



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 49, 1965
Wednesday, 8 December 1965

TWENTY-FIFTH PARLIAMENT
FIRST SESSION—FOUTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

PARLIAMENT OF THE COMMONWEALTH.

TWENTY-FIFTH PARLIAMENT—FIRST SESSION: FOURTH PERIOD.

ADMINISTRATOR.

His Excellency Colonel Sir Henry Abel Smith, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Royal Victorian Order, Companion of the Distinguished Service Order, Knight of the Most Venerable Order of Saint John of Jerusalem, Administrator of the Government of the Commonwealth of Australia from 7th May 1965 to 21st September 1965.

GOVERNOR-GENERAL.

His Excellency the Right Honorable Richard Gardiner, Baron Casey, a Member of Her Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Member of the Order of Companions of Honour, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, Knight of the Most Venerable Order of the Hospital of Saint John of Jerusalem, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia from 22nd September 1965.

EIGHTH MENZIES GOVERNMENT.

(AS FROM 13TH AUGUST 1965.)

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

(The above Ministers constitute the Cabinet.)

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

THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

TWENTY-FIFTH PARLIAMENT—FIRST SESSION: FOURTH PERIOD.

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

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

Chairman of Committees—Philip Ernest Lucock.

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

Leader of the Opposition—The Honorable Arthur Augustus Calwell.

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

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

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

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

THE MEMBERS OF THE HOUSE OF REPRESENTATIVES—continued.

v

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

(1) Death reported, 25th February 1964.
 1964. (4) Elected, 20th June 1964.
 1965. (7) Elected, 5th December 1964.

(2) Elected, 15th February 1964.
 (5) Resigned, 30th September 1964.
 (8) Elected 27th February 1965.

(3) Resigned, 23rd April
 (6) Resigned, 21st January

THE COMMITTEES OF THE SESSION.

STANDING.

House.—Mr. Speaker, Mr. Benson, Mr. Failes, Mr. J. R. Fraser, Mr. Harding, Mr. Mackinnon, Mr. Stokes.

LIBRARY.—Mr. Speaker, Mr. Allan, Mr. Bryant, Mr. Johnson, Mr. Peters, Mr. Turner, Mr. Wentworth.

PRINTING.—Mr. G. D. Erwin (Chairman), Mr. Cleaver, Mr. Cockle, Mr. Jones, Mr. King, Mr. Stewart, Mr. Uren.

PRIVILEGES.—Mr. Drury (Chairman), Mr. Clark, Mr. Cleaver, Mr. A. D. Fraser, Mr. J. R. Fraser, Mr. Galvin, Mr. Gibson, Mr. Killen, Mr. Turnbull.

STANDING ORDERS.—Mr. Speaker (Chairman), the Prime Minister, the Chairman of Committees, the Leader of the House, the Deputy Leader of the Opposition, Mr. Clark, Mr. Drury, Mr. Duthie, Mr. Fulton, Mr. Harrison, Mr. McEwen.

JOINT STATUTORY.

BROADCASTING OF PARLIAMENTARY PROCEEDINGS.—Mr. Speaker (Chairman), Mr. President, Senator McClelland, Senator Sim and Mr. Costa, Mr. Erwin, Mr. Falkinder, Mr. Luchetti, Mr. Turnbull.

PUBLIC ACCOUNTS.—Mr. Cleaver (Chairman), Senator Fitzgerald, Senator Webster, Senator Wedgwood and Mr. Cockle, Mr. Cope, Mr. Costa, Mr. Nixon, Mr. Sexton, Mr. Whittorn.

PUBLIC WORKS.—Mr. Brimblecombe (Chairman), Senator Dittmer, Senator Prowse, Senator Scott and Mr. Bosman, Mr. Buchanan, Mr. Fulton, Mr. Griffiths, Mr. O'Connor.

JOINT.

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

FOREIGN AFFAIRS.—Mr. Turner (Chairman), Senator Bull, Senator Sir Walter Cooper, Senator Cormack, Senator Laught, Senator Mattner, Senator McManus, Senator Wright and Mr. Aston, Mr. Chipp, Mr. England, Mr. Failes, Mr. Falkinder, Mr. J. M. Fraser, Mr. Haworth, Mr. Holten, Mr. Hughes, Mr. Jess, Mr. Kelly, Mr. Killen.

NEW AND PERMANENT PARLIAMENT HOUSE.—Mr. President (Chairman), Mr. Speaker (Deputy Chairman), the Prime Minister, the Leader of the Country Party in the House of Representatives, the Leader of the Opposition in the House of Representatives, Senator Cavanagh, Senator Drake-Brockman, Senator O'Byrne, Senator Wedgwood and Mr. Anthony, Mr. Aston, Mr. Barnard, Mr. Benson, Mr. Clyde Cameron, Mr. Chipp, Mr. Drury, Mr. Nicholls, Mr. Whitlam.

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

THE BILLS OF THE SESSION.

Australian Anzac Medal Bill 1965—

Initiated in the House of Representatives. Second reading.

Bankruptcy Bill 1965—

Initiated in the House of Representatives. Second reading.

Constitution Alteration (Aborigines) Bill 1964—

Initiated in the House of Representatives. Second reading.

*Constitution Alteration (Parliament) Bill 1965.

*Constitution Alteration (Repeal of Section 127) Bill 1965.

Designs Bill 1964—

Initiated in the House of Representatives. First reading.

Income Tax Bill 1965—

Initiated in the House of Representatives. Second reading. Third reading. Not passed by Senate.

*Passed by both Houses and awaiting a referendum of the people.

PARLIAMENTARY DEPARTMENTS.

SENATE.

Clerk.—J. R. Odgers.

Deputy Clerk.—R. E. Bullock.

Clerk-Assistant.—K. O. Bradshaw.

Principal Parliamentary Officer.—A. R. Cumming Thom.

Usher of the Black Rod.—H. C. Nicholls.

HOUSE OF REPRESENTATIVES.

Clerk.—A. G. Turner, C.B.E.

Deputy Clerk.—N. J. Parkes, O.B.E.

Clerk-Assistant.—J. A. Pettifer.

Principal Parliamentary Officer.—D. M. Blake.

Serjeant-at-Arms.—A. R. Browning.

PARLIAMENTARY REPORTING STAFF.

Principal Parliamentary Reporter.—A. K. Healy.

Second Reporter.—W. J. Bridgman.

Third Reporter.—K. R. Ingram.

LIBRARY.

Librarian.—H. L. White, C. B. E.

Assistant Librarian.—L. C. Key.

JOINT HOUSE.

Secretary.—W. I. Emerton.

Chief Executive Officer.—R. W. Hillyer.

THE ACTS OF THE SESSION.

(FIRST SESSION: FOURTH PERIOD.)

Appropriation Act (No. 1) 1965–66 (Act No. 67 of 1965)—

An Act to appropriate a sum out of the Consolidated Revenue Fund for the service of the year ending on the thirtieth day of June, One thousand nine hundred and sixty-six.

Appropriation Act (No. 2) 1965–66 (Act No. 68 of 1965)—

An Act to appropriate a sum out of the Consolidated Revenue Fund for certain expenditure in respect of the year ending on the thirtieth day of June, One thousand nine hundred and sixty-six.

Air Navigation (Charges) Act 1965 (Act No. 107 of 1965)—

An Act to amend the *Air Navigation (Charges) Act* 1952–1964.

Australian National University Act 1965 (Act No. 108 of 1965)—

An Act relating to The Australian National University.

Australian Universities Commission Act 1965 (Act No. 63 of 1965)—

An Act to Increase to Eight the Maximum Number of Members of the Australian Universities Commission.

Brigalow Lands Agreement Act 1965 (Act No. 122 of 1965)—

An Act to amend the *Brigalow Lands Agreement Act* 1962.

Broadcasting and Television Act (No. 2) 1965 (Act No. 120 of 1965)—

An Act to amend section 92c of the *Broadcasting and Television Act* 1942–1964, as amended by the *Broadcasting and Television Act* 1965.

Commonwealth Electoral Act (No. 2) 1965 (Act No. 70 of 1965)—

An Act to amend the *Commonwealth Electoral Act* 1918–1962 as amended by the *Commonwealth Electoral Act* 1965.

Copper Bounty Act 1965 (Act No. 80 of 1965)—

An Act to amend the *Copper Bounty Act* 1958–1963.

Currency Act 1965 (Act No. 95 of 1965)—

An Act relating to Currency, Coinage and Legal Tender.

Customs Act (No. 2) 1965 (Act No. 82 of 1965)—

An Act to amend the *Customs Act* 1901–1963, as amended by the *Customs Act* 1965.

Customs Tariff (No. 2) 1965 (Act No. 81 of 1965)—

An Act relating to Duties of Customs.

Customs Tariff (No. 3) 1965 (Act No. 84 of 1965)—

An Act relating to Duties of Customs.

Customs Tariff (Dumping and Subsidies) Act 1965 (Act No. 117 of 1965)—

An Act to amend the *Customs Tariff (Dumping and Subsidies) Act* 1961.

Customs Tariff Validation Act (No. 2) 1965 (Act No. 113 of 1965)—

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

Decimal Currency Acts 1965—

Air Navigation (Charges) Act (No. 2) 1965 (Act No. 125 of 1965)—

An Act to amend the *Air Navigation (Charges) Act* 1952–1964, as amended by the *Air Navigation (Charges) Act* 1965, in relation to Decimal Currency.

Audit Act 1965 (Act No. 126 of 1965)—

An Act to amend the *Audit Act* 1901–1964 in relation to Decimal Currency.

Banking Act 1965 (Act No. 127 of 1965)—

An Act to amend the *Banking Act* 1959 in relation to Decimal Currency.

Bankruptcy (Decimal Currency) Act 1965 (Act No. 128 of 1965)—

An Act to amend the *Bankruptcy Act* 1924–1960, as amended by the *Judges' Remuneration Act* 1965, in relation to Decimal Currency.

Butter Fat Levy Act (No. 2) 1965 (Act No. 129 of 1965)—

An Act to amend the *Butter Fat Levy Act* 1965 in relation to Decimal Currency.

Canned Fruits Export Charges Act 1965 (Act No. 130 of 1965)—

An Act to amend the *Canned Fruits Export Charges Act* 1926–1963 in relation to Decimal Currency.

Christmas Island Act 1965 (Act No. 131 of 1965)—

An Act to amend the *Christmas Island Act* 1958–1963 in relation to Decimal Currency.

Commonwealth Banks Act 1965 (Act No. 132 of 1965)—

An Act to amend the *Commonwealth Banks Act* 1959–1963 in relation to Decimal Currency.

Customs Act (No. 3) 1965 (Act No. 133 of 1965)—

An Act to amend various Acts relating to the Customs in connexion with Decimal Currency.

Customs Tariff 1966 (Act No. 134 of 1965)—

An Act relating to Duties of Customs.

Defence Forces Retirement Benefits Act (No. 3) 1965 (Act No. 135 of 1965)—

An Act to amend the law relating to Retirement Benefits for Members of the Defence Force in connexion with Decimal Currency.

- Decimal Currency Acts 1965—*continued.*
- Dried Fruits Export Charges Act 1965 (Act No. 136 of 1965)—
An Act to amend the *Dried Fruits Export Charges Act 1924–1964* in relation to Decimal Currency.
- Egg Export Charges Act 1965 (Act No. 137 of 1965)—
An Act to amend the *Egg Export Charges Act 1947* in relation to Decimal Currency.
- Estate Duty Assessment Act (No. 2) 1965 (Act No. 138 of 1965)—
An Act to amend the *Estate Duty Assessment Act 1914–1963*, as amended by the *Estate Duty Assessment Act 1965*, in relation to Decimal Currency.
- Excise Act 1965 (Act No. 139 of 1965)—
An Act to amend the *Excise Act 1901–1963* in relation to Decimal Currency.
- Excise Tariff (No. 2) 1965 (Act No. 140 of 1965)—
An Act to amend the *Excise Tariff 1921–1964*, as amended by the *Excise Tariff 1965*, in relation to Decimal Currency.
- Honey Levy Act (No. 1A) 1965 (Act No. 141 of 1965)—
An Act to amend the *Honey Levy Act (No. 1) 1962*, as amended by the *Honey Levy Act (No. 1) 1965*, in relation to Decimal Currency.
- Honey Levy Act (No. 2A) 1965 (Act No. 142 of 1965)—
An Act to amend the *Honey Levy Act (No. 2) 1962*, as amended by the *Honey Levy Act (No. 2) 1965*, in relation to Decimal Currency.
- Income Tax Assessment Act (No. 2) 1965 (Act No. 143 of 1965)—
An Act to amend the *Income Tax and Social Services Contribution Assessment Act 1936–1964*, as amended by the *Income Tax and Social Services Contribution Assessment Act 1965* and the *Income Tax Assessment Act 1965*, in relation to Decimal Currency.
- Insurance Act 1965 (Act No. 144 of 1965)—
An Act to amend the *Insurance Act 1932–1963* in relation to Decimal Currency.
- Life Insurance Act 1965 (Act No. 145 of 1965)—
An Act to amend the *Life Insurance Act 1945–1961* in relation to Decimal Currency.
- National Health Act (No. 2) 1965 (Act No. 146 of 1965)—
An Act to amend the *National Health Act 1953–1964*, as amended by the *National Health Act 1965*, in relation to Decimal Currency.
- Parliamentary Retiring Allowances (Decimal Currency) Act 1965 (Act No. 147 of 1965)—
An Act to amend the *Parliamentary Retiring Allowances Act 1964*, as amended by the *Parliamentary Retiring Allowances Act 1965*, in relation to Decimal Currency.
- Pay-roll Tax Assessment Act (No. 2) 1965 (Act No. 148 of 1965)—
An Act to amend the *Pay-roll Tax Assessment Act 1941–1963*, as amended by the *Pay-roll Tax Assessment Act 1965*, in relation to Decimal Currency.
- Post and Telegraph Act 1965 (Act No. 149 of 1965)—
An Act to amend the *Post and Telegraph Act 1901–1961* in relation to Decimal Currency.
- Post and Telegraph Rates Act 1965 (Act No. 150 of 1965)—
An Act to amend the *Post and Telegraph Rates Act 1902–1964* in relation to Decimal Currency.
- Pyrites Bounty Act (No. 3) 1965 (Act No. 151 of 1965)—
An Act to amend the *Pyrites Bounty Act 1960*, as amended by the *Pyrites Bounty Act 1965* and by the *Pyrites Bounty Act (No. 2) 1965*, in relation to Decimal Currency.
- Social Services Act (No. 2) 1965 (Act No. 152 of 1965)—
An Act to amend the *Social Services Act 1947–1964*, as amended by the *Social Services Act 1965*, in relation to Decimal Currency.
- States Grants (Petroleum Products) Act (No. 2) 1965 (Act No. 153 of 1965)—
An Act to amend the *States Grants (Petroleum Products) Act 1965* in relation to Decimal Currency.
- Superannuation Act (No. 2) 1965 (Act No. 154 of 1965)—
An Act to amend the law relating to Superannuation in connexion with Decimal Currency.
- Taxation Administration Act 1965 (Act No. 155 of 1965)—
An Act to amend the *Taxation Administration Act 1953–1964* in relation to Decimal Currency.
- Wheat Industry Stabilization Act 1965 (Act No. 156 of 1965)—
An Act to amend the *Wheat Industry Stabilization Act 1963* in relation to Decimal Currency.
- Decimal Currency Board Act 1965 (Act No. 94 of 1965)—
An Act relating to the Decimal Currency Board.
- Defence Forces Retirement Benefits Act (No. 2) 1965 (Act No. 98 of 1965)—
An Act relating to Retirement Benefits for Members of the Defence Forces of the Commonwealth.
- Diesel Fuel Taxation (Administration) Act 1965 (Act No. 62 of 1965)—
An Act to amend the *Diesel Fuel Taxation (Administration) Act 1957*.
- Diesel Fuel Tax Act (No. 1) 1965 (Act No. 60 of 1965)—
An Act to amend the *Diesel Fuel Tax Act (No. 1) 1957*.
- Diesel Fuel Tax Act (No. 2) 1965 (Act No. 61 of 1965)—
An Act to amend the *Diesel Fuel Tax Act (No. 2) 1957*.
- Excise Tariff 1965 (Act No. 83 of 1965)—
An Act relating to Duties of Excise.
- Export Payments Insurance Corporation Act 1965 (Act No. 74 of 1965)—
An Act to amend the *Export Payments Insurance Corporation Act 1956–1964*.
- Foot and Mouth Disease Act 1965 (Act No. 90 of 1965)—
An Act to amend the *Foot and Mouth Disease Act 1961*.

