that all service personnel who had been in the forces for five years would be released, it now finds that its organization is so faulty that it is unable to implement that decision. Despite these facts, however, it now proposes to enter upon industrial undertakings, and, as it were, teach its grandmother to suck eggs. I shall persist with my amendment.

Question put—

That the proviso proposed to be added (Senator LECKIE's amendment) be added.

The committee divided.

(THE CHAIRMAN—SENATOR B. COURTICE.)

Ayes	8
Noes	15
Majority	7

AYES.

Brand, C. H.	Leckie, J. W.
Collett, H. B.	Mattner, E. W.
Cooper, W. J.	
Gibson, W. G.	Teller:
Hayes, J. B.	Sampson, B.

NOES.

Amour, S. K.	Keane, R. V.
Armstrong, J. I.	Lamp, C. A.
Ashley, W. P.	McKenna, N. E.
Brown, G.	Nicholls, T. M.
Cameron, D.	O'Flaherty, S. W.
Courtice, B.	Sheehan, J. M.
Finlay, A.	Teller:
Fraser, J. M.	Clothier, R. E.

PAIRS.

McLachlan, James	Large, W. J.
Foll, H. S.	Grant, D. M.
McLeay, G.	Nash, R. H.
Hays, Herbert	Aylett, W. E.
Crawford, T. W.	Collings, J. S.

Question so resolved in the negative.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [8.29].—I should like the Minister to define "Industrial Finance Department". I take the expression to mean industry as we generally understand the term, that is, secondary industry, such as factories and the like. I should like to know whether under this Part the bank will be empowered to finance persons for the purpose of setting up, say, drapery or grocery shops. I should like a clear definition of what the Industrial Finance Department will deal with. If it is only factories, that is one thing, but if it can embark on any enterprise that is something entirely different.

Senator KEANE.—The class of business which the Industrial Finance Department will deal with is set out in clause 95.

Senator LECKIE.—I have never before heard such an explanation. Clause 95 provides—

The functions of the Industrial Finance Department shall be—

(a) To provide finance for the establishment and development of industrial undertakings, particularly small undertakings.

What is an industrial undertaking? Could the department provide money to set up an emporium?

Senator KEANE.—No.

Senator LECKIE.—A commercial firm?

Senator KEANE.—No.

Senator LECKIE.—A wholesale draper's shop?

Senator KEANE.—No.

Senator LECKIE.—Then I have it definitely that it will deal only with manufacturing.

Senator KEANE.—Yes, particularly small undertakings; we emphasize that.

Senator LECKIE.—The Minister says that these provisions will not apply to anything but manufacturing enterprises.

Senator KEANE.—I assure the honorable senator that the department will not take over the Myer Emporium.

Senator LECKIE.—I do not expect that, but I could understand the establishment of another business of that sort in Bourke-street or Pitt-street.

Senator KEANE.—That is not intended.

Senator LECKIE.—I could understand pressure being applied for the department to advance money for the provision of a decent store in Adelaide. I only want to be sure that money will not be advanced through this department for the setting up, say, of chain stores. The Chairman of the Rationing Commission, Mr. Coles, operates chain stores. I suppose, as a reward for his undoubted loyalty to the Labour party, the Government will ensure that the bank shall not advance money to a rival.

Senator KEANE.—We are not in opposition to him, at all events.

Senator LECKIE.—I should not think the Government would be. Anyway, the Minister says that the Industrial Finance Department cannot enter into commercial undertakings and that its operations will be confined to manufacturing. If that is correct I approve, but I should like to be clear on the point.

Clause agreed to.

Clauses 97 and 98 agreed to.

Clause 99 (Advances to Department by Bank and Savings Bank).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [8.34].—This clause provides—

(1.) The Bank may make advances to the Industrial Finance Department of such amounts, and subject to such terms and conditions, as the Governor determines, but so that the total amount of those advances not repaid shall not at any time exceed One million pounds.

(2.) The Savings Bank may make advances to the Bank, for use in the Industrial Finance Department of such amounts, and subject to such terms and conditions, as the Governor determines.

That means that the savings of the "little people" are to be risked in the most hazardous branch of the Commonwealth Bank's operations. Their money is to be lent by the Savings Bank to the Commonwealth Bank for investment in crooked industrial undertakings run by a Government which cannot organize anything. We have been wondering whence the money for the operations of the Industrial Finance Department will come. Now we know. Tucked away in this clause, which is, I think, designedly far away from the clause setting up the Industrial Finance Department, is the provision that the savings of the people are to be hazarded in operating the department most likely to incur losses. There are other dangers in this clause. For instance, it is provided that at no time shall outstanding advances exceed £1,000,000. Then we have the provision that the Savings Bank's funds, the deposits of, I repeat, the "little people", whom the Labour party should cherish, are to be used to whatever degree the Government determines. The money that may be borrowed from the Savings Bank is unlimited. It would be a good thing if the funds of the Savings Bank could be invested in something tangible such as houses, rural credits, and mortgages, but to venture those funds in dubious undertakings like the aluminium industry, with losses staring us in the face, is beyond understanding.

Capital invested in manufacturing enterprises is largely used in the purchase and installation of machinery. That machinery is bought at high prices, but immediately it is used it becomes second-hand, and, should the venture be a failure, the price it will command on the open market is very

often only the price that scrap iron fetches. If the people stand for this they will stand for anything.

Senator SAMPSON (Tasmania) [8.43].—This is the most dangerous of all clauses relating to the Industrial Finance Department. The risking of the savings of the people is the manner envisaged is a flagrant departure from banking practice, because not only will the money be tied up for indefinite periods but also the investment will be made in enterprises in which the risk is greater than usual. Particularly would that be so if the Industrial Finance Department were pressed into making advances to bolster up unsuccessful undertakings that the Government desired to keep afloat. In order to impress upon honorable senators the danger of that, I need only refer them to clause 9, which empowers the Government to force the bank to make loans which it may not favour. Investment of the people's savings deposited in the Savings Bank in business undertakings is improper. Honorable senators opposite may talk until they are black in the face, but they will not convince me that it is not absolutely unsound to use savings bank deposits for the purposes set out in this Part. Sub-clause 2 provides—

The Savings Bank may make advances to the Bank, for use in the Industrial Finance Department of such amounts, and subject to such terms and conditions, as the Governor determines.