THE ACTS OF THE SESSION—*continued.*

- Honey Industry Act 1965 (Act No. 71 of 1965)—
 An Act to amend the *Honey Industry Act* 1962.
- Honey Levy Act (No. 1) 1965 (Act No. 72 of 1965)—
 An Act to amend the *Honey Levy Act (No. 1)* 1962.
- Honey Levy Act (No. 2) 1965 (Act No. 73 of 1965)—
 An Act to amend the *Honey Levy Act (No. 2)* 1962.
- Income Tax Assessment Act 1965 (Act No. 103 of 1965)—
 An Act relating to Income Tax.
- Income Tax Act 1965 (Act No. 104 of 1965)—
 An Act to impose a Tax upon Incomes.
- Income Tax Act (No. 2) 1965 (Act No. 116 of 1965)—
 An Act to amend the *Income Tax Act* 1965.
- Income Tax (International Agreements) Act 1965 (Act No. 105 of 1965)—
 An Act to amend the *Income Tax (International Agreements) Act* 1953–1964.
- Income Tax (Non-resident Dividends) Act 1965 (Act No. 106 of 1965)—
 An Act to impose Income Tax upon certain Dividends derived by Non-residents.
- Judges' Remuneration Act 1965 (Act No. 92 of 1965)—
 An Act relating to the Remuneration of the Judges of certain Courts created by the Parliament and of the Presidential Members of the Commonwealth Conciliation and Arbitration Commission.
- Judiciary Act 1965 (Act No. 91 of 1965)—
 An Act relating to the Remuneration of the Justices of the High Court.
- Live-stock Slaughter Levy Act 1965 (Act No. 76 of 1965)—
 An Act to amend the *Live-stock Slaughter Levy Act* 1964.
- Loan (Housing) Act 1965 (Act No. 55 of 1965)—
 An Act to Authorize the Raising and Expending of a sum not exceeding Fifty-one million pounds for the purposes of Housing.
- Loan (War Service Land Settlement) Act 1965 (Act No. 59 of 1965)—
 An Act to authorize the Raising and Expending of a sum not exceeding Three million eight hundred thousand pounds for a Defence Purpose, namely Financial Assistance to the States of South Australia, Western Australia and Tasmania in connexion with War Service Land Settlement.
- Matrimonial Causes Act 1965 (Act No. 99 of 1965)—
 An Act to amend the *Matrimonial Causes Act* 1959.
- Meat Industry Act 1965 (Act No. 77 of 1965)—
 An Act to amend section 31 of the *Meat Industry Act* 1964, and for purposes connected therewith.
- Meat Research Act 1965 (Act No. 75 of 1965)—
 An Act to amend the *Cattle and Beef Research Act* 1960–1964.
- National Health Act 1965 (Act No. 100 of 1965)—
 An Act to amend the *National Health Act* 1953–1964 in relation to Pensioners.
- Native Members of the Forces Benefits Act 1965 (Act No. 109 of 1965)—
 An Act to amend section 3 of the *Native Members of the Forces Benefits Act* 1957, and for purposes connected therewith.
- Nauru Act 1965 (Act No. 115 of 1965)—
 An Act to provide for the Government of the Territory of Nauru.
- Northern Territory (Administration) Act 1965 (Act No. 69 of 1965)—
 An Act to amend the *Northern Territory (Administration) Act* 1910–1962.
- Pay-roll Tax Assessment Act 1965 (Act No. 114 of 1965)—
 An Act to amend the *Pay-roll Tax Assessment Act* 1941–1963 in relation to Exemptions and Rebates.
- Public Accounts Committee Act 1965 (Act No. 79 of 1965)—
 An Act relating to the Expenditure in respect of the Allowances of the Members of the Joint Committee of Public Accounts.
- Public Works Committee Act 1965 (Act No. 78 of 1965)—
 An Act relating to the Expenditure in respect of the Allowances of the Members of the Parliamentary Standing Committee on Public Works.
- Pyrites Bounty Act (No. 2) 1965 (Act No. 119 of 1965)—
 An Act to amend the *Pyrites Bounty Act* 1960, as amended by the *Pyrites Bounty Act* 1965.
- Referendum (Constitution Alteration) Act (No. 2) 1965 (Act No. 121 of 1965)—
 An Act relating to the Manner of Voting at Referendums in relation to Proposed Laws for the alteration of the Constitution.
- Repatriation Act 1965 (Act No. 64 of 1965)—
 An Act to amend the *Repatriation Act* 1920–1964.
- Repatriation (Special Overseas Service) Act 1965 (Act No. 110 of 1965)—
 An Act to extend Eligibility for Benefits under the *Repatriation (Special Overseas Service) Act* 1962–1964.
- Reserve Bank Act 1965 (Act No. 96 of 1965)—
 An Act to amend the *Reserve Bank Act* 1959.

- Royal Australian Air Force Veterans' Residences Act 1965 (Act No. 124 of 1965)—
An Act to amend the *Royal Australian Air Force Veterans' Residences Act* 1953.
- Seamen's War Pensions and Allowances Act 1965 (Act No. 65 of 1965)—
An Act to amend the *Seamen's War Pensions and Allowances Act* 1940–1964.
- Social Services Act 1965 (Act No. 57 of 1965)—
An Act to amend the *Social Services Act* 1947–1964.
- States Grants Act 1965 (Act No. 88 of 1965)—
An Act to grant Financial Assistance to the States.
- States Grants (Advanced Education) Act 1965 (Act No. 102 of 1965)—
An Act relating to the grant of Financial Assistance to the States in connexion with Advanced Education.
- States Grants (Research) Act 1965 (Act No. 93 of 1965)—
An Act to grant Financial Assistance to the States in connexion with Research.
- States Grants (Special Assistance) Act 1965 (Act No. 89 of 1965)—
An Act to Grant Financial Assistance to the States of Western Australia and Tasmania.
- Stevedoring Industry Act 1965 (Act No. 66 of 1965)—
An Act relating to the Stevedoring Industry.
- Sulphuric Acid Bounty Act (No. 2) 1965 (Act No. 118 of 1965)—
An Act to amend the *Sulphuric Acid Bounty Act* 1954–1960, as amended by the *Sulphuric Acid Bounty Act* 1965.
- Superannuation Act 1965 (Act No. 97 of 1965)—
An Act relating to Superannuation.
- Temple Society Trust Fund Act 1965 (Act No. 112 of 1965)—
An Act to amend the *Temple Society Trust Fund Act* 1949.
- Tobacco Charge Act (No. 1) 1965 (Act No. 86 of 1965)—
An Act to increase the Rate of the Charge on Tobacco Leaf.
- Tobacco Industry Act 1965 (Act No. 87 of 1965)—
An Act to limit the Amount of the Moneys to be paid into the Tobacco Industry Trust Account out of the Consolidated Revenue Fund.
- Tobacco Marketing Act 1965 (Act No. 85 of 1965)—
An Act relating to the Marketing of Tobacco Leaf.
- Trade Practices Act 1965 (Act No. 111 of 1965)—
An Act to preserve Competition in the Australian Trade and Commerce to the extent required by the Public Interest.
- Universities (Financial Assistance) Act (No. 2) 1965 (Act No. 101 of 1965)—
An Act to amend the *Universities (Financial Assistance) Act* 1963–1964, as amended by the *Universities (Financial Assistance) Act* 1965.
- Weipa Development Agreement Act 1965 (Act No. 123 of 1965)—
An Act relating to an Agreement between the Commonwealth and the State of Queensland with respect to Developmental Works at Weipa.
- Wheat Tax Act 1965 (Act No. 58 of 1965)—
An Act to amend the *Wheat Tax Act* 1957.
- Wool Reserve Prices Plan Referendum Act 1965 (Act No. 56 of 1965)—
An Act to provide for a Referendum for the purpose of ascertaining whether the Wool-growers of Australia approve a certain Plan for maintaining Reserve Prices for Australian Wool sold at auction.

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Wednesday, 8th December 1965.

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

PENSIONS.

Petition.

Mr. LINDSAY presented a petition from certain electors of the Commonwealth praying that the Parliament will amend the social services legislation to give an immediate increase in the basic pension rate paid to all social service pensioners.

Petition received.

BOOKLET ON VIETNAM.

Mr. GALVIN.—I ask the Prime Minister a question. Is he aware that the South Australian Minister for Education has stated that he has requested school teachers in South Australia not to use the booklet on Vietnam issued by the Department of External Affairs until he has had time to examine it? Will the Prime Minister give an assurance that no more of these booklets will go to South Australia until the wishes of the South Australian Minister for Education are known? Further, before sending these booklets to other States will the Prime Minister consult with State Ministers for Education?

Sir ROBERT MENZIES.—There is no obligation on any teacher to use this booklet or to discuss it with his pupils. The booklet is designed to inform headmasters of schools, clergymen and various social and other leaders in the community. I would be surprised to know that we cannot distribute a piece of literature relating to a matter within our jurisdiction without the consent of a State Minister.

Mr. Courtnay.—Send them the Vernon report.

Sir ROBERT MENZIES.—That is not a bad idea.

SHIPPING.

Mr. HAWORTH.—I ask the Minister for Labour and National Service a question concerning the hold up of the tanker "Oceanic Grandeur" by members of the Australian Seamen's Union. It has been

alleged that the hold up is due to a broken implied agreement between Ampol Petroleum Ltd. and the Seamen's Union to man the "P. J. Adams" with an Australian crew after the company had been granted a subsidy of £1 million by the Australian Government. Is this claim correct? If not, what is the reason for this precipitate action by the Australian Seamen's Union?

Mr. McMAHON.—The "Oceanic Grandeur" has been held up in Moreton Bay by the tugboat employees' organisation. I am not certain whether members of that organisation are members of the Australian Seamen's Union. The alleged ground for the hold up is that a verbal agreement between the Ampol company and the tugboat employees has not been observed. In order to prevent this hold up continuing we have been in close consultation with our colleagues in Queensland. I have ascertained that the tugboat employees' organisation is not here operating under the Commonwealth Conciliation and Arbitration Act but comes within the jurisdiction of the Queensland Industrial Commission. The Queensland authorities have informed my Department today that the matter will immediately come before Mr. Commissioner Harvey. It is hoped that very shortly he will be able to call the parties together with a view to resolving the dispute quickly.

IMMIGRATION.

Mr. SEXTON.—My question is directed to the Minister for Immigration. Can he tell the House why 4,000 migrants—a record number—left Australia during the September quarter? Can he say what the action of these unsatisfied migrants will cost Australia?

Mr. OPPERMAN.—The honorable member's question covers a very wide subject. Actually, migrants are reaching Australia in record numbers. More migrants are coming here now than have ever come before and naturally the number of those leaving Australia will be higher than it was before. However, the proportion of those returning overseas, related to the total number arriving in Australia, remains much the same. Economic conditions overseas are now much better than they were in the days gone by and migrants who believe that they will be able to get employment that

they were denied before are attracted to return to their homelands. This emphasises the point that I made when I returned from my recent trip. I said then that we will have increasing difficulty in attracting migrants to Australia because conditions overseas are improving. However, that does not alter the fact that good advertising overseas and the efforts of our dedicated representatives, who are responsible for implementing our migration scheme, have resulted in Australia receiving a record number of migrants.