That means that the funds of the Savings Bank are to be used to an unlimited extent. Sub-clause 2 should most certainly be deleted.

Clause agreed to.

Clause 100 agreed to.

Clause 101—

(2.) In determining whether or not finance shall be provided under this Part for the establishment or development of an industrial undertaking, the Bank shall have regard primarily to the prospects of the undertaking continuing to be, or becoming, a profitable undertaking and shall not necessarily have regard to the present value of the assets of the undertaking.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [8.44].—The industrial finance Part of this bill is

certainly notable for its many mad clauses. This clause provides—

(1.) That the Bank shall not provide finance under this Part for the establishment or development of an industrial undertaking, unless the Bank is satisfied that the industrial undertaking has reasonable prospects of continuing to be, or of becoming, a profitable undertaking.

(2.) In determining whether or not finance shall be provided under this Part for the establishment or development of an industrial undertaking, the Bank shall have regard primarily to the prospects of the undertaking continuing to be, or becoming, a profitable undertaking and shall not necessarily have regard to the present value of the assets of the undertaking.

Senator ASHLEY.—That is sound.

Senator LECKIE.—I have been in business for a long time, and if the proposals in the clause are not unsound business practice I do not know what is. The bank need not even value the asset before making an advance. All it has to do in order to justify an advance is to take into account the fact that ten, fifteen or twenty years later an enterprise may be worth money. Could there be anything more unsound than that? The Mortgage Bank Department is forbidden from making an advance of more than 70 per cent. of the value of the substantial asset represented in farm lands and may not make an advance on buildings or stock.

Senator ASHLEY.—Once machinery is used, as the honorable gentleman himself said, it becomes second-hand.

Senator LECKIE.—But under this clause the department can advance any amount whatever regardless of the value of the asset. Money may be advanced solely on a pious hope that at some future date an industry may be successful. If there could be any more unsound proposition than that I should be interested to hear of it. This clause is outrageous.

Senator KEANE (Victoria—Minister for Trade and Customs) [8.46].—The activities of the department will be of a specialized nature, and loans will have to be measured by different standards from those usually associated with bank loans. An undertaking may not be able to provide full security based on normal banking standards, yet with some assistance it may have every prospect of success. On the other hand, loans may not be made

unless the bank is satisfied that the project has a reasonable prospect of success. There is nothing wrong with any part of this clause.

Senator COOPER (Queensland) [8.48].—The explanation that the Minister for Trade and Customs (Senator Keane) has given makes the position even worse. The Minister said that although an undertaking might not be able to provide full security based on normal banking standards, with some assistance it might have every prospect of success. That, of course, implies pure speculation and not investment. Worse still, it is speculation with trust money. If the trustee of an estate were to speculate in that manner with money in his keeping he could be sent to gaol. Trustees are permitted to invest only in certain securities prescribed by law; yet, under the industrial finance provisions of this measure, trust money—in the form of the savings of the people—is to be used for speculation. That is a most unsound and unethical proposal.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [8.49].—In view of the importance of this matter, I move—

That sub-clause (2.) be left out.

I cannot imagine anything more prejudicial to the success and prestige of the Commonwealth Bank than unsound propositions of this kind. If this is an example of the manner in which the Government proposes to conduct the banking business of this country, the entire community is heading for disaster. This proposal savours very much of “salting” a gold-mine, by the shooting of some gold dust into the ground and then selling the property at an exorbitant price as gold-bearing land. I can visualize the “gold bricks” which will be sold to the Government should this provision become law. Every inventor believes that he can make a fortune out of his proposition if he has the financial backing. Under this provision, all he will have to do is to persuade a credulous member of caucus to bring pressure to bear upon the Treasurer, and through him upon the bank, to advance money for his undertaking. Could any business proposition be more unsound?

Senator SAMPSON (Tasmania) [8.51].—I support the amendment. Sub-clause 2 makes mandatory a practice which, for a central bank, is dangerous and open to grave abuse. Advancing money to a business which has insufficient assets, and only has a prospect of success in the future, is a private commercial risk, and one which should not be taken by a trustee of public funds.

Senator KEANE (Victoria—Minister for Trade and Customs) [8.52].—It will be recalled that during the discussion of the portion of this legislation relating to the Mortgage Bank Department, under which it is proposed that advances should be limited to 70 per cent., the Opposition argued that the limit should be raised to 80 per cent. A great deal has been said by honorable senators opposite about the risks that private banks were prepared to take to encourage business enterprises, but now, when we are dealing with a service which is urgently required in this community, namely the provision of loans to assist small business, the cry is that the Commonwealth Bank will be taking undue risks. Honorable senators opposite should be consistent. The aim of this provision is to make money available to small enterprises which require funds to set them on their feet.

Senator HERBERT HAYS (Tasmania) [8.56].—It is difficult to understand the Government's inconsistency in the framing of certain clauses of this measure. Earlier to-day the committee discussed the activities of the Mortgage Bank Department, and we on this side of the chamber, argued that that department was completely out of step with all other similar lending institutions and that the limit of advances should be 80 per cent. and not 70 per cent. This country depends upon its primary industries for its overseas funds, and for its solvency. Can there be anything more important from a national point of view than the making of advances to assist primary producers? The Government, in effect, is saying to primary producers: “You need not turn to the Commonwealth Bank for assistance, because other banking institutions will give you more generous treatment”. Yet this clause enables the Government to dabble

in private industry. Have the people of this country not had enough of government-controlled enterprises? In Queensland at one time many important industries were under government control, and to-day the countryside is strewn with their wreckage. The Minister for Trade and Customs (Senator Keane) claims that the object of this clause is to enable the bank to assist the small business man to establish his undertaking on a firm foundation. To what "small business man" does he refer. Where does this clause provide that small industries shall be assisted? The attitude of the Government all along has been to freeze small industries out of existence. The small business man has practically disappeared from the industrial landscape.

Senator FRASER.—Is the honorable senator in favour of government support for the aluminium industry in Tasmania?

Senator HERBERT HAYS.—That industry has been undertaken as a wartime measure. It was upon that basis that the legislation relating to its establishment was passed through this Parliament. Had it not been for the war, the establishment of the aluminium industry in this country would not have been entertained.

Senator FRASER.—Is the honorable senator in favour of continuing the aluminium industry in peace-time?