Many of the migrants who leave Australia do not do so because they are dissatisfied. Domestic affairs cause some migrants to return to their homelands. In addition, Australia is a country with a high level of wages and migrants can save their fares to go back to the countries of their birth. This means that we in Australia should use our best efforts to satisfy the needs of migrants. But no country in the world has a better understanding of these needs than Australia has and no country gives migrants the welcome that Australia gives. We have Good Neighbour Councils, Bring Out a Briton associations and churches all working to improve the lot of the migrants here. Although the honorable member may feel that the number of migrants leaving Australia is large, Australia has the lowest rate of return of any immigration country. One country that is competing with us has a rate of return of 30 per cent.; our rate is 10 per cent. or so. In addition, 60 per cent. of migrants who return to their homelands want to come back to Australia.

Mr. CALWELL.—I ask the Minister for Immigration a supplementary question. Admitting the truth of all that he has said about the success of our immigration policy in attracting and holding migrants, will the Minister investigate the possibility of retaining some of those who want to go back and of attracting more by asking his colleagues to provide houses in advance for migrants who wish to come here, after the Government has provided houses for Australians who wish to marry and for those who cannot obtain houses today?

Mr. OPPERMANN.—The honorable member raises a matter of policy that is not directly related to immigration. However, I point out that we have hostels for migrants who come here. Similar hostels are not provided in other countries. Many migrants

in hostels are quite happy to be there. The Government has a scheme of hostel subsidies which allows migrants to save for the purpose of buying a house. We have always stressed the need to have sponsored migration to Australia. In this scheme, the sponsor would have accommodation ready for the migrant. I repeat what I said recently in answer to a question. The Liberal Government that was in office in South Australia for a long time developed an excellent housing scheme and that State provided more personal nominations for migrants than did any other State. I add that the length of the stay in migrant hostels has fallen from the original average of two years to an average now of eight months. This would suggest that there has been an improvement in housing.

HOUSING FINANCE.

Sir JOHN CRAMER.—My question is directed to the Treasurer. In recent announcements of additional finance being made available for housing, emphasis was given to loans for new housing to stimulate the building industry. No mention was made of the need for finance for the purchase of existing and older homes. Is the Treasurer aware that the maximum stimulus is given to the building industry if finance is made available without discrimination between new or old homes, or between existing homes or homes to be built? Will he see to it that this economic fact is fully understood by Treasury officials and those dealing with housing finance?

Mr. HAROLD HOLT.—Like others in the House I respect the particular knowledge which the honorable gentleman has of the housing industry. He speaks with some authority on these matters. It is true that in the announcement made recently the Governor of the Reserve Bank said that in approaching savings banks and proposing to them that they increase their current high level of lending for housing purposes he had suggested that the increased lending should preferably be for new rather than used houses. I think the objective was to give some quick stimulus to new building in view of a situation in which there had been some decline from the level of construction in an earlier period of the year. As the honorable gentleman points out, it

may be that we could well achieve a somewhat similar result if finance went to a person who sells a house and with the proceeds of that sale sets about building a new home. But usually there is involved in this a lag sufficiently long for the bank to have taken the view that in present circumstances the quick response looked for could be got more realistically by lending for new housing purposes. However, Sir, I respect the views the honorable member has on this matter and I will be glad to pursue his suggestions further with those who are very much more knowledgable on the matter than I am. In particular I will refer to my colleague, the Minister for Housing, the remarks the honorable gentleman has put to me.

NATIONAL SERVICE TRAINING.

Mr. JESS.—Has the Minister for Labour and National Service seen reports in some quarters that national service training is having an effect on recruitment for the Citizen Military Forces? Could the Minister reiterate the existing conditions, and any variations to policy, whereby men may serve in the Citizen Military Forces instead of being required to render national service?

Mr. McMAHON.—I have seen reports over the last three to four months that young men who might otherwise be called up for national service training were applying for membership of the Citizen Military Forces and being accepted. When they found that their birthdays were not drawn in the ballot they then resigned from the Citizen Military Forces and were not subsequently called up for national service training. This matter has received careful attention by my colleagues, the Ministers for Defence, Army, Navy and Air and also by the Department of Labour and National Service. I hope, with the approval of the Leader of the Opposition, to make a short statement on the matter immediately after question time.

CIVIL AVIATION.

Mr. DAVIES.—I preface a question to the Minister representing the Minister for Civil Aviation by reminding the Minister that the Duck River Co-operative Butter Factory Co. Ltd. at Smithton, Tasmania, is at present using three to four Trans-Australia Airlines DC3's per week to airlift

some 24,000 to 30,000 lb. of meat to Melbourne from the Smithton aerodrome, and that a serious problem has arisen in that we have to accept the decision of the traffic controller at the Wynyard aerodrome before permission can be given for aircraft to land at Smithton. I ask the Minister: Is he aware that the weather patterns at Wynyard and Smithton can be the very opposite of one another because of the effect of the Sisters Hills between Wynyard and Smithton? In view of the double handling, the loss of bloom on the meat and increased costs, &c., involved when meat has to be taken back to the factory from the Smithton aerodrome because Wynyard has refused landing permission, will the Minister give immediate and urgent consideration to either appointing a departmental officer at Smithton or authorizing the local agent of T.A.A., who handles these aircraft, to advise regarding weather conditions at Smithton during this very busy meat export season?

Mr. FAIRBAIRN.—Mr. Speaker, naturally I am not aware of the facts that the honorable gentleman has given me in his question. I will see that these facts are passed on to the Minister for Civil Aviation in another place and that the request made by the honorable member is looked at.

MARKETING OF DRIED FRUITS.

Mr. TURNBULL.—I ask the Attorney-General whether the present system of marketing Australian dried fruits at home and abroad is definitely exempt from the provisions of the Trade Practices Bill 1965, which was passed by this House earlier today.

Mr. SNEDDEN.—The system is not definitely exempted but provision is made in the Bill as it left this House for it to be exempted. The Government has had in mind that there are primary industry marketing organisations which should be so exempted. There is power in the Bill in this regard. As a matter of policy the Government has looked at, for instance, the Australian Dried Fruits Association and the way it markets its products as a primary industry marketing organisation. I am confident that it would be exempted under the terms of the regulations concerning the Bill.

COAL.

Mr. CONNOR.—Will the Minister for National Development, at his coming conference with the New South Wales Minister for Mines, discuss with that gentleman his statement of last May expressing concern at the possible exhaustion through present rates of consumption of New South Wales hard coking coal reserves by the year 2000? Will he also discuss with the New South Wales Minister for Mines the need for examining some controls over expanded exports of such coal? In addition, will he ask the Minister for Mines that additional reserves of such coal in New South Wales, when located and proven, be preserved for the steel industry and other Australian consumers?

Mr. FAIRBAIRN.—It was because the Commonwealth Government did show some concern at the rate of depletion of coking coal supplies in New South Wales and Queensland that we got in touch with the Governments of those two States and arranged to hold the conference to which the honorable member referred. All we are seeking to do is to assess what these reserves are. We know that at the present moment they are very considerable. Speaking from memory, I think the known coal reserves in New South Wales are about 1,000 million tons. We believe that less than half this quantity will be required by Australia to the end of this century. Nevertheless we are anxious that a proper assessment of all the resources in New South Wales and Queensland should be made so that, after this assessment has been made, the Government may be in a position to know the correct policy it should undertake.

QUESTIONS UPON NOTICE.

Sir WILFRID KENT HUGHES.—I ask the Prime Minister whether he is in a position yet to reply to two previous questions I asked regarding the Australian troops in Vietnam and about which the right honorable gentleman said he hoped to have the information last month.

Sir ROBERT MENZIES.—I know that the honorable member has raised this matter quite a few times with me. As he knows, this matter involves discussions in London. I am happy to say that in the case of the Borneo clasp for the General Service Medal 1962—

Mr. Whitlam.—I rise to order, Mr. Speaker. I regret to have to take the same point of order as I took yesterday. There are questions on the notice paper to the right honorable gentleman concerning these matters. They have been there since 9th November.

Mr. SPEAKER.—If there are questions on the notice paper in relation to this matter the honorable member's question is out of order.

Sir Wilfrid Kent Hughes.—Mr. Speaker, I, too, rise to order. I asked my questions long before the Deputy Leader of the Opposition put his questions on the notice paper.

Mr. SPEAKER.—Is the Prime Minister satisfied to answer the question?

Sir ROBERT MENZIES.—Mr. Speaker, I am always satisfied to give a little information. The information is that Her Majesty has been pleased to approve the award of the General Service Medal 1962 with the clasp "Borneo" to Australian servicemen in the area who qualify for the award. The other case is that of Vietnam, and on this no finality has yet been reached. It is being very actively pursued. I have had messages about it in the last 24 hours. I hope to be able to make an announcement at an early date. When I have the information, I will make the announcement promptly.

SOCIAL SERVICES.

Mr. MINOGUE.—My question is addressed to the Minister for Social Services. Now that the Minister for Health has given a lead in removing the disparity between pensioners with respect to the medical entitlement card, will the Minister for Social Services follow his example by granting the same rates of pension and supplementary assistance to married and single pensioners? Will he also remove the anomaly represented by the payment of the additional funeral benefit to certain relatives of deceased pensioners and not to other relatives who have the same responsibility to see that deceased pensioners receive decent burials, which now cost at least £100? Why is it that the Government persists in treating pensioners on the basis of "some chalk, some cheese"?

Mr. SINCLAIR.—The extension of the pensioner medical service to all persons receiving pensions is another instance of the way in which this Government has extended social service benefits progressively to all sections of the community. The second part of the honorable member's question related to supplementary assistance. The increase of supplementary assistance announced by the Treasurer in his Budget speech was for the purpose of extending additional assistance to single pensioners paying rent, who would seem to be the ones most affected by the cost situation in the community. It is felt that in the present situation single pensioners have a greater need than married pensioners. The distinction between single and married pensioners has been explained on a number of occasions in this House during discussions on suggestions for a standard rate of pension. The practice of paying different amounts to single and married pensioners is customarily followed in every country of the western world, on the basis that married people are able to share between them certain household expenses. The honorable member also referred to the extension of the funeral benefit. It is felt that pensioners should get the additional advantage of the extended funeral benefit, and it is to this category of person that the funeral benefit has recently been extended.

WOOL RESERVE PRICES PLAN.

Mr. MAISEY.—I direct a question to the Acting Minister for Primary Industry. Because of the widespread interest in the wool reserve prices scheme referendum, voting in which will close tomorrow, can the Minister say when the results of the ballot are likely to be known?

Mr. ANTHONY.—The ballot will close at 12 noon tomorrow. The counting will start tomorrow afternoon. It is expected that the tallies in the various States will be completed by tomorrow night. They will be forwarded to the Chief Commonwealth Electoral Officer in Canberra, who will add up the results from the various States. It is hoped that he will be able to give the results to the Minister on Friday and that the Minister will be able to announce them by about noon on Friday.

DROUGHT RELIEF.

Mr. NELSON.—My question is addressed to the Prime Minister. I refer to the agreement between the Commonwealth Government and the Governments of New South Wales and Queensland on drought relief, as announced in the House yesterday. Will the Prime Minister extend to drought affected primary producers in the Northern Territory the same kind and level of assistance as the States are extending to their primary producers?

Sir ROBERT MENZIES.—This is a matter which falls properly within the jurisdiction of the Minister for Territories. It was dealt with originally, as the honorable member will recall, as a separate matter, with special arrangements being made because we had a broad and direct responsibility in the Northern Territory. Should there be any further developments in this matter I am perfectly certain that the Minister for Territories will be most willing to inform the House about them at the right time.

REDSTONE ROCKETS.

Mr. BRIDGES-MAXWELL.—I ask the Minister for Supply a question. I refer to a report that Redstone rockets from the United States of America are to be used for space experiments at Woomera. Is this correct? Are these superseded rockets unsafe, as the reports suggest, or are they suitable for the types of experiments to be carried out? Can the Minister tell the House anything about the experiments in which these rockets are to be used?

Mr. FAIRHALL.—For some time the Department of Supply has been carrying on under a joint agreement with the United Kingdom experiments in what are known as re-entry physics to judge the technical phenomena that occur when a space vehicle re-enters the earth's atmosphere. These experiments have been conducted with the Black Knight rocket. They have now reached a point at which it would perhaps be desirable to have a more powerful rocket that would give greater height and therefore greater speed of re-entry. For some time there have been in progress negotiations for a tripartite arrangement between the United Kingdom, Australia and the United States of America. An agreement has not yet been finalised, but if it

should be it would provide for the use of the Redstone rocket, which would be supplied by the United States. It is true that the Redstone rocket is obsolete for orbital flight, for which it was once used, and as an intercontinental ballistic missile, for which use it was designed. But in terms of the kind of experiment that we wish to undertake at Woomera it is not obsolete. There will be no safety problem since the rocket is not to be used for horizontal flight but will be used only for vertical flight for which, apart from any other considerations, it is completely safe. Furthermore, the safety precautions at the Woomera rocket range are very strict indeed. The honorable member may rest assured that if the projected agreement is arranged the programme will be carried through with safety and I am sure that it will be completed with satisfaction.

VIETNAM.

Mr. UREN.—I direct my question to the Minister for the Army. I ask: Has he inquired into the accusations made by the head of the Saigon bureau of the United States magazine "Newsweek" that an Australian adviser serving with the South Vietnamese forces had advised a Vietnamese officer to shoot a Vietcong suspect? If the Minister has made an inquiry will he say whether the facts are as published in "Newsweek" and will he give to the House details of the inquiry?

Dr. FORBES.—As I said at the time that the article appeared, I am in the course of investigating this matter. The delay in the inquiry has been due to the fact that the article does not identify the time and place and does not name the individual concerned. Secondly, delay has been caused because the author of the article, whose name is Tuohy, has been absent from Saigon. However, on 4th December he attended a meeting with the commander of the Australian Army forces in Vietnam at the commander's request. At that meeting the commander asked the correspondent some questions about the article. He asked first whether it gave a first-hand account and whether the correspondent had seen the incident. To this question he replied: "No". He was asked whether he believed the report to be true. He said: "Yes". He admitted, however, that the story might have become

somewhat blurred as a consequence of passing through quite a number of hands and admitted that it probably went through quite a number of hands. He was told by the commander that this was a matter of great moment to us in Australia, that it represented a slur on the good name of Australian soldiers, that such behaviour as that alleged was contrary to everything that they had been taught in their training and everything that they had been brought up to believe in as soldiers and that the correspondent therefore had an obligation to name the soldier concerned. The correspondent was told that this was a matter much bigger than just the possible consequences for one individual. So far he has refused to name the soldier, but is considering his position. Until this is done I can take the matter no further.

MINING.

Dr. GIBBS.—Has the Minister for National Development seen a report that a new silver-lead-zinc lode in the Northern Territory is to be worked by an Australian company? Is this report true? Will the honorable gentleman tell the House how many mineral discoveries have been brought into production or earmarked for production in the last 12 months? Are new mineral discoveries likely to make a significant contribution to export income in the foreseeable future?

Mr. FAIRBAJRN.—The silver-lead-zinc mine to which I think the honorable gentleman refers, and which is to be mined by United Uranium, is not a new mine; it is one which was originally mined about 20 years ago and the high quality ore was taken out. It has now been drilled and deposits have proved to be fairly extensive. I understand that some of the lower quality ore is about to be mined. However, this is not one of the very large discoveries. I am afraid, as the honorable gentleman realises, that it is quite impossible for me to detail, in answer to a question without notice, all the discoveries that have occurred in Australia during the last 12 months, because we are going through a second period of discovery which probably exceeds the discoveries of the gold rush. If the honorable gentleman puts the question on the notice paper I will see that he gets a full reply. I can tell him, however, that

minerals look like playing a very important part in contributing to Australia's export income. This year, £120 million worth of minerals were exported, and the Bureau of Mineral Resources has estimated that in five years' time the value of our exports of minerals will have risen to £280 million per annum.

SCHOOL CADETS.

Mr. STEWART.—I address a question to the Minister for the Army. Is it a fact that school cadet units are expected to attend week-end bivouacs and two-week camps during summer months? Is it also a fact that the issue of summer trousers to school cadets has been reduced from two pairs to one pair? If so, what are the reasons for this pinch penny decision and who is responsible for it? Do Army authorities expect school cadets to wear the one pair of trousers for the duration of the bivouacs and camps? If not, what arrangements is a school cadet expected to make to protect his modesty while his sole pair of trousers is being laundered? Finally, is there any truth in the rumour that a member of the Pacific Islands Regiment is to be asked to demonstrate to school cadets the correct way to don their privately supplied lap-laps?

Dr. FORBES.—I am not aware of the position described by the honorable gentleman. I shall investigate and find out what the situation is. Perhaps I should say at this stage that school cadets, like members of the Services going into camp, would doubtless be issued with working dress while in camp as part of a camp issue. This would undoubtedly reduce the strain, even on the one pair of trousers, if that is all that they have. However, I shall investigate the position and let the honorable gentleman know the result of my inquiries.

DROUGHT RELIEF.

Mr. IAN ALLAN.—Can the Treasurer give an assurance that the needs of those primary producers in drought affected areas who have not exhausted their capital or capacity to borrow and who will thus be excluded from the benefits announced by the Prime Minister yesterday will be considered by the Government?

Mr. HAROLD HOLT.—Representations on this aspect have come from honorable

members in various parts of the House, including the honorable gentleman himself on earlier occasions. I can assure him that the situation of those who fall within this category is well recognised by the Government and consideration is being given to ways and means by which they can be assisted with their problem.

PHARMACEUTICAL AND MEDICAL BENEFITS.

Mr. CALWELL.—I ask the Minister for Social Services: Is it a fact that the means test with regard to pharmaceutical and medical benefits as applied to pensioners was imposed by the present Government on 1st November 1955? Is it also a fact that during the 10-year period that has elapsed since then the Opposition has repeatedly moved amendments seeking the abolition of the means test, without having once received any support from any one Government member? Is it also a fact that not one Government member has ever spoken in protest against the operation of the means test on pensioners in the past 10 years?

Dr. Mackay.—Look up "Hansard".

Mr. SINCLAIR.—As the honorable member for Evans has just said, the answer to the last part of the question asked by the Leader of the Opposition is to be found in "Hansard". Many members on the Government side have frequently advocated the liberalisation of the means test and the extension of the pensioner medical service to all persons in receipt of pension benefits. The notable extension this year was made in accordance with this principle. Because of that extension, after 1st January next many people will be in a considerably better position with regard to medical and pharmaceutical benefits than they were previously.

AUTOMATION.

Mr. FALKINDER.—I address a question to the Minister for Labour and National Service. What steps of a major kind are being taken by the Government or his Department to study automation? Is a continuing evaluation being made of the effects of the progressive automation of industry and, in particular, of the effect on future Government policy?

Mr. McMAHON. — Several major methods are adopted by the Government to ensure that automation will not have a substantial and immediate impact on the employment of people. For example, productivity groups have been established on a wide scale. I think more than 2,000 firms are now involved in them. These groups continually watch not only the distribution of information between industries and companies but also the impact of automation on their own industries and the likely impact on associated industries. The honorable gentleman would know, too, that the former Ministry of Labour Advisory Council published a pamphlet on the effect of automation. I think it is one of the standard works on the subject. I shall obtain a copy and let the honorable gentleman have it.

As to the last part of the question, one section of my Department continually watches the impact of automation and the effect it is likely to have upon the growth of the work force, upon unemployment and upon the Commonwealth Public Service. The honorable gentleman can take it that the matter is continually under observation by us. I shall obtain some further information and let him have it.

SEAMEN'S AWARD.

Mr. BENSON. — I address to the Minister for Labour and National Service a question relating to working conditions for seamen. The Minister will be aware of the interest of all members in any measures designed to bring about better working conditions and continuity of work for seamen. He will recall that some months ago the 1955 seamen's award was varied to provide for a stabilisation scheme. I ask: Is the Minister able to advise whether continuity of work is being achieved? Can he tell us the amount of attendance money paid so far to this industry? Finally, can he say whether all labour quotas have been resolved?

Mr. McMAHON. — The honorable member will have, of course, a very deep and detailed knowledge of the effects of stabilisation and mechanisation schemes because, if my memory holds good, he was the first chairman of a mechanisation committee appointed on the Australian waterfront to look at the problems of the mechanisation of the sugar industry as they applied to seamen, waterside workers and stevedores.

About 16 months ago an agreement was made between the steamship owners and the Seamen's Union of Australia. This was supervised by my own Department and by the Department of Shipping and Transport. As a result of that agreement considerable improvements in pay and working conditions of seamen were arrived at in return for which the seamen agreed to stabilise the industry to give continuity of work and to get a better turnaround time for ships. In addition the exclusive right of recruitment was taken away from the Seamen's Union. These provisions were finally embodied in an amendment to the award of 1955.

From time to time a report is made by my Department and by the Department of Shipping and Transport showing how the conditions agreed to had been observed. I am glad to be able to inform the honorable member that there has been a substantial reduction in the number of days lost in the shipping industry. There were considerable reductions in the first two four-monthly periods; in the first there was a loss of 576 days, involving about 107 ships; and in the last four monthly period there have been almost no losses at all, or the loss has been so negligible that it has not been worth while reporting upon. There has been a considerable improvement in the industry. For the moment it appears to be stabilised.

As to the second question, concerning attendance money, I think the amount paid since 1st December 1964 is about £33,000 already, but that is a small amount compared to the reduction in stoppages that has taken place. As to the last question relating to quotas for seamen, regrettably the steamship owners have not put up proposals to the Seamen's Union. This matter will be brought to the attention of the presidential member of the Conciliation and Arbitration Commission and I hope that he, in his turn, will bring it to the attention of the parties.

PENSIONER MEDICAL SERVICE.

Mr. BUCHANAN. — My question to the Minister for Health relates to the payments made to doctors under the pensioner medical service. The present arrangement is for payment of 16s. for each visit to a doctor's surgery and £1 for each home visit a doctor makes to a pensioner, even when pensioners are grouped together in an aged persons

home. No payment is made for the time a doctor spends treating pensioners in hospitals. Will the Minister examine the position to see whether this is an anomaly?

Mr. SWARTZ.—With the exception of the Commonwealth Territories the administration of hospitals comes within the control of the State Governments. However, it is a fact that the honorary system of service by doctors applies in all States of Australia with one exception—Western Australia. It is a fact also that the medical profession provides services on an honorary basis generally in practically every case where the pensioner or patient is in a public ward. That service still continues. It was discussed at the last conference of the Australian Medical Association when the decision was made to continue the system.

COMMONWEALTH SUPERANNUATION FUND.

Mr. COSTA.—I address a question to the Treasurer concerning recent legislation affecting the distribution of the £5.6 million surplus in the Commonwealth Superannuation Fund. Has the Treasurer decided on any order of priority for the distribution? If not, will he consider giving preference in priority to the oldest pensioners, because some who were expecting to receive refunds at this time last year have since died?

Mr. HAROLD HOLT.—Earlier in the session I indicated that as we were not able to provide for the full distribution of the surplus owing to the delay in actuarial calculations, consideration had been given to an interim distribution. In making that interim distribution, I understand, the category of pensioner to which the honorable gentleman has referred will be given priority. I regret that I am not able to give the precise date on which the distribution will be made. I assure the honorable member that everything possible is being done to expedite the matter. If, upon inquiry, I find that my understanding of the situation is not correct, I will let the honorable gentleman know the true position.

RHODESIA. Ministerial Statement.

Sir ROBERT MENZIES (Kooyong—Prime Minister).—by leave—I wish to inform the House of measures in the

financial and economic field which the Government has decided to take against the illegal administration in Rhodesia. These measures are additional to those that I announced on 16th November. They are taken in the belief that peaceful measures are preferable to military measures and that, in order to minimise the ultimate damage to Rhodesia, the sooner the sanctions become effective and normal constitutional administration is resumed, the better for that country.

This is not an easy decision to take because sanctions can hurt very deeply. Of course, sanctions are designed to impose disabilities, but a system of sanctions which stops short of being effective could easily go on operating for a long, long time, creating irritations, not solving the problem and, perhaps, provoking extreme action on the part of other people. Therefore we have come to the conclusion that, falling in line with the United Kingdom and various other countries, we should to some extent intensify our economic measures. In what I say it must always, of course, be remembered that our trade with Rhodesia is a small one—not quite £2 million worth of imports altogether annually.

In relation to financial measures, we will recognise the Board of the Reserve Bank of Rhodesia, which the British Government has appointed to replace the previous board. We will recognise it as the only proper authority. Following from this decision, it may be necessary for us to consider introducing restrictions in respect of financial transactions between Australia and Rhodesian residents comparable with the restrictions introduced by Britain. Also, we have decided to suspend the money order service between Australia and Rhodesia.

In relation to economic measures, it will be recalled that we have already placed a ban on the importation of tobacco from Rhodesia. We now propose to prohibit also the importation of ferro-alloys, chrome ore and asbestos. The ban on imports of tobacco meant that approximately three-quarters of our total imports from Rhodesia were suspended. The inclusion of ferro-alloys, chrome ore and asbestos will mean that we have prohibited imports from Rhodesia affecting more than 90 per cent. of the total. The British have banned

approximately 95 per cent. of their imports from Rhodesia.

Honorable members will, of course, recognise that in a relatively small field these measures are severe. However, the unhappy situation with which we are dealing is of grave proportions, involving as it does, not only the cessation of lawful rule in Rhodesia, but also the arousing of emotions in Africa and elsewhere. In all these matters it is our hope that the result of the measures now being applied by this and other countries will mean a return to sanity and negotiation and that Rhodesia will see reason and find a return to a legal and constructive relationship with the British Government.

I present the following paper—

Rhodesia—Additional Financial and Economic Sanctions—Ministerial Statement, 8th December 1965—

and move—

That the House take note of the paper.

Debate (on motion by Mr. Calwell) adjourned.

NATIONAL SERVICE TRAINING.

Ministerial Statement.

Mr. McMAHON (Lowe—Minister for Labour and National Service).—by leave—In November of last year, I introduced legislation providing for the re-introduction of national service. I said then that the Government intended using the national service scheme as a means of encouraging men to enlist in the Citizen Military Forces.

The roles of the Citizen Military Forces, the Citizen Naval Forces and the Citizen Air Force are of great importance in our defence plans. Thus it was provided that men liable to render national service who were ballotted in would be granted indefinite deferment of call up if they were, at the time of the ballot, members of the Citizen Naval Forces, Citizen Military Forces or active Citizen Air Force. The indefinite deferment was contingent upon men serving efficiently for a total period of five years if they had completed at least one year's efficient service at the time of the ballot, or for a total of six years if they had completed less than one year's efficient service at the time of the ballot. Those who were not members of the Citizen Forces at the time of their registration were required

to join those Forces before the ballot if they wished to be eligible for deferment under these provisions. These arrangements will continue to apply to members of the Citizen Forces who have already been granted indefinite deferment of call up.

These particular deferment provisions have now been reviewed and as from next year men who register for national service may be permitted to serve in the Citizen Forces, provided they are acceptable to the Citizen Forces, and that there are suitable vacancies for them, instead of being required to perform national service. Those who wish to follow this course will be required to give an undertaking to do so before the ballot relating to the registration of their age group. They may fall within any one of three categories.

First, there will be those who have served efficiently as members of the Citizen Forces for at least 12 months at the date of commencement of registration of their age group. They will be required to undertake to serve efficiently in the Citizen Forces for a total period of five years. If they are ballotted in they will not be called up for national service provided they serve efficiently for that period; if ballotted out they will not, under present arrangements, be called up for national service in the Citizen Forces under the normal conditions relating to such service.