Senator HERBERT HAYS.—As a defence precaution there is as much justification for the continuation of the aluminium industry in peace-time as there is for the maintenance of service establishments such as Duntroon Military College or Flinders Naval Base. The proposal to use the savings of the people in this manner cannot be justified. Those savings are held in trust for investment, but not speculation. Private individuals are prevented by law from handling trust funds in this manner, and the Government is establishing a dangerous precedent. Yet the Government, as trustee for the people of Australia, is prepared to speculate with their money. I support the amendment.

Senator FRASER (Western Australia—Minister for Health and Minister for Social Services) [9.0].—Senator Herbert Hays has told us of the failures

associated with government enterprise in Queensland, but he supported the establishment of an industry in Tasmania in which £3,000,000 of the people's money will be invested. That industry must continue after the war. He has told us that the aluminium industry is to be set up in Tasmania because Australia is at war. It may be true that legislation for the establishment of that industry was introduced in war-time, but I should like the honorable senator to say whether he supports its maintenance as a peace-time industry. I remind him that considerable risks are associated with it. It is all right for the honorable senator to say that legislation to establish the aluminium industry is justified as a wartime measure, but he must realize that it must be continued after the war if the people are to receive back the £3,000,000 of public money which is at stake.

Senator HERBERT HAYS (Tasmania) [9.2].—A perusal of *Hansard* will show clearly that I voted for the establishment of the aluminium industry because it was necessary in the interests of the defence of this country. Honorable senators know that at one stage of the war aluminium was unobtainable in Australia. When the Aluminium Industry Bill was before the Senate I said that we should take steps to ensure that we should not again be in a position when aluminium was not available, and that whether the industry proved profitable or otherwise as a financial enterprise, the production of aluminium in this country was necessary in the interests of the nation. I shall not allow the Minister for Health (Senator Fraser) to put into my mouth words that I did not use.

Senator KEANE.—The point is that the honorable senator was prepared for the country to accept risks in order to establish the aluminium industry in Tasmania.

Senator HERBERT HAYS.—I regard the production of aluminium in this country as a measure of insurance of the same kind as the establishment and maintenance of the Royal Military College, or of the existence of a navy, an army or an air force. It was because of the importance of aluminium to the defence of Australia that I supported the establishment of that industry.

Senator SHEEHAN (Victoria) [9.5].—I can understand the opposition of Senator Leckie to this clause but I cannot understand why Senator Herbert Hays should oppose it. It would appear that the latter opposes it because of pique rather than because he believes that it will serve no useful purpose. Some honorable senators who claim to represent country interests are willing that credit shall be granted almost without limit to assist the owners of properties in country districts.

Senator HERBERT HAYS.—Up to 80 per cent.

Senator SHEEHAN.—In his heart I believe that the honorable senator would like advances to primary producers to be up to 100 per cent. of the value of their property, or even more. I suggest that it is because the bill does not make provision for limitless advances on rural properties that the honorable senator is opposing it. The opposition of Senator Leckie is understandable; he has voiced his real reasons for opposing it. The honorable senator has been in business for many years, and I believe is closely associated with "big business". Naturally, he does not desire to see on the statute-book legislation which will help small businesses to develop. The day of development has passed for the honorable senator and his friends, because they have already "cornered" all the markets that they wish to "corner". This bill makes provision for competitors, and for that reason the honorable senator is opposing it. "Big business" desires to reserve to itself the right to say what businesses shall be established and allowed to develop in this country. This clause takes from "big business" the right to dominate industry. The bill seeks to allow the development of industries free from the controlling influences of monopolies. We are living in an age of invention, in which improvements to existing means of production are made almost weekly. Let us suppose that some new process which will constitute a threat to existing big business concerns is invented. Under this clause, the inventor or those about to develop the new process, could go to the Commonwealth Bank for financial accommodation, and the bank, free from domination by "big business" as when

it was under a board, could grant their request. In that way a new industry could be established. I recognize that in opposing the bill, Senator Leckie is acting in the interests of those who sent him here, and who want to control the industries of this country by confining them to a comparatively few persons in the community. The Senate would do well to reject the amendment.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [9.11].—Senator Sheehan paid me a great compliment when he said that I was connected with "big business". His remarks embarrass me, but I wish that they were true. The fact is, however, that since I became a member of the Senate my business has largely disappeared. I rose to say that in his anxiety to score against Senator Herbert Hays, the Minister for Health (Senator Fraser) unwittingly made a disclosure which I expected to be made at some time, for he admitted that huge losses are likely to be incurred in connexion with the establishment of the aluminium industry in Tasmania. That is entirely different from what he said when the bill to authorize the establishment of that industry was before the Senate.

Senator FRASER.—I said no such thing.

Senator KEANE.—The honorable senator said that risks were associated with the establishment of that industry.

Senator LECKIE.—The Minister now admits that that risk is considerable; he said that huge losses are likely to be incurred in connexion with the aluminium industry. The sooner the Minister for Health refrains from trying to assist the Minister in charge of the bill the better. He should be more tactful. The Minister says that losses will be incurred in connexion with the aluminium industry, Senator Sheehan says that it is a proper business practice to advance 200 to 300 times the value of goods, in the hope that some day the business will prove successful. If the Commonwealth Bank is to be conducted on that principle we shall see some remarkable happenings during the next few years. I predict trouble between those who believe in sound finance and those who wish the clause to stand in its present form. What the Commonwealth Bank will do after this

bill has been passed will depend on the Treasurer of the day. What a Labour Treasurer will do will depend on the Ministry of which he is a member; what the Ministry will do will depend on caucus; and what the caucus will do will depend on outside people.

Senator KEANE.—That means that the electors will decide.

Senator LECKIE.—Senator Sheehan represents those outside people, and is a member of the caucus. He will be one of those who will say, "I am going to bring pressure to bear on the bank so that it will advance any amount of money to crook shows". The honorable senator may not have intended to say that, but in blunt language that is the meaning of what he said. Briefly, it means that, financially and economically, the country is to be "taken for a ride".

Senator MATTNER (South Australia) [9.16].—I support the amendment. Sub-clause 1 provides a sufficient safeguard, whereas sub-clause 2 is not only a departure from established banking practice but is also dangerous. We should bear in mind that the Industrial Finance Department will employ in its activities funds transferred from the savings bank, namely, the savings of the people. We must also remember that industrial undertakings, of all the undertakings which the bank will assist in the post-war period, will involve the greatest risk. Therefore, any provision that, in financing such concerns, the department shall not have regard primarily to the assets of the undertaking, is most dangerous.