Secondly, there will be those who have served efficiently as members of the Citizen Forces for less than 12 months at the date of commencement of registration for their age group. They will be required to undertake to serve efficiently in the Citizen Forces for a total period of six years, irrespective of the result of the ballot. They will be granted indefinite deferment of call up provided they serve efficiently for the total period; those who fail to serve efficiently for the full period will become liable for call up for national service, regardless of whether they were or were not ballotted in.

Thirdly, there will be those who are not members of the Citizen Forces at the date of commencement of registration for their age group. They will be required to give, before the ballot which relates to the registration of their age group, an undertaking to complete a total of six years' efficient service with the Citizen Forces, irrespective of the result of the ballot, if they are

accepted as members. For the undertaking to be effective they must apply to join the Citizen Forces, before they complete the undertaking, and be accepted as members. They will be granted indefinite deferment of call-up provided they serve efficiently for the full period; those who fail to serve efficiently for the full period will become liable to call-up for national service, regardless of whether they were or were not ballotted in. Men who wish to avail themselves of the opportunity to serve in the Citizen Forces, in accordance with the provisions I have mentioned, must sign a form of undertaking and forward it to my Department within 14 days of the close of the registration period for their age group.

These arrangements will apply to the Citizen Military Forces, Citizen Naval Forces and Auxiliary Squadrons of the active Citizen Air Force. Revised arrangements will apply also to University Air Squadrons of the Citizen Air Force. Those who are already members of these squadrons at the commencement date for registration of their age group and who are ballotted in will not be called up for national service provided that they satisfactorily complete their two years' service with the squadron, graduate in their faculties and complete five years' service on the Royal Australian Air Force Reserve. If they fail to meet these requirements they will be liable to call-up for national service. Full details covering these provisions will be contained in the information sheet attached to the national service registration form which will be available in the new year. I present the following paper—

Service in the Citizen Forces as an alternative to National Service—Ministerial Statement, 8th December 1965—

and move—

That the House take note of the paper.

Debate (on motion by Mr. Whitlam) adjourned.

PUBLIC ACCOUNTS COMMITTEE.

Reports.

Mr. CLEAVER (Swan).—As Chairman, I present the following reports of the Public Accounts Committee—

Seventy-fourth Report—Expenditure from Advance to the Treasurer (Appropriation Act 1964-65);

Seventy-fifth Report—Expenditure from the Consolidated Revenue Fund for the year 1964-65.

Mr. Speaker, I seek leave to make a statement.

Mr. SPEAKER.—There being no objection, leave is granted.

Mr. CLEAVER.—These reports relate, respectively, to expenditure from the Advance to the Treasurer and to other expenditure from the Consolidated Revenue Fund in 1964-65. The question foreshadowed in your Committee's Sixtieth Report, of the desirability of conducting one or two inquiries into these matters and involving one or two reports did not arise in respect of the financial year 1962-63 as the limited time available to your Committee precluded the completion of one large comprehensive report; nor did it arise in respect of the financial year 1963-64 as your Committee confined its inquiry in respect of the financial results for that year to an examination of expenditure from the Advance to the Treasurer.

In approaching its inquiry into the Consolidated Revenue Fund results for 1964-65, your Committee considered that as several departments would be involved in respect of expenditure from the Advance to the Treasurer and other expenditure from the Consolidated Revenue Fund, considerable economy of time would be achieved if a single inquiry were to be held but that, as the subject matter relating to the two matters was clearly distinguishable, two separate reports should be submitted to the Parliament.

In its previous report relating to expenditure from the Advance to the Treasurer in 1963-64 your Committee drew attention to the unsatisfactory nature of some of the explanatory statements submitted by departments and indicated that discussions would take place between officers of the Department of the Treasury and the Committee to produce a suitable pro forma statement for use by departments in connection with the inquiry in 1964-65. Your Committee's examination of the explanatory statements submitted by departments this year and based on the pro forma statement which was duly developed showed a very substantial improvement in the quality of the explanations submitted. At the same time, experience in the use of the pro forma statement showed

a need for further refinement and your Committee is desirous that further discussions occur between it and representatives of the Treasury in this refining process. During the preparation of the pro forma statement for use in connection with expenditure from the Advance to the Treasurer, your Committee developed an additional pro forma for use in the examination of items of expenditure where overestimating had occurred. The use of this pro forma by departments provided us with information on a uniform basis and in each case showed the history of estimating and expenditure for a period of three years.

As the Seventy-fourth and Seventy-fifth Reports show, your Committee discovered, during the course of its inquiry, several instances in which errors had occurred and had not been detected in time for their correction to be effected in the Additional Estimates. Your Committee has commented appropriately on such circumstances where they have occurred and we believe that they reflect adversely on the departments concerned. The inquiry also showed that, as in previous years, there were explanations for variations from the estimate, which, due to unforeseen circumstances, are acceptable. The inquiry also revealed, however, examples of unsatisfactory estimating where over-confident expectations had not been borne out in reality.

As in some cases the evidence submitted disclosed a lack of appreciation of the considerations which should be taken into account by departments in the formulation of their estimates, your Committee has again enunciated in both the Seventy-fourth and Seventy-fifth Reports, the following principles for departmental guidance—

Each particular estimate should comprise a realistic assessment of the amount expected to be required, based on the information available to the department when the formulation of estimates is being made.

Estimates should not make provision for proposals that are of such an uncertain nature that the department is unable to determine what payments, if any, will be made.

Experience, wisely evaluated, should be used as the basis for formulating estimates relating to recurring expenses, and

The use of the Advance to the Treasurer should be confined to those items of expenditure which could not have been foreseen in time for their inclusion in the original or Additional Estimates.

I commend the reports to honorable members.

Ordered that the reports be printed.

COMMONWEALTH OFFICES, PERTH.

Report of Public Works Committee.

Mr. BRIMBLECOMBE (Maranoa).—Mr. Speaker, in accordance with the provisions of the Public Works Committee Act 1913-1965, I present the report relating to the following proposed work—

Erection of Commonwealth Offices, Perth, Western Australia.

I ask for leave to make a short statement in connection with the report.

Mr. SPEAKER.—There being no objection, leave is granted.

Mr. BRIMBLECOMBE.—The first comment I should like to make in connection with this report is to emphasise the need for the speedy completion of this building. Relief is urgently required from the sub-standard and overcrowded conditions under which the staff of some Commonwealth offices in Perth, such as the Taxation Branch, are at present working. The Bureau of Census and Statistics is installing a Control Data 3200 Computer in Perth. This is an expensive piece of equipment and unfortunately it is to be located in rented space because there is, at this point of time, no suitable accommodation available in a Commonwealth owned building. There is a pressing requirement for new accommodation for the computer because the rented space will be too small in about three years time to accommodate the expanding needs of the working units located adjacent to the computer.

There have been suggestions in the Perth Press in recent weeks that public money is being wasted by the construction of buildings such as that proposed in this reference. The Commonwealth Offices are to be finished in quality materials chosen for their durability and ease of maintenance and are to be air conditioned for the comfort of the staff and the public who use them. On this particular point it might be noted

that the computer requires space that is air-conditioned on a 24-hour day basis within fine tolerances of humidity and temperature control.

The cost of the building is about £1,000 per square including about £200 per square for air conditioning. The Committeee does not consider that at this figure the cost is excessive or that public money is being wasted. For the price the Commonwealth will be obtaining a good quality building which will provide comfortable, but not lavish, conditions for the staff and the public who will use it. Furthermore, this will be a building which will survive the passage of time better than most and of which the Commonwealth and the city of Perth will be proud.

Ordered that the report be printed.

INTER-PARLIAMENTARY UNION.

Mr. ASTON (Phillip).—by leave—I present the following paper—

Inter-Parliamentary Union—54th Conference held at Ottawa, September 1965—Report of Australian Delegation.

and move—

That the House take note of the paper.
I ask for leave to make my remarks at a later stage.

Leave granted; debate adjourned.

INCOME TAX ASSESSMENT BILL 1965.

Bill returned from the Senate without amendment.

WEIPA DEVELOPMENT AGREEMENT BILL 1965.

Bill—by leave—presented by Dr. Forbes, and read a first time.

Second Reading.

Dr. FORBES (Barker—Minister for the Army and Minister Assisting the Treasurer) [3.37].—I move—

That the Bill be now read a second time.

The purpose of this Bill is to obtain the approval of Parliament to an agreement between the Commonwealth and the State of Queensland for the provision of financial assistance to the State for harbour works at Weipa in North Queensland. The Commonwealth Government's decision in this matter was announced in the last Budget by the Treasurer (Mr. Harold Holt) when he

said that the Commonwealth would provide a loan to the State up to a maximum of £1,635,000 to finance these works. He also indicated that an amount of £750,000 had been provided in the current year's Estimates for this purpose. Agreement has now been reached between the Commonwealth and the State on the conditions on which this assistance is to be provided, and the text of the agreement is set out in the schedule to the Bill.

Before I explain the agreement I should like to give the House some general background to the development of Weipa, which is situated in a remote corner of north Queensland on the western side of Cape York Peninsula. The potential of the bauxite deposits at Weipa was first recognised by the Chief Geologist of Consolidated Zinc Pty. Ltd. in 1955, and in 1957 a company known as Commonwealth Aluminium Corporation Ltd.—generally abbreviated to Comalco—was formed to develop the port and to mine bauxite from a lease of an area of about 2,380 square miles. Undertakings to this effect were entered into by Comalco in an agreement with the Queensland Government. In accordance with its undertakings Comalco dredged an access channel in Albatross Bay, built a combined export-import berth and established a small mining township at Weipa. Mining, beneficiating and ship loading facilities were constructed and the undertaking has at present a capacity to handle about 700,000 tons of bauxite per year.

An expansion is under way to increase the capacity of the undertaking to 2,500,000 tons of bauxite each year. About one half of this production will be shipped to Gladstone for processing into alumina at the refinery being constructed at that centre by Queensland Alumina Ltd. The rest of the production is expected to be exported to Japan, Germany, France and South America. In recognition of the importance of Weipa the Queensland Government, in addition to assuming control of the harbour and purchasing the existing harbour works constructed by Comalco, has undertaken to deepen the channel and to provide new and improved wharves. I am informed that this work will need to be completed by 31st December 1966, in order to fit in with expansion of the Weipa bauxite undertaking.

and the timetable for construction of the alumina refinery at Gladstone.

The Queensland Government requested the Commonwealth some time ago to provide financial assistance for harbour works at Weipa and Gladstone. After careful consideration the Commonwealth Government decided that assistance of up to £1,635,000, on a repayable interest-bearing loan basis, would be offered to the State for the harbour works at Weipa which the State had agreed to carry out. The State Government accepted the Commonwealth's offer, and the Bill before the House seeks Parliament's approval of the provision of assistance accordingly. The terms on which the Commonwealth financial assistance is to be provided are set out in the agreement. The agreement provides for payments to the State in respect of expenditure on the harbour works after 1st July 1965. Interest, at the effective long term Commonwealth bond rate, will be capitalised during the period of construction. Repayments will be spread over a period of 30 years, commencing on 15th July 1967 and will be made on the credit foncier basis of equal instalments of principal and interest combined. The harbour works towards which the Commonwealth loan will be applied are specified in the schedule to the agreement. These works consist of the deepening of the existing access channel, the building of a wharf for the export of bauxite into bulk carriers, and improvements and additions to the existing general cargo wharf.

The agreement also contains the usual provisions included in agreements of this nature relating to such things as the efficient execution of the works, the payment to the State of working advances, the supply of information by the State and the auditing of expenditure. There is also a provision allowing for the variation of the harbour works specified in the schedule to the extent proposed by the State and approved by the Treasurer in the interests of more efficient fulfilment of the objectives of the Agreement. In conclusion, I would like to say that the Government is pleased to be associated with the project, which will undoubtedly make a major contribution not only to the development of an important new industry but also to the development of a particularly remote northern corner of

our vast continent. I commend the Bill to the House.

Debate (on motion by Mr. Luchetti) adjourned.

SUSPENSION OF STANDING ORDERS.

Motion (by Dr. Forbes) agreed to—

That so much of the standing orders be suspended as would prevent two further Bills relating to Decimal Currency—

- (a) being presented and read a first time together and one motion being moved for the second readings; and
- (b) being included for the purposes of later consideration with the thirty other Bills relating to Decimal Currency which are set out for resumption of debate on the second readings together.

PAY-ROLL TAX ASSESSMENT BILL 1965.

Second Reading.

Debate resumed from 25th November (vide page 3191), on motion by Mr. Harold Holt—

That the Bill be now read a second time.

Mr. CREAN (Melbourne Ports) [3.44].—I wish to indicate at the start that whilst the Opposition agrees with the material in this Bill it intends in the committee stage to move an amendment the purpose of which will be to exempt from the payment of payroll tax municipal or other local governing bodies or an authority established for the purpose of carrying out all or any of the functions ordinarily carried out by such a body otherwise than in the conduct of an enterprise which in the opinion of the Commissioner is a trading enterprise. I shall outline the purpose of the amendment later but I wish to indicate that it is the Opposition's intention to move that amendment in the committee stage when we are dealing with clause 3. The Bill amends the Pay-Roll Tax Assessment Act to facilitate the application of a rebate system in connection with the pay-roll tax which applies when certain firms increase the volume of goods they are producing which are sold overseas. This sort of measure is necessary apparently because of the commitments which Australia has to such bodies as the General Agreement on Tariffs and Trade which provides that the member countries shall not discriminate in their taxing laws so as to favour an exporter as

against other producers in an economy. Apparently the only way that this provision can be avoided is to remit certain taxes which technically are described as indirect rather than direct taxes. Payroll tax is regarded as being an indirect and not a direct form of tax. Details along these lines are to be found in a publication by Her Majesty's Stationery Office of 1964 dealing with the report of the Committee on Turnover Taxation to which I will refer later in my speech. In essence, the report points out that as long as a tax is an indirect rather than a direct tax some manipulation of it can be made to assist the promotion of exports.