Amendment negatived.

Clause agreed to.

Clause 102 agreed to.

Clause 103 (Provision of staff and expert advice).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [9.18].—Paragraph a of the clause provides that the bank shall "employ officers adequately experienced in the financing, organization and conduct of industrial undertakings". It would be interesting to learn where it is proposed that the bank shall obtain officers who are adequately experienced. What is the object of that

provision? Naturally, the bank, being obliged to carry out the orders of the Government, will endeavour to get the best officers available; but where does it expect to get such experts? Is this provision designed to make jobs for large numbers of people who, since the outbreak of the war, have been running round in departments like the Departments for Munitions and Supply and Shipping giving advice to those engaged in industry as to how they should run their industry? During the war those little tin gods have had a good innings. Since the outbreak of war, artificial conditions have obtained in industry. However, to-day, those people are regarded as experts. Is it the object of the clause to provide jobs for these "dud" experts, and so remove the danger of their dismissal? It would appear that the purpose of the clause is to provide jobs for people of that kind who cannot qualify for jobs in ordinary circumstances.

Clause agreed to.

Clauses 104 to 107 agreed to.

Clause 108—

(1.) Subject to this Part, loans may be made by the Bank, through the General Banking Division, to individuals and to building societies, for the erection or purchase of homes or for the discharge of mortgages on homes.

Senator BRAND (Victoria) [9.22].—I move—

That, in sub-clause (1.), after the word "societies" the following words be inserted:—"local governing authorities, government or semi-government authorities which administer schemes for providing or assisting in providing dwelling-houses".

It is gratifying to find that the Government intends to provide finance for building homes. The more agencies and institutions we have helping to solve the housing problem the better it will be for everybody. As the number of houses increase, rents will tend to fall. The Commonwealth Housing Act 1928, which is repealed by this bill, made provision to allot finance to the instrumentalities I have mentioned. This clause seeks to delete that provision. Various official and semi-official estimates have been given of the number of homes required. Some estimates include families living in slum areas. Distressful though the conditions

in those areas may be, the occupants have at least a home. I suggest that those without a home should be given priority. A scheme for the abolition of slum areas can be tackled later. The estimate that 300,000 homes are needed is probably nearer the mark, and that should be the first objective. In the years immediately preceding the outbreak of war, the average annual expenditure on home building was about £27,000,000. Based on an average cost of £900, the number of dwellings built was 30,000. At this rate it will take ten years to overtake the arrears caused mainly by the restriction of building for so long. That restriction was necessary so that men and materials could be conserved in the interest of the war effort. The marriages of hundreds of service personnel, and the unwillingness of scores of pre-war rural workers to return to the country after engaging in essential war industries in the capital cities, has swelled the number of homes necessary. With the decentralization of secondary industries and the brighter prospects of primary producers, homes must be built in country centres. That is why I suggest local governing authorities should be included in clause 108.

It is useless to blame any particular government for the present deplorable housing situation. The problem must be tackled and solved no matter what government be in office now, or in the future. The appointment of a Minister for Housing is a step forward. But is the Minister to be hampered by the departments which control man-power and the release of building material? Restrictions were necessary during the peak period of the war, but surely the stage has been reached when a tapering-off policy should be adopted. The need to meet the accommodation requirements of the British Pacific Fleet is not a sufficient reason for failure to undertake a more vigorous housing programme.

At the outbreak of the war 63,000 tradesmen were associated with the building industry. I do not know how many have been released from the fighting services and essential war industries. A strong suspicion exists that those who have been released are not being used in meeting the most vital problem confront-

Senator Brand.

ing the Government, that is in providing building material and erecting homes.

Recently at a meeting of master builders and representatives of unions connected with the building industry, held at the Melbourne Town Hall, to which the general public were admitted, statements were made that there was no shortage of timber and that millions of feet of seasoned timber was stacked at certain railway stations in Gippsland and elsewhere in Victoria. No doubt there are similar stocks in other States. There was a shortage temporarily of certain other necessary materials which could be produced as soon as approval was given by the appropriate departments. I urge the Minister to accept my amendment.

Senator KEANE (Victoria—Minister for Trade and Customs) [9.26].—The purpose of the amendment will be covered at a later stage by the signing of agreements between the Commonwealth Government and the State Governments which will provide for the needs of those sections of the community which the honorable senator seeks to cover in his amendment. The clause now before the committee is primarily designed to aid individuals apart from the organizations mentioned by the honorable senator. Up to the outbreak of the war, in New South Wales alone, co-operative building societies had expended about £11,000,000 on the construction of homes. If I were a young man without money, and wanted to build a home which I could obtain at a cost of £800 inclusive of the land, I should combine with my mates to form a co-operative society. To this society we would pay a small sum each week, until the total funds equalled one-tenth of the amount of capital required for the purchase of a home. When I obtained £80 in that way, I would arrange through some banking or financial organization for the immediate construction of a home. The primary objective of the clause is to help individuals along those lines. The honorable senator's amendment will be fully met under legislation which will be introduced at an early date to meet the requirements of bodies of the class he has mentioned.

Amendment negatived.

Clause agreed to.

Clauses 109 to 115 agreed to.

Clause 116 (Amount of loans).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [9.30].—I do not object to this clause, but I point out again the absolute inconsistency of the Government in providing that home builders shall be entitled to an advance of 85 per cent. of the value of the asset and that industrialists shall be entitled to advances without limit, whereas it rejected an amendment by Senator Cooper providing for advances of 80 per cent. on mortgage to primary producers whose properties would be much more substantial security than would be a home or an industrial undertaking the prospects of which would be uncertain when the advance was made.

Senator ASHLEY (New South Wales—Minister for Supply and Shipping) [9.31].—There is a great deal of difference between a home and a farm, or, for that matter, any other asset on which advances may be made. The provision that advances of 85 per cent. of the value of the asset shall be made is in keeping with the practice adopted by private banks, so often cited by the Opposition, which, on occasions, advance up to 100 per cent. on homes. I am sure the Leader of the Opposition does not object to this provision.

Senator LECKIE.—I am not objecting.

Senator ASHLEY.—The honorable senator, then, suggests the existence of an anomaly in this respect.

Senator LECKIE.—That is so.

Senator ASHLEY.—I see no objection to the provision.

Senator LECKIE.—I am not objecting to it.

Senator GIBSON (Victoria) [9.34].—I agree with the Minister that there is a difference between homes and farm lands, but I do not accept his inference that a home represents the better security. Farm lands should command higher advances than homes, but the Government is prepared to allow the bank to advance up to 85 per cent. of the value of a home, but only 70 per cent. of the value of a farm. Where is the consistency? The Government should reconsider the amendment moved by Senator Cooper with the object of increasing the

advances on mortgage to primary producers from 70 per cent. to 80 per cent.

Clause agreed to.

Clause 117 agreed to.

Clause 118 (Power to insure homes).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [9.36].—Under this clause the Commonwealth Government intends to enter the insurance business. A substantial part of the Life Insurance Bill, the second reading of which was moved to-day by the Minister for Trade and Customs (Senator Keane), has been drafted for the purpose of authorizing the Government to establish a Commonwealth Government Insurance Office by regulation and without reference to Parliament. This clause provides—

The Bank may undertake the insurance of any home in respect of which a loan is made under this Division.

Does that mean that the bank is to set up a fire insurance department, or will it take the risk?

Senator FRASER.—The War Service Homes Commission insures its homes.

Senator O'FLAHERTY.—That is the usual practice.

Senator LECKIE.—I only want to know what is to be done. Does the Government contemplate that the bank will set up its own fire insurance office? Will it collect premiums from those who have borrowed from it in order to build homes and then itself pay premiums to a fire insurance office or will it take the risk itself?

Senator FRASER.—The bank will collect the premiums.

Senator LECKIE.—That means that it will establish an insurance office?

Senator ASHLEY.—Within the bank, yes.

Senator LECKIE.—That is an interesting admission. The prospective owners of homes will not be able to decide with which company they will insure their property. The bank itself will create a fire insurance office. That is flying in the face of the assurance given in the House of Representatives by a responsible Minister that the Commonwealth Government does not intend to do anything of the sort.

Senator SHEEHAN (Victoria) [9.37].—This clause is neither strange nor new. It provides that the bank may follow a common practice to-day.

Senator ASHLEY.—The State Savings Bank of Victoria insures homes built with money borrowed from it.

Senator SHEEHAN.—Not only the State Savings Bank of Victoria, but also the War Service Homes Commission effects its own insurance.

Senator FRASER.—That is so.

Senator SHEEHAN.—Many large employers accept the risk in respect of workers' compensation insurance. For instance, the Victorian Railways Commissioners accept the risk in respect of their thousands of employees because it pays to do so, as the number of accidents involving their employees is insufficient to warrant the payment of huge sums in premiums to some insurance company. I understand that the Royal Automobile Club, the Associated Chambers of Commerce and the Associated Chambers of Manufactures have similar schemes. The provision is wise. The bank will be able to please itself whether it accepts the risk or not. I think it would be well advised to accept it because fire insurance is not a bad risk. Most fire insurance companies do very well. Of course, the risk varies according to circumstances, but there is not a great fire risk in homes. There is not the slightest doubt that the bank will do its best to protect the interests not only of the home-builder but also of the bank itself.

Clause agreed to.

Clauses 119 to 148 agreed to.

Clause 149 (Deposits by societies).

Senator LAMP (Tasmania) [9.45].—I should like to know whether clause 140, which gives the Governor of the bank the right to determine rates of interest to be paid on deposits with the Savings Bank will be applied to organizations specified in clause 149. In the past interest has not been payable upon deposits exceeding £300 by those organizations. That is a wrong practice. A trade union, hospital board, the Australian Comforts Fund, the Australian Red Cross Society, and all like organizations, should be permitted to draw interest on

deposits. I ask the Minister for an assurance that this will be done in future.

Senator KEANE.—I give that assurance.

Clause agreed to.

Clauses 150 to 152 agreed to.

Clause 153—

(1.) The Bank shall appoint such officers as are necessary for the efficient conduct of the business of the Bank.

Senator BRAND (Victoria) [9.47].—I move—

That, at the end of the clause, the following new sub-clause be added:—

"(4.) In all appointments the principle of preference to ex-service men and women shall be observed."

The policy of the Government envisages a big expansion of the Commonwealth Bank. By a process of infiltration and strangulation, private trading banks will gradually disappear. A commencement in that direction was made soon after the present Government came into office, when approximately 500 country branches of the private banks were closed. Their business, substantially reduced because of the war, was transferred to city branches. When an inquiry was made as to the Government's real objective, it was stated that the action was taken merely to conserve man-power. We know now that the intention is to keep these branches closed permanently. In the near future, suburban branches also will cease to operate, and the same fate awaits city branches. With the cessation of hostilities against Japan, there will be a vast increase in banking business. What is to become of private bank officials, of whom 8,884, out of 13,913, have served or are still serving in the fighting forces? Unfortunately, 474 have been killed. No doubt, the Commonwealth Bank, under its new régime, will select officials with banking knowledge, who for good and sufficient reason did not don the King's uniform. Sub-clause 1 of this clause provides for such transfers or appointments, and that provision, read in conjunction with sub-clause 2 of clause 156, provides a loophole by means of which the bank may appoint persons who have not passed the prescribed entrance examination.

I move this amendment to ensure that preference shall be given, not only to the ex-servicemen employed by the trading banks, but also to other ex-servicemen who, although they may never have been on a bank's payroll, have special qualifications for positions in the Commonwealth Bank. The Minister, no doubt, will say that the provisions of the Re-establishment and Employment Act protect such persons, but that is not good enough. Up to the present, the Commonwealth Bank has been most sympathetic towards returned servicemen, but under the new régime there may be some doubt, and I want preference in employment in the enlarged Commonwealth Bank to be specified in clear and unmistakable terms. Under section 10 of the Re-establishment and Employment Act, the Commonwealth Bank is an employer, and it would be embarrassing to the Government, if a Commonwealth instrumentality like the bank had to pay a fine of £100 for contravening the provisions of that act.

I am sure that honorable senators will appreciate the justice of, and necessity for, this additional sub-clause, and I hope the amendment will be agreed to.