All I wish to draw attention to is the fact that it is, in my view, rather an unsatisfactory method of dealing with this problem. We can all agree that Australia has to build up increased export markets. It has been estimated, I think, that we have to increase our exports in total by some £200 million per annum over the next seven or eight years if our economy is to continue to be able to support the levels of imports to which we have allowed ourselves to become dependent. Using payroll tax as a medium for this increase seems to me to be a fairly inadequate and precarious way of going about things. I direct the attention of honorable members to statistics which are contained in the most recent annual report of the Commissioner of Taxation. I refer to taxation statistics for 1963-64 which are part of the 44th annual report to Parliament of the Commissioner of Taxation. At page 155 of this document are to be found details of the rebate of payroll tax on export trade.

The report shows that, for the year 1960-61, 924 separate undertakings were allowed this rebate. These firms between them had paid £11,353,000 in payroll tax and were entitled as the result of the provisions of the existing legislation to total rebates of payroll tax of £2,166,000. In 1961-62 the number of claims allowed had increased to 1,034 and the payroll tax paid by those concerned was £10,400,000. The rebates of payroll tax allowed totalled £3,503,000. In 1962-63 the number of claims allowed dropped to 966. The 966 firms concerned had paid £9,021,000 in payroll tax and were entitled to rebates of £2,685,000—a fall of some £800,000

against the rebate entitlement figure for 1961-62. The 1963-64 figures are not contained in this report. What I draw attention to is that in terms of export trade as a whole the figures are really fairly insubstantial. In 1962-63 the figure shows an increase in export trade of £164 million over the two base years ended June 1960. That increase is much less than the increase in Australia's export trade that we need year by year if we are to survive. Some other export encouragements are given in legislation. For instance firms which spend money on advertising their goods in potential export income markets are entitled to double tax deductions on expenditure on advertising which is applicable to that form of trade. That is another device which has been made but, again, there are serious limitations in respect of how far a country can move in this kind of concession by reason of the commitments which it has under G.A.T.T. and other provisions.

I come now to the report of the Committee on Turnover Taxation to which I referred earlier. Paragraph 186 on page 57 states—

For reasons which will appear below, the choice of possible methods of assessing a value-added tax would have to take account of the United Kingdom's obligations under two international agreements.

Only one of the agreements referred to applies to Australia. The two agreements mentioned are the General Agreement on Tariffs and Trade, which is referred to rather popularly as G.A.T.T. and the other one in the case of the United Kingdom is the European Free Trade Area Convention, which does not concern us. The report continues—

We summarise the relevant provisions of these agreements in Appendix E. They preclude various forms of export subsidy, including subsidies which operate through the taxation system. Briefly, certain "kinds" of taxes, and in particular direct taxes on businesses, may not be remitted in respect of exports. The taxes which may be remitted or repaid are:—

(1) taxes charged at importation, for example, customs duties, and

(2) other indirect taxes on the goods exported; and then the "amount" of any repayment may not exceed what has effectively been levied at one or more stages on the goods. These obligations are relevant because the advocates of the value-added tax have assumed that it would be remitted on exports

The point there, of course, is that as far as Australia is concerned payroll tax has been chosen as the medium to apply this subsidy because it is an indirect tax. This method, however, suffers from the deficiency that a form of export trade which is, say, capital intensive rather than labour intensive, is more or less at a disadvantage because the maximum amount of rebate which is available is the amount represented by the payroll tax, which is at the rate of only 2½ per cent. or 6d. in the £1 on the wages bill of the particular undertaking. A highly mechanised industry, of course, has a relatively small labour component in its total cost, but the amount of subsidy that it can obtain is governed by the payroll tax. There could be firms which perform as well as other firms in terms of increasing exports but which, having a very small labour component in their total costs, would find it very difficult to obtain any appreciable benefit from this kind of assistance. There are other firms, of course, with high labour contents in their total costs and these would receive a considerable advantage.

The purpose of the amendment proposed in the Bill before us is to correct an anomaly which has been discovered in the operation of the tax rebate scheme as it applies to the motor vehicle industry in particular. Apparently the difficulty has been that in applying the rebate to what are called knocked down vehicles as distinct from built up vehicles, the knocked down vehicles have been somewhat at a disadvantage. The Act, as it is currently written, does not appear to cover trade in knocked down vehicles. The amendment is designed to overcome this difficulty.

Of course many countries are doing, with respect to their motor vehicle industries, what Australia is trying to do today. They are endeavouring to build up an industry of their own. They are endeavouring to have as low as possible a foreign component in their vehicles and as high as possible a proportion of locally made parts. New Zealand, Indonesia and some Asian and South East Asian countries, in which Australia has been developing a market for these goods, say: "We are quite happy to take Australian motor cars but we would like to do some of the assembling ourselves." Apparently the law as it currently operates places partially assembled vehicles

or unassembled parts at some disadvantage in this trade, in that they do not qualify for the rebate.

Another factor that must be considered, of course, is that unassembled vehicles take up far less space than assembled vehicles. There is a big saving in freight charges if parts are packed together for shipping and assembled in the country of destination. With a fully assembled vehicle, of course, a good deal of the space taken up on the ship is the space that would normally be occupied by the passengers when the motor car was on the road. To pay freight on the basis of space occupied by fully assembled vehicles is a rather extravagant way of exporting them.

In order to overcome these two kinds of difficulties this amendment is being introduced. Apparently at the same time the Government is trying to secure an internal reform that the motor vehicle industry has been a little reluctant to introduce. I refer to the objective of an Australian component of 90 to 95 per cent. in locally assembled vehicles. One of the conditions of the application of this new benefit is that there should be a satisfactory level of Australian content in the local production and that there should also be a satisfactory proportion of Australian-made exports as against imports which are later exported.

If the objective is to be achieved some discretion must be allowed. I have heard many rather nasty things said in this House in the last day or two about the discretion of the Commissioner of Taxation. Apparently in this case the discretion is not to be exercised by the Commissioner of Taxation but by the Secretary of the Department of Trade and Industry in conjunction with the Treasurer. Just what the medium of communication between the two of them is I am not quite sure, but I suppose it would not be difficult to establish. In any case it is on the recommendation of the Secretary of the Department of Trade and Industry, confirmed by the Treasurer, that a firm will or will not be deemed eligible for the rebate under the amended legislation. One would perhaps think that there ought to be a little more discretion rather than a little less of it in the operation of modern economic affairs.

Mr. Kelly.—If it does not go too far.

Mr. CREAN.—Well, one can perhaps carry discretion too far, and I suppose one should not indulge at all in indiscretion. But it seems to me that sometimes when this nasty word "discretion" is used the implication is that it will always be applied indiscretely. This is not my experience of the Commissioner of Taxation, however. I do not think he is a sort of inverted Micawber, waiting for something to turn down. He exercises his discretion, as far as he can, in the interest of the person concerned just as much as in the interest of the preservation of the revenue.

So much for this aspect of the Bill. I repeat that this is a rather unsatisfactory, hole and corner method of going about subsidising exports. It has distinct limitations. No matter how successful one may be in promoting one's exports, the maximum amount of rebate available to one's firm is the amount of the payroll tax, which is 2½ per cent. of the wages bill. So that if wages represented only half of the total costs, there would be only a rather minor overall incentive available. In this connection, however, I must remind the House that the whole of the rebate allowed, as represented by the payroll tax payable, will be applied in the direction of the export trade rather than of the total turnover of the company, so that perhaps the advantages are a little more significant than they appear.

I think the Treasurer said in his second reading speech that for the year ended June 1965 the total value of motor car exports was about £16 million. The figure for completely assembled vehicles was, I think, £8.3 million, and the value of partly knocked down vehicles and components was £7.7 million. I think the Treasurer also directed attention to the fact that over a comparatively small number of years our exports of motor vehicles and components were very similar to our exports of wheaten flour. The flour industry has been in existence for a long time, and I think in many respects it does not really afford a relevant comparison. I believe that many countries are doing with flour what they are doing with motor cars. They prefer to import their own wheat and make their own flour, for they then build up an industry that is much needed in underdeveloped countries. The Treasurer made the point that exports of

motor cars and components were becoming a quite significant part of Australia's export trade.

It is interesting to note, when one looks at the details of the statistics provided by the Commissioner of Taxation, that the major beneficiary of this payroll tax rebate is the metals, metal manufactures and machinery group of industries which, presumably, includes the motor car industry. In the financial year 1960-61, out of rebates totalling £2,166,000, £736,000, or slightly more than one third, went to that group of industries. In 1961-62 £2,130,000 out of a total of £3,503,000 went to that group. This was nearly two thirds of the total. In 1962-63 the proportion had dropped to £1,166,000 out of £2,685,000. Apparently in that financial year there was relatively a slump in the export performance of that branch of industry. This, of course, may have had something to do with conditions overseas or may even have been the result of retaliatory measures taken by some countries that had formerly accepted exports of metals, metal manufactures and machinery without introducing tariff difficulties. I understand that Japan, for instance, has a fairly high tariff on imports of Australian motor vehicles and parts. I do not know what the arrangement in Australia concerning Japanese car imports is, but the Japanese car industry seems to be having increasing success in capturing a section of the Australian market.

As I have pointed out, the payroll tax rebate suffers from the other deficiency that its benefits are limited by the wage component in total costs. Therefore, to some extent the capital intensive industries are at a disadvantage compared to the labour intensive industries. Surely we in Australia should be encouraging capital intensive rather than labour intensive industries. I hope that the Treasury will further consider this question of the encouragement of exports, bearing in mind the distinct limitations that apply under the General Agreement on Tariffs and Trade. This form of assistance represented by the rebate in respect of payroll tax is rather inadequate when we contemplate the increase in export trade that Australia needs in the years ahead.

At this stage I should like to discuss the general position of the payroll tax as it applies in our tax structure. According to

the Budget estimates which were presented to us by the Treasurer at the beginning of this sessional period and with which we dealt not very long ago in this chamber, the right honorable gentleman contemplated that in the current financial year the payroll tax would yield a total of £82 million. Excluding from consideration items such as the Post Office—the self balancing items—the payroll tax was estimated to be responsible for £82 million out of total tax collections of about £2,200,000, or a little more than 3 per cent. of the total. In many respects, the payroll tax represents an unsatisfactory form of tax. However fortunate may be the application of the export rebate, this is a most unsatisfactory form of tax for any modern society to rely on. It came into being in 1941 to finance the payment of child endowment. I believe that in some respects it is still in theory tied to that benefit. In practice, of course, all the money is paid into one fund—the Consolidated Revenue Fund. The Commissioner of Taxation, in his 44th report, at page 81, stated—

The rate of payroll tax has remained unchanged since its introduction and is £2 10s. per centum of wages in excess of the general exemption.

In other words, this represents a tax of 6d. in the £1 on the wage bill of all those employers that are liable to pay it. Referring to the payroll tax legislation the Commissioner stated—

A feature of the legislation is the wide scope of the tax. Exemptions are limited to wages paid by the Governor-General—

Presumably for his own staff—

or the Governor of a State, the representatives in Australia of the Governments of other countries, public hospitals and certain other hospitals, public benevolent and religious institutions and a few specified organisations such as the South Pacific Commission. Wages paid to members of the Defence Force and certain ancillary services are also exempt.

It is specifically provided that the Crown in the right of a State, municipal and other local governing bodies and public authorities which do not pay wages from the Consolidated Revenue Fund, are liable for payroll tax.

This is the matter with which the amendment that we propose to submit in Committee will be concerned. What the Commissioner of Taxation did not say in his report was that the Commonwealth Government's own wage bill is specifically exempt from the tax. The Commissioner used the words

"the Crown in the right of a State". The Crown in the right of the Commonwealth does not pay the tax. I believe that there is a certain legitimate ground for grievance on the part of the States over the Commonwealth's exempting itself from the payment of payroll tax on its wages and specifically providing that the States shall pay the tax on the wage bill concerned with their own administration. I suppose that it may be argued: The States may collectively pay some £6 million or £8 million in tax in this way but if they did not do so they would only receive £6 million or £8 million less in reimbursements under the formula adopted under the uniform tax arrangements. That may seem a consoling aspect of the matter, but it seems to me to represent a rather silly form of bookkeeping for one to go to all the trouble of imposing a tax of 6d. in the £1 on the wage bills of the States and then to say that they are really reimbursed under the overall uniform tax formula for the sums so paid. This seems to be a silly way of going about the matter.

A similar sort of escape is not available to municipal authorities. I turn to what are described in the taxation statistics provided by the Commissioner of Taxation as a supplement to his 44th report as "Public Authority Activities (n.e.i.)". This apparently means that they are not elsewhere included. There is a special section for electricity, gas and water services, which are subject to public authority ownership. For the purposes of payroll tax statistics they are treated separately. The section given over to public authority activities relates mainly to State administrations plus local government and semi-government activities not related to business undertakings. The figures at page 152 of the taxation statistics show that in June 1964 there were 854 payroll tax returns lodged by employers in this group and that the wage bill of the group in that month totalled £40,088,000. This represents about £480 million annually. That is about one seventh of the total amount of wages on which payroll tax is collected.

Statistics show that for the month of June 1964 the total wages on which payroll tax was levied was £286,923,000 and the component of that amount representing public authority activities was about £40 million. This year the estimated collection

of payroll tax will be £82 million. At a rough guess one seventh of that amount—somewhere in the region of £12 million—will be collected by the Commonwealth from public authority activities. Let us exclude from consideration the part that belongs to the States as such in the sense of their own direct administration which is rather consolingly looked after in the tax reimbursement arrangements. That leaves about £6 million to be borne by the municipalities and other forms of activity in the community. Then looking at the number of people concerned, I think it is rather surprising to see the total employment in public authority activities at the administrative level, excluding the Commonwealth. The report shows that at June 1964 there were 337,000 such employees, 251,000 of whom were males and 86,000 of whom were females. There is a fair body of people in this field. Of course, the only place that the municipalities can go to obtain funds with which to pay the tax is to their rate-payers.

One of the difficulties in government today is that local government seems to be becoming the poor relation in the administrative hierarchy. We have three levels of government—Commonwealth, State and local government—and basically the local government authority relies on a rather antiquated property system of rating. In many respects it is a very inequitable form of revenue raising, but in aggregate the municipal authorities have this additional burden of about £5 or £6 million imposed on them by reason of the uncharitable policy of the Federal Government. If this tax of £5 to £6 million were not imposed by the Commonwealth, it could well adjust the loss of revenue by more equitable methods of taxation. If the Commonwealth did not impose this tax the various municipalities and other semi-governmental bodies in the community would have this additional sum with which to provide services for their rate-payers or their various constituent members.

We have talked of this amendment for many years in this House. I think as far back as 1956 or 1957 we moved a similar amendment because we believed that this was a silly, messy, inefficient way of collecting revenue and that it put an unnecessary penalty on a very important section of community activity which had no recourse

to meeting it other than by raising rates. Local governments are still called upon to provide many important functions. As an example, let us consider the average municipality in the metropolitan area which might employ between 300 and 500 people. The municipality could well have a wages bill in the region of £500,000 to £1 million, and 2½ per cent. of that is about £25,000. I do not believe that I know of any municipality that could not do a great deal with that £25,000. I believe that municipalities could apply that £25,000 more efficiently than the central government could apply the £6 million that it receives from those various bodies.

I believe that one of the difficulties that we are suffering from in our governmental system at the moment is the kind of marginal starvation at the State and local government boundaries. Where such things as baby health services or greater provision for library services are required, to take just a couple of examples, local government bodies are often looking about for sums as small as a few hundred pounds and, certainly, a few thousand pounds would be a very welcome bonus to most of them with which I have had any experience. We therefore urge the Government to take a serious look once more at the whole question of payroll tax. I hope that some day this tax will be abolished because it seems to me to be a very silly form of taxation. It is imposed at a flat per centum rate, and the fact that it has remained unchanged since 1941 when it was introduced simply points to the fact that it is regarded as an easy way of raising £80 million. But it is certainly inequitable in its application. It is applied whether or not an undertaking is successful. It is not like company tax. At least that tax is levied only if the concern makes a profit. If an industry in a country town or somewhere else were struggling to survive it might be given some relief if it were relieved of its payroll tax burden. This tax falls heaviest on the industry which employs the most labour, and it applies irrespective of the state of the industry.

No matter where we live, in the smallest municipality or the biggest, we are still Australians and we should be able to have the same sorts of standards from one part to the other. But the harsh application of

the payroll tax is a real impediment in some of the smaller municipalities. As I have suggested, often the services languish just for the sake of a few hundred or a few thousand pounds. I urge the Government to realise that it is time it gave serious thought to whether the whole structure of taxation should be reconsidered, but in particular that it should contemplate anew the necessity to continue the payroll tax. Even if it does not want to take the courageous step of abolishing the tax all at once, at least it could move in the right direction here as it is moving in the right direction with the export bounty. It could remove the tax as it applies to municipal and other local governing bodies. I shall formally move the amendment in Committee. Meanwhile, I have foreshadowed it and have outlined the detailed case upon which we base our suggestion. We do not oppose the provisions of the measure as they apply to the export bounty, but we would like to see the extension of the exemption to cover not only the Commonwealth as such in respect of its employees but also municipal and local government bodies.

Dr. FORBES (Barker—Minister for the Army) [4.25].—Before the second reading debate goes any further, I should like to take the opportunity of indicating the Government's attitude to the amendment foreshadowed by the honorable member for Melbourne Ports (Mr. Crean). The Government is unable to accept the amendment. As is clear from the terms of the amendment, it seeks to exempt from payroll tax wages that are paid by local government authorities and comparable bodies where the wages are not paid in respect of the conduct of a trading enterprise.

This proposal has very serious revenue implications. Indeed, as I shall show, it has serious implications in connection with the basis of Commonwealth-State financial relations. If implemented, it would involve substantial losses of revenue. I remind honorable members that the payroll tax base is a very wide one. Payroll tax is a levy on all employers whose payrolls exceed £10,400 per annum, with the exception of government, vice-regal and diplomatic establishments, public benevolent and religious institutions, public hospitals, Commonwealth authorities—the wages of which are paid out of the Consoli-

dated Revenue Fund, as mentioned by the honorable member for Melbourne Ports—and certain international organisations. Honorable members will agree that this makes the payroll tax base a very wide one indeed.

States and their authorities are liable to the tax. On the face of it, the proposal contained in the amendment foreshadowed by the honorable member for Melbourne Ports would seem to be a fairly simple one, but in practice there would be difficulty in defining trading activities and in distinguishing trading from non-trading activities of local authorities. Further, the functions performed by local authorities vary considerably from State to State. If, therefore, the honorable member's proposal were accepted it would be difficult to justify refusing to extend similar exemptions to State Governments and their semi-governmental authorities.

Honorable members will see the point. For example, State authorities in South Australia do not conduct many of the activities which are conducted by local authorities in Queensland. I mention sewerage services by way of illustration. It would therefore be quite inequitable that payroll tax should not be levied on a local authority in Queensland but should be levied on a semi-governmental authority which provides a sewerage service in South Australia. Needless to say, the granting of widespread exemptions of this type would lead to a considerable loss of revenue, and, all other things being equal, the Commonwealth would have to seek to replace this revenue from other sources. It is estimated that the cost for a full year of exempting local government bodies from payroll tax would be of the order of £2.9 million. If the exemption were to be extended to semi-governmental authorities, the cost might be as high as £13 million. Against that last figure I set the estimated payroll tax collection for the current year. As mentioned by the honorable member for Melbourne Ports, it is £82 million. Therefore, the possible loss of revenue to the Commonwealth would be £13 million out of £82 million.

As I have said, this proposal would have serious implications for Commonwealth-State financial relations. Under both the 1959 arrangements and those entered into this year, financial assistance grants are

being provided to the States expressly on the understanding that there will be no change in the financial arrangements between the Commonwealth on the one hand and the States and their authorities on the other, and, in particular, no change in the liability of the States and their authorities to payroll tax. It was, of course, intended that this understanding would cover local authorities which are constituted under the laws of the States. This was agreed to by the State Premiers at conferences at which the financial assistance arrangements were negotiated. In other words, the financial arrangements between the Commonwealth and the States are based on a specific understanding, arrived at after discussions, that local authorities will pay payroll tax.

The amendment foreshadowed by the honorable member for Melbourne Ports would certainly alter this position. If it led to the granting of wider exemptions, it would seriously prejudice the basis of the arrangements governing financial assistance grants. Honorable members may care to refer to the document "Commonwealth Payments to or for the States, 1965-66", which the Treasurer (Mr. Harold Holt) presented at the time when he presented the last Budget. On pages 14 to 16 of this document, the Treasurer explains the basis of the arrangements governing financial assistance grants. I say this additionally to my point about the discussions which have taken place from time to time between the Commonwealth and the States on the financial assistance arrangements. I regret that when the amendment is ultimately moved the Government will not be able to accept it.

Mr. MORTIMER (Grey) [4.31].—I find it extremely regrettable that the Government has already intimated that it will not accept the amendment foreshadowed by the honorable member for Melbourne Ports (Mr. Crean). I found it difficult to follow the argument submitted by the Minister for the Army (Dr. Forbes), but no doubt by the time we discuss the Bill in committee we shall have had an opportunity to study the Minister's speech and probably we shall know exactly the point he is trying to make. My thoughts on the amendment were that it proposed only the exemption of local governing bodies from the payment of pay-

roll tax. I think the Minister was trying to confuse the issue when he made his speech.

The legislation now before the House is aimed at providing further incentives and assistance to exporters and has been made necessary because the Government has finally come to the conclusion that it has been sadly lacking in providing sufficient leadership and encouragement to manufacturers to enter the export market with the products of our secondary industries. With a few notable exceptions, either because of patent restrictions or a very distinct reluctance on the part of manufacturers to take the risks and the responsibilities of searching out and supplying fresh markets outside of the mainland, sufficient consideration has not been given to building up our export trade with the products of our secondary industries. We on this side of the House believe that the Government must give more generous encouragement not only to furthering the exports of secondary industries but also to the expansion of established enterprises and the development of new industries within the Commonwealth.

Great credit must go to the Commonwealth Scientific and Industrial Research Organisation, which has made notable contributions to the improvement of both our secondary and primary industries, but Australia has reached a stage where the Commonwealth must take on the responsibility of planning on national lines for the development of secondary industries, because the tremendous decisions that have now to be faced cannot be solved by States or individual businesses. Many of the opportunities to start new enterprises or to exploit our natural mineral and other resources are lost to Australian ownership because of the reluctance or inability of Australian enterprise to assume the initial risk, or because we do not possess technical advisers capable or willing of appraising and advising on the opportunities that are now open to Australian capital. The Committee of Economic Enquiry has delved very thoroughly into this particular subject, and although the Government seems loath to give any real credence to many aspects of the report, it must admit that the Committee was stating plain common truth and fact when it suggested that a body similar to the United Economic Development Council of the United Kingdom, the Economic

Council of Canada and similar bodies in other major exporting countries should be set up in Australia. Such a body, if set up in Australia, could consult with and advise industry and the Government on what was economically possible and of the dangers that must be avoided or overcome. More and more are we made aware of the congestion that is taking place in our cities and of the absolute need for decentralisation. We know of the uncertain outlook in world markets for some of our primary products. We read statistical forecasts of our labour potential if the present rate of immigration is continued, and many students and commentators forecast the need for Australian industry to develop so that our future work force can be employed.

The rapidly improving technology of primary production, and its ability to produce greater quantities with a much reduced work force, throws the additional burden of providing employment for our quickly expanding work force on to secondary industry and this Government. We are forced, for purely economic reasons, with the absolute necessity of increasing work opportunity in other fields open to us. In an address delivered at the National Press Club luncheon in which he countered criticism of the Vernon Committee, of which he was a member, Sir John Crawford said—

Taking a view of export prospects, it was concluded that a major effort would have to be made to increase manufactured exports, if export returns were to be adequate to meet the likely growth in demand for imports.

He also said—

Manufacturers will certainly need to provide an increasing share of exports. They will not be able to do this unless they are efficient, and efficiency is the keynote of the Committee's views and suggestions on manufacturing. All the proposals for encouraging efficiency are well within normal economic policies adopted by other economies.

In the book "The Development of Australia", prepared for the Australian Development Research Foundation by the Stanford Research Institute of California, much the same thing is stated. We find the following comments—

In the past, and to a great extent still, Australia has relied upon exports of primary products to purchase its imports of equipment, petroleum, manufacturing materials and other producers' goods. The growth of manufactures has been primarily for the local market. . . .

At present most Australian enterprises lack the built-in research facilities, managerial experience

and marketing know-how to compete effectively in world markets. There are examples of small as well as large enterprises being successful with exports; but the change from local markets sheltered by tariff protection and import restrictions to the ruthless competition of world markets requires a degree of sophistication still lacking in most enterprises.

Dependence on technology derived from overseas often results in export restrictions being written into patent and licensing agreements. The relative shortage of trained technicians and research facilities also makes it difficult for management to appraise the risks involved in new enterprises or extension into new markets. There is more potential risk capital than is often realised. The most serious deficiency in Australian enterprise is the reluctance of management, largely for lack of adequate experience and research assistance, to take calculated risks in new developmental ventures, as it does for example in building construction in the cities.

Foreign enterprise, often with minimum investment, is able to calculate and assume such risks, supplementing the initial investment by local borrowing and reinvestment of profits. If Australian firms were equipped with more adequate built-in research and technical facilities, they could borrow the necessary capital, abroad if not within Australia, and hire technicians, and therefore reap the profits of enterprise which now accrue to foreign firms.

The Labour Party supports the move to provide rebates of payroll tax for increased export sales as, in fact, it falls directly in line with the long established policy of the Labour Party which is to reduce indirect taxation until it is finally removed, except where an indirect tax is needed to achieve the purpose of planning or regulation. Overseas industrialists, more often than not with assistance from their governments, train or hire specialists in marketing and economic research. These highly trained specialists, again more often than not working in conjunction with their own country's economic and development council, assess potential foreign markets and report back the problems and possibilities attached to sales development and the attendant risks. The Government must share the responsibility with private enterprise in this matter.

I turn now to the question of local government and municipal bodies, a number of which have approached me asking that representations be made for exemption from the payment of payroll tax. The honorable member for Melbourne Ports (Mr. Crean) has foreshadowed an amendment in respect of which he made some good points. It is my experience that if there is one common factor more than another which unites all

Australian local government bodies it is without doubt the resentment they share in having to pay Federal payroll tax. Objections have been raised by all local government bodies in my electorate to paying this iniquitous imposition. They are all joined with the Municipal Association of South Australia in its continued and vigorous campaign for the complete exemption of all local governing bodies from the payment of payroll tax. Over a long period representations have been made to the Prime Minister, to the Treasurer and to individual members of Parliament by organisations registering protests against a Federal policy which requires local government to load its rates in order to pay a Federal revenue tax. The Opposition is firm in the belief that the Treasurer cannot justify further delay in giving these bodies complete exemption from the payment of payroll tax.