Senator KEANE (Victoria—Minister for Trade and Customs) [9.56].—Commonwealth legal officers advise that the amendment proposed by Senator Brand is unnecessary. The Re-establishment and Employment Act provides for preference to ex-service men and women in new appointments, and the provisions of that measure already apply to appointments to the service of the Commonwealth Bank.

Amendment negatived.

Clause agreed to.

Clauses 154 and 155 agreed to.

Clause 156 (Requirements for appointment to service of the Bank).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [9.52].—This is an ill-considered clause. If applicants for appointment to the service of the Commonwealth Bank only have to pass a prescribed entrance examination, all kinds of individuals who are unfitted for bank work, may enter that service. It is true that this provision is similar to that in the Commonwealth Public Service

Act, but I point out that if a Public Service appointee is not suited to the department with which he is first associated, there are many other departments to which he may be transferred to ascertain for what type of work he is best suited. Once an applicant has been appointed to the staff of the Commonwealth Bank, however, there will not be anywhere else for him to go if he is not suited to financial work. I suggest that provision should be made for appointment on probation for a period of six months.

Senator KEANE (Victoria—Minister for Trade and Customs) [9.55].—The object of this clause is to eliminate the grossly unfair procedure which has been followed in the past, of appointing Commonwealth Bank officers through the “back-door”. In the existing legislation, there is no provision for an entrance examination, and a person who has some “pull” with the bank is able to have his son or daughter appointed to the staff.

Senator COLLETT.—The Minister does not suggest that the present staff is inefficient?

Senator KEANE.—No, but the work of a bank officer is not so highly technical as some people would have us believe. It is work that can be carried out efficiently by the average young man or woman. During my association with the Australian Railways Union, I carried out banking work of all kinds without any difficulty, as did a score or more of young men in that organization. All this talk of great skill being required for bank work is rubbish.

Clause agreed to.

Clause 157—

A person shall not be admitted to a prescribed entrance examination unless that person is of the required sex and age and the Bank is satisfied, upon the certificate of a person included in a prescribed class of persons, as to his good character.

Senator BRAND (Victoria) [9.57].—I move—

That the words “sex and” be left out.

The omission of these words would enable young women to compete for any first appointment vacancy. Some people believe in equality of the sexes in employment, and some do not. In this war,

women have responded handsomely to the call to take up positions vacated by men entering the fighting services. To-day, women are employed in industries which hitherto have been regarded as offering employment suitable only for males. Not only in war factories, but also in insurance companies, banks, solicitors' offices, and in other professional callings young women proved that they have the intelligence and aptitude for their jobs. There is no discrimination against women in the medical profession, journalism, film work, pharmacy, or in the legal profession. In America and in Great Britain, there are women executives in many big industrial establishments. All these women draw the same salaries as males who do similar work. Why should not women be given an opportunity to enter and advance in banking work?

Many women have to assist in the upkeep of a home, or in maintaining, wholly or partially, aged parents. Discrimination in these cases is particularly unjust. Many women, too, have had to forgo marriage because of the necessity to care for aged parents, as well as to assist in maintaining them. The Government allowed no discrimination between the sexes when granting the same unemployment allowance under the Re-establishment and Employment Act.

Amendment negatived.

Senator BRAND (Victoria) [9.59].—I move—

That the words "person included in a prescribed class of persons" be left out with a view to insert in lieu thereof, the following words:—"headmaster, a clergyman and a well-known citizen".

I should like to know why the present conditions for first appointment to the Commonwealth Bank are to be set aside. For 32 years, before a person could be admitted to the service of the bank he or she had to be in possession of the Intermediate or Leaving Certificate, and be recommended by three persons—a headmaster or headmistress, a clergyman, and a well-known citizen. So far as I have been able to ascertain, this system has worked satisfactorily. No one can truthfully say that, on the average, the appointees during that period were incompetent. What is to be the

standard of the proposed entrance examination? In what subjects will candidates be examined? Has the curriculum been made public yet?

Clause 156 (1) (c) provides for open competition. Appointments are to be made in the order of merit in which those persons passed the examination. A certificate of one person—not three—as to character will be the deciding factor. That person may be the applicant's uncle, or a political friend of the father. How different from three independent certificates, particularly when one is from a headmaster or headmistress who has had opportunities to assess the applicant's character!

It is contended that as there is a competitive entrance examination for the Commonwealth Public Service, there should also be one for the Commonwealth Bank, but the two services are totally different. Young men entering the bank service are prospective managers, assistant managers, or future occupants of positions requiring the specialized technique of banking. From the first day that they enter the bank, training with that object in view commences. If a young man turns out to be a misfit, the bank will have to carry him; he will be a deadweight on the other bank officers. A youth entering the bank must have a reasonably high standard of education; he must also be of good character, and adaptable. For entrance to the Commonwealth Public Service also, a reasonably high standard of education and good character are necessary. Having these two qualifications, the successful candidate in the competitive examination is appointed. Should he prove to be a misfit, or unadapted to his first position, he can be allotted to one of scores of other positions in the Public Service until he finds his niche. In the bank service that cannot be done. Every possible precaution has to be taken to ensure that from the commencement of his service the confidence of his seniors in the young fellow's ability to rise in the service of the bank shall be unshaken. The passing of an academic examination after months of cramming, together with a certificate from one person, is not a substitute for the present policy for first appointments. Strong exception is

taken to one person making a recommendation as to character. My amendment will make it obligatory to secure certificates from three persons.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [10.5].—I support the amendment. So far as I know, bank officials, unlike officers of the Taxation Department, are not sworn to secrecy, and, accordingly, it is important that only persons of good character, who are not likely to disclose the business of the customers of the bank, shall be appointed. I lay some stress on this point, because character is important. It may be easy to get a certificate from one person. Every member of Parliament knows how difficult it is to refuse to sign a recommendation in favour of some person of whom he has little knowledge. The amendment is on right lines.

Senator KEANE.—It is old-fashioned.

Senator LECKIE.—That may be, but it has real merit. An indiscreet or unscrupulous bank officer may do a lot of damage. Before any person is appointed to a position in a bank he should produce the highest credentials as to his character.

Amendment negatived.

Clause agreed to.

Clauses 158 to 160 agreed to.

Clause 161 (Appointment of persons without examination).

Senator LAMP (Tasmania) [10.7].—This is an important clause, of which I hope the Commonwealth Bank will take full advantage. In the service of the Commonwealth Bank there are many worthy people who are classified as temporary employees. Among them are returned soldiers employed as liftmen, attendants and cleaners, who have been in the service of the bank for from ten to twenty years. A person who has been in the employ of the bank for more than five years should be appointed to the permanent staff, and be entitled to all the privileges associated with permanency. As under this clause appointment can be made to the staff without examination, I hope that the Minister will take steps to make many of these worthy people permanent employees.

Clause agreed to.

Clause 162—

(2.) The classification of each position, the name of the officer occupying the position and the salary of the officer shall be notified in the *Gazette*.

Senator KEANE (Victoria—Minister for Trade and Customs) [10.8].—I move—

That, in sub-clause (2.), the words “notified in the *Gazette*” be left out, with a view to insert in lieu thereof the following words:—“made known to the officers of the Bank in the prescribed manner”.

It is proposed to delete the provision for publication in the *Gazette* of the Commonwealth Bank staff list, and to substitute a provision that copies shall be circulated among the staff, and a copy forwarded to the Treasurer for presentation to the Parliament. This procedure will save considerable expense, and, at the same time, it will ensure that members of the staff of the bank, as well as members of the Parliament, shall be fully aware of the staff classification.

Amendment agreed to.

Amendment (by Senator KEANE) agreed to—

That, at the end of the clause, the following new sub-clause be added:—

“(3.) A statement showing the classification of each position, the name of the officer occupying the position and the salary of the officer shall be forwarded to the Treasurer, for presentation to the Parliament.”

Clause, as amended, agreed to.

Clauses 163 to 166 agreed to.

Clause 167—

(2.) The Promotions Appeal Board shall consist of—

(c) an officer elected by the officers of the Bank in the prescribed manner.

Senator KEANE (Victoria—Minister for Trade and Customs) [10.11].—I move—

That, at the end of paragraph (c) of sub-clause (2.), the following words be added:—“in this section referred to as the ‘officers’ representative’”.

This is a machinery amendment to avoid repetition in the proposed sub-clauses 3, 4, 5, 6 and 7 of the lengthy phrase “officer elected by the officers of the Bank”.

Amendment agreed to.

Senator KEANE (Victoria—Minister for Trade and Customs) [10.12].—I move—

That, at the end of the clause, the following new sub-clauses be added:—

“(3.) The officers' representative shall hold office for such period as is prescribed but shall be eligible for re-election.

“(4.) The officers of the Bank may, in the prescribed manner, elect a deputy of the officers' representative and the deputy so elected shall hold office for such period as is prescribed but shall be eligible for re-election.

“(5.) A deputy so elected may, in the event of there being a vacancy in the office of officers' representative, or in the event of the absence of the officers' representative (whether in pursuance of a direction given under the next succeeding sub-section, or through illness or otherwise), attend and vote at meetings of the Promotions Appeal Board, and, when so attending and voting at a meeting, shall for the purposes of sub-section (7.) of this section, be deemed to be a member of the Promotions Appeal Board in lieu of the officers' representative.

“(6.) Where the Chairman of the Promotions Appeal Board is of opinion that the officers' representative is personally interested in, or affected by, any question to be considered at a meeting of the Promotions Appeal Board, the Chairman may direct that the officers' representative shall absent himself from that meeting while that question is considered and decided.

“(7.) Where, at any meeting of the Promotions Appeal Board, the members are divided in opinion on any question, that question shall be decided according to the decision of the majority.”.

The purpose of sub-clause 3 is to enable the officers' representative to be elected periodically. The purpose of sub-clauses 4, 5 and 6 is to provide for the election of a deputy to act in lieu of the representative of the staff on the Promotions Appeal Board in any of the following circumstances:—

- (a) pending election of a representative should a vacancy occur in that office;
- (b) during the absence of the representative for any reason;
- (c) where it would be undesirable that the representative should act by reason of his being personally interested in or affected by a question being considered by the Promotions Appeal Board.

In the case of the Appeal Board constituted under the existing Commonwealth Bank Act, a deputy representative is elected periodically by the staff to act

in lieu of the representative during his absence.

The purpose of sub-clause 7 is to make clear that questions considered by the Promotions Appeal Board may be decided according to the decision of the majority of the members.

Amendment agreed to.

Clause, as amended, agreed to.

Clauses 168 and 169 agreed to.

Clause 170 (Employment of married women).

Senator LECKIE (Victoria—Acting Leader of the Opposition) [10.14].—This clause reads—

(1.) A married women shall not be appointed to the service of the Bank except in special cases.

(2.) Every female officer shall cease to be an officer on her marriage unless the Bank is satisfied that there are special circumstances which make it desirable that she should continue in the service of the Bank.

That seems to be a harsh provision in that it differentiates sharply between men and women officers of the bank. If a female bank officer wishes to marry, but knows that if she does so she will lose her job—

Senator KEANE.—She will get married.

Senator LECKIE.—That may be, but she may try to keep her marriage a secret. I should imagine that the objective would be to keep or retain in the bank's services all officers capable of doing their jobs. Why should we differentiate between a single girl and a married girl when both are equally capable of doing this work? The Government apparently does not desire to see large numbers of women employed on work of this kind. Bearing in mind modern conditions, this is rather a severe differentiation.

Senator KEANE (Victoria—Minister for Trade and Customs) [10.16].—This provision is in accordance with public service practice. Apart from that fact, however, the Acting Leader of the Opposition (Senator Leckie) should realize that when a female employee marries she undertakes a full-time job, and should not have a second job. Such a policy is in the interests of the nation as a whole.

Clause agreed to.

Clauses 171 to 174 agreed to.

Clause 175—

(2.) The Disciplinary Appeal Board shall consist of—

(c) an officer elected by the officers of the Bank in the prescribed manner.

Senator KEANE (Victoria—Minister for Trade and Customs) [10.17].—I move—

That, at the end of paragraph (c) of sub-clause (2.) the following words be added:—“in this section referred as the ‘officers’ representative’.”

The clause deals with the Disciplinary Appeal Board, and it has been found necessary to make this and the following amendment which, in all respects, are similar to those already made to clause 167.

Amendment agreed to.

Amendment (by Senator KEANE) agreed to—

That, at the end of the clause, the following new sub-clauses be added:—

“(4.) The officers’ representative shall hold office for such period as is prescribed but shall be eligible for re-election.

“(5.) The officers of the Bank may, in the prescribed manner, elect a deputy of the officers’ representative and the deputy so elected shall hold office for such period as is prescribed but shall be eligible for re-election.

“(6.) A deputy so elected may, in the event of there being a vacancy in the office of officers’ representative, or in the event of the absence of the officers’ representative (whether in pursuance of a direction under the next succeeding subsection, or through illness or otherwise), attend and vote at meetings of the Disciplinary Appeal Board, and, when so attending and voting at a meeting, shall, for the purposes of sub-section (8.) of this section, be deemed to be a member of the Disciplinary Appeal Board in lieu of the officers’ representative.

“(7.) Where the Chairman of the Disciplinary Appeal Board is of opinion that the officers’ representative is personally interested in, or affected by, any question to be considered at a meeting of the Disciplinary Appeal Board, the Chairman may direct that the officers’ representative shall absent himself from that meeting while that question is considered and decided.

“(8.) Where, at any meeting of the Disciplinary Appeal Board, the members are divided in opinion on any question, that question shall be decided according to the decision of the majority.”.

Clause, as amended, agreed to.

Clauses 176 and 177 agreed to..

Clause 178—

The Bank shall, as soon as practicable after the thirtieth day of June in each year, publish in the *Gazette* a list of all officers in the Service of the Bank on that date, together with particulars of the classification and salary of each officer.

Senator KEANE (Victoria—Minister for Trade and Customs) [10.20].—I move—

That the words “publish in the *Gazette*” be left out with a view to insert in lieu thereof the word “prepare”.

This amendment, and the two following amendments, are similar in all respects to those made to clause 162.

Amendment agreed to.

Amendments (by Senator KEANE) agreed to—

That after the word “officer”, the following words be added:—“, and shall circulate copies of the list among the officers of the Bank in the prescribed manner.”

That, at the end of the clause, the following new sub-clause be added:—

“(2.) The Bank shall forward a copy of the list to the Treasurer, for presentation to the Parliament.”

Clause, as amended, agreed to.

Clauses 179 to 188 agreed to.

New clause 188A.

Senator KEANE (Victoria—Minister for Trade and Customs) [10.22].—I move—

That, after clause 188, the following new clause be inserted:—

“188A. A trustee, executor or administrator may invest any trust moneys in his hands on deposit with the Bank or the Savings Bank.”.

This new clause is proposed in order to set aside doubts which have arisen as to the power of trustees to invest surplus funds in the bank or the Savings Bank. It is clearly desirable that trustees should have this power.

New clause agreed to.

Clause 189 agreed to.

Clause 190—

The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which are required or permitted to be prescribed, or which are necessary or convenient to be prescribed for carrying out or giving effect to this Act or for the conduct of business by the Commonwealth Bank or the Commonwealth Savings Bank.

Senator KEANE (Victoria—Minister for Trade and Customs) [10.26].—I move—

That the following words be added:—"and in particular for prescribing penalties not exceeding Fifty pounds for any offence against the regulations".

In order that the Disciplinary Appeal Board to be established under the bill may function effectively it will be necessary in the Commonwealth Bank Regulations to give the chairman powers to summon witnesses who may be required to give evidence or to produce documents. In order to make this power effective, it is necessary to penalize failure to attend when summoned and the giving of false evidence. Hence, it is necessary to empower the inclusion of penalties in the regulations.

Amendment agreed to.

Clause, as amended, agreed to.

Postponed Clause 5 (Definitions).

Senator KEANE (Victoria—Minister for Trade and Customs) [10.27].—Consideration of this clause was postponed to enable the definition of "bank" to be examined. This has now been done and I am advised that the definition in its present form is satisfactory and not likely to cause any difficulty. The definition says that "bank" means a person carrying on the business of banking. By reason of the diversity of banking business, it is difficult to define explicitly what is comprehended in the term "business of banking". Whether or not an institution is carrying on the business of banking is a question of fact which can only be determined by examining the facts of each particular case.

On the few occasions on which the expression "bank" is used in the bill, there would not be any difficulty in applying the definition. For instance, under clause 36 provision is made whereby the Commonwealth Bank may act as the agent of any bank. Under clause 38 the Commonwealth Bank may enter into arrangements with another bank to take over that other bank's business. In each of those cases there would be no difficulty in determining whether or not a particular institution was or was not a bank,

that is, whether it was or was not carrying on banking business.

It should be remembered that this bill relates to the Commonwealth Bank and not to the trading banks. In the Banking Bill, which deals with the trading banks, a different definition of "bank" is used. The word is there defined as meaning a body corporate authorized under that act to carry on banking business in Australia. There will be no difficulty, therefore, in identifying the banks to which the Banking Bill applies. It would be a mistake to think that the definition of "bank" in this bill operates for the purposes of the Banking Bill.

Senator LECKIE (Victoria—Acting Leader of the Opposition) [11.28].—As I thought, the "bank" means any institution that the Commonwealth Bank chooses to designate as a bank. And it will designate as a bank any institution, individual or company which is likely to take business away from it. Thus, we are now back where we started. Under this measure, and the Banking Bill, the Government itself will have power to declare what is a bank. Parliament is not to be consulted on the matter. The Commonwealth Bank—and that means the Treasurer of the day—will have the right to say what is a bank. The Government's purpose is to ensure that the Commonwealth Bank shall have no rival in its field. I despair of getting anything more satisfactory from the Minister. The definition reflects the totalitarian and dictatorial attitude of the Government towards every person or thing with which it has anything to do.

Senator GIBSON (Victoria) [10.30].—I rely on the assurance of the Minister for Trade and Customs (Senator Keane) that pastoral and wool selling firms which carry on exactly the same class of business as banking are not to be included as banks.

Postponed clause agreed to.

First and Second schedules agreed to.

Title agreed to.

Bill reported with amendments.

Standing and Sessional Orders suspended; report adopted.

Bill read a third time.

PAPERS.

The following papers were presented:—

Excise Act—Regulations—Statutory Rules
1945, No. 103.

Lands Acquisition Act—Land acquired
for—

Commonwealth purposes—

Rathmines, New South Wales.

St. Mary's, New South Wales.

Postal purposes—Werribee, Victoria.

Senate adjourned at 10.33 p.m.