Knowing the great interest country members take in local government, and their knowledge of the greatly increased responsibilities attached to local government bodies over the years, coupled with the fact that their burden has increased to the extent that even with the most stringent and careful management they are continually and consistently in debt and unable to keep up with the demands made on them, I ask members of the Country Party whether their local government bodies are happy to pay the payroll tax or whether they raise the same objections as do those in my electorate. If they do, what does the Country Party plan to do about it? Will it vote for the Labour Party amendment or ignore the justice of the claim of these local bodies? We can hope only that when a division is called justice will prevail. The Australian Council of Local Government Associations claims that it has made numerous representations to the Treasurer on behalf of local authorities seeking exemptions from the payment of payroll tax but that it has never been given any reason that completely answers the points raised by local government. We trust that on this occasion the Treasurer will answer these questions and will not go into a brown study to search for reasons for refusing the requests. We hope he will agree with the Labour Party amendment.

In support of their claims to total exemption, local bodies claim that the Treasurer ignores the principle involved in the ridiculous state of affairs whereby a higher level of government imposes a revenue tax on a lower level of government which is non-profit making and which has extremely limited means of raising finance. In pointing out that State Governments pay payroll tax, the Treasurer seems to ignore the fact that this is taken into account when the States are reimbursed under the uniform tax system. No reimbursement or adjustment is made to local government bodies, which are, in most cases, totally dependent on the Commonwealth and the States, as well as on incomes from their own rates, for finance to meet all commitments. I am sure that the State Governments assist local government bodies to the best of their financial ability—I know this is so in South Australia—but under our present system of Federal control the States are to an astonishing degree dependent on the Federal Treasury for finance to carry out their many and varied commitments. Accordingly, the ability of the States to provide finance to local government bodies is extremely limited.

To ascertain whether consideration was being given by local government bodies to increasing rates I contacted a number of them. Invariably I was told that rates had been increased from time to time but that if they were increased excessively there would be a definite burden on property owners. Let me refer to the position in Whyalla, which is an industrial town with a large percentage of workers' homes. The local government authority there states that it is extremely reluctant to increase rates as the average ratepayer already pays between £18 and £20 a year on the unimproved capital value of his property. It is claimed that many of the functions undertaken by local government authorities are of a social or welfare nature which could well come within the ambit of the Commonwealth's activities and be met by Federal income tax revenue. Local government authorities express real concern at the growing nature of the activities which are not their direct responsibility but which they are called upon to finance. They frankly state that they cannot afford to continue to do this

and at the same time properly discharge the ever growing obligations which properly belong to them. It is claimed that payroll tax is an uneconomical tax and a direct penalty on the employer, creating additional book work. It is claimed that the cost of collecting the tax is high in relation to the revenue received.

Local government authorities are concerned with the development of the areas which they serve—with the continued and in some cases rapid development of those areas. More finance is needed each year by local government bodies. If the Treasurer were to make a survey of the absolute needs of this important arm of government even he must concede the necessity to make larger grants to local government bodies rather than grab back from these bodies sums of money, whether they be large or small, that are desperately needed in the

areas from which they are derived. Every effort must be made to boost our secondary exports. I know that this view is shared generally by honorable members on both sides of the House. So we must agree that the rebate of £1,150,000 paid to 435 exporting firms during the first three months of this financial year was a step in the right direction. If we agree with this action, how much more must we agree that local government must be given the same privilege, for there is surely no local government body which has not assisted in every way possible any industry which has moved into its area. To indicate the additional work undertaken by local government authorities over the past 10 years, with the concurrence of honorable members I incorporate in "Hansard" a table showing the amounts of payroll tax paid by local government authorities in the years 1954-55 to 1963-64.

Financial Year	State						
	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	Total
1954-55	£'000 560	£'000 230	£'000 300	£'000 40	£'000 50	£'000 20	£'000 1,200
1955-56	690	290	380	50	60	30	1,500
1956-57	760	310	390	50	60	30	1,600
1957-58	760	310	390	50	60	30	1,600
1958-59	830	330	390	50	60	40	1,700
1959-60	890	340	410	60	60	40	1,800
1960-61	1,080	420	490	80	80	50	2,200
1961-62	1,130	440	520	80	80	50	2,300
1962-63	1,210	460	520	80	80	50	2,400
1963-64	1,310	490	560	90	90	60	2,600

The table shows that the amount of payroll tax paid by local government authorities has assumed alarming proportions. In 1963-64 the amount paid reached the astonishing total of £2,600,000, which is more than twice as much as was paid in 1954-55.

I have referred to the major objections raised by local government authorities to the payment of this tax, which deprives them of the finance that they desperately need for kerbing, paving, sealing, maintenance and 101 other projects. In considering the Opposition's amendment, the Treasurer must take into account the added burden and responsibilities imposed on State Governments and local government authorities by our immigration programme. There is more than general agreement that we must step up immigration and individually share the

responsibilities attached to our immigration programme, but we cannot ignore the hard fact that a faster than natural growth of population places a greatly increased strain on the financial resources of the States and particularly on those of local government authorities.

A further matter which the Treasurer is asked to consider is the total exemption from local government assessments enjoyed by Crown lands and government buildings. I will refer in more detail to this matter later if time permits, but for the present I will deal with specific areas. I recently had discussions with the Whyalla City Commission. Last year it paid £1,150 in payroll tax. This year the Commission estimates that it will pay about £1,500. Non-ratable buildings included in the Commission's area are

Postmaster-General's Department depots and post offices. Four years ago the population of the area numbered 17,000. Today it numbers 22,000. Two-thirds of the area under the control of the City Commission is still Crown land and therefore non-ratable. Nevertheless the Commission is obliged to build roads around or through that area. The Commission has an overdraft of £50,000. The Commission has large sums of money outstanding in loans.

I turn now to the affairs of the Cowell District Council. Most of the State instrumentalities pay rates to the Council. The only Commonwealth buildings in Cowell are those owned by the Postal Department and the Department of Civil Aviation. These are non-ratable. Rates are not paid in respect of the aerodrome. The Council is obliged to make a compulsory grant to the local hospital under the Public Hospitals Act. That grant amounts to £1,250 a year. A new road between Cowell and Cleve is held up through lack of funds. At least two other important road projects in the area, which have been examined by the Highways Department, are held up because of lack of funds. The Mangalo Road, which is near a silo, and the Miltowie Road now bear heavy grain traffic and traffic carrying full loads of superphosphate.

The Cummins District Council states that within its area are 100,000 acres of non-ratable property. This property consists of Crown land, the Uley Basin, Engineering and Water Supply Department catchment areas and government buildings and schools. The Council pays a compulsory grant of £1,900 to local hospitals under the Public Hospitals Act. Of this amount £400 is paid in respect of Port Lincoln Hospital and £1,500 in respect of Cummins Hospital. The loss in rates not paid on non-ratable properties would amount to between £7,000 and £10,000 a year. If we add to that amount the amount lost by not rating the hospital, we find that the Council is out of pocket by up to £13,000 a year. New areas are being opened. A road has been constructed from Kapinnie to Kiama. No rates are received from the Government Produce Department, which is a fairly big Department. Rates are not paid by the Forestry Department, the Postmaster-General's Department or the Engineering and Water Supply Department. The rate earning

capacity of an area of 1,817 square miles has been virtually taken away, although rates of £100,000 would have been received from this area.

At Port Pirie, the Commonwealth Government makes use of all the services, but does not want to contribute to their cost. Of the total area administered by the Council, 20 per cent. is non-ratable property owned by the Commonwealth and State Governments. If these Governments paid rates, it is estimated that the rates would total £21,562. The Council pays a contribution to the hospital. Payroll tax for the last financial year amounted to £1,555. The Council at Jamestown makes a voluntary contribution to the hospital. The amount of book work involved is out of proportion to the amount of payroll tax that is paid. At Tumby Bay, the main project not completed because of lack of finance is the ablution block at Tumby Bay caravan park. The Council applied for a subsidy for 1965-66, but this was refused. A total of £36,000 was allocated to the Tourist Bureau in South Australia. Applications were made for subsidies amounting to £55,000. In this year, an application was made for financial assistance to seal a road in Tumby Bay, but no money was allocated. No money has been allocated up to the present for the sealing of the road to Cummins and to Ungarra. The road is sealed to Lipson, but from there about 15 miles is unsealed. Heavy transport uses the road. Fertiliser is carried one way and wheat the other. Goods sent to Adelaide are transported over these roads before they reach the main highway. The rates lost on non-ratable Government properties amounted to £976. The Council borrowed £18,300 this year to buy road making equipment. Next year it would like to go ahead with a few more roads. Township streets always need attention.

The Council at Cleve comments that rates, like most taxes, must be considered within the ability of the people to pay. The ability of people to pay may not be as good in this area as it is in more closely settled areas, although the amenities provided by the Council must be as good as those provided in the more closely settled areas. Payroll tax in this district represents £1 for every day of the year. If this amount were paid into a long term loan, it would provide additional medical facilities or a

mile or two of roads. The Council's financial position is not bright. It is hoped that not more than 10 per cent. of its revenue will be overdrawn. It pays a contribution of £1,700 per annum to the Cleve hospital. The Council hopes that, with increasing revenue and by reducing work slightly in the next financial year, it may break even. If the Commonwealth Railways at Port Augusta were a private enterprise and paid rates, the rates would amount to £23,000 per annum. The Post Office, including the line depots and so on, would pay £900. This would include residences, on which rates are now paid. The Council at Port Augusta pays £700 in payroll tax. It makes a contribution of £2,400 per annum to the hospital, £700 to the fire brigade and £10,000 for parks, gardens and so on. It pays customs duty on the diesel fuel it uses, and this amounts to £350 per annum at the rate of 1s. a gallon. The Council applied to the Department of Customs and Excise for an exemption, but the application was refused. Work held up because of lack of finance is mainly work on the roads. The Council cannot afford an Olympic swimming pool or a public library because of lack of funds. It has borrowed for a lot of work. Rates on Commonwealth buildings would amount to one-third of the total rate revenue. I could give details of the situation of many other councils if I had time.

I ask the Treasurer to give very sympathetic consideration to the amendment we propose to move. The local government bodies in my area are desperately in need of finance and they consider that the payroll tax is a definite imposition on them. I join with the councils in asking that the Treasurer accept the amendment.

Mr. JONES (Newcastle) [5.1].—The main purpose of the Bill is to exempt from payroll tax the Commonwealth War Graves Commission and to extend the export incentives scheme to motor car manufacturers in respect of vehicles that are exported in a knocked down condition. We on this side of the House completely support the inclusion of the War Graves Commission in the list of those exempted from payroll tax. We also support the extension of the export incentives scheme. We will, therefore, support the Bill. However, in the Committee stage the honorable member for Melbourne Ports (Mr. Crean) will move an amendment

that is designed to exempt from payroll tax all municipal bodies, local councils and similar authorities doing the work normally performed by local government bodies. We believe that these organisations at least should be exempted from the payment of this iniquitous form of taxation.

Payroll tax is an unnecessary form of taxation which places an unnecessary burden on the economy as a whole. Last year, payroll tax collections amounted to £75,038,000 and it is expected that this year the tax will yield £82 million. This in itself imposes an unnecessary burden on the general price structure and the economy as a whole. No matter how we regard payroll tax, the £75 million collected last year and the £82 million expected to be collected this year will have a very definite effect on the cost structure of Australia. Motor cars exported in a knocked down condition will now be excluded from this form of taxation, but the price of motor vehicles purchased by industry in Australia will be increased by payroll tax. Not one item that is needed by the community will remain unaffected by this tax. The costs of foodstuffs, clothing and the general cost of living will be increased because of the imposition of payroll tax. If this tax were abolished, I believe that living costs would decline by the £82 million that is expected to be collected this year. For a government that is allegedly concerned at the inflationary spiral in this country, the abolition of this tax is one method whereby inflation can be curtailed to some extent.

The Treasurer (Mr. Harold Holt) said some years ago, and has continued to say, that if payroll tax were eliminated the Treasury would have to obtain the necessary revenue from other sources. The Opposition agrees that other sources would have to be explored, even if it meant increasing income tax or even if it meant increasing company tax. Those two fields could afford to supply the necessary revenue. Indirect forms of taxation are inequitable because they do not take into consideration the ability of the person to pay. Payroll tax is an indirect form of taxation. So is sales tax which is imposed on cigarettes, petrol and many other commodities. No consideration whatsoever is given to the ability of the individual to pay. A person on the basic wage pays the same amount of customs and excise duty on tobacco and

cigarettes as does a person on an income of £5,000 or £10,000 per annum. The Opposition strongly supports the elimination of all forms of indirect taxation. It believes that a direct tax should be imposed in the incomes of individuals and companies. Therefore, although the Opposition will move to provide additional exemptions from payroll tax basically it believes that the tax should be eliminated completely, and it will work in that direction.

We have to realise that originally payroll tax was introduced in 1941 as part of two pieces of legislation introduced at that time. The Commonwealth Arbitration Court, rather than increase the basic wage, recommended to the government of the day that a scheme of child endowment should be introduced. Two bills were introduced into the Parliament at the one time. One was to provide for the payment of child endowment, the other was to levy payroll tax which at that time was to meet the cost of child endowment. The tax amounted to 2½ per cent. on the wages paid to employees in certain industries throughout the Commonwealth. The Treasurer, in a report in payroll tax presented to the Parliament on 17th May 1960 said—

Since then, the direct connection between payroll tax and the financing of child endowment has for budgetary reasons been terminated. In fact, thousands of people throughout Australia have been of the opinion that payroll tax is a direct tax levied to finance child endowment, but on the Treasurer's own say-so in that report, that purpose has been terminated. Payroll tax today is another means of raising revenue for the Consolidated Revenue Fund and nothing else. It is in order, therefore, to advocate the abolition of payroll tax and to suggest that a direct form of taxation be substituted.

The organisations at present exempted from payroll tax are set out in the Forty-Fourth Report of the Commissioner of Taxation. At page 81 under the heading "Payroll Tax" the Commissioner said—

A feature of the legislation is the wide scope of the tax. Exemptions are limited to wages paid by the Governor-General or the Governor of a State, the representatives in Australia of the Governments of other countries, public hospitals and certain other hospitals, public

benevolent and religious institutions and a few specified organisations such as the South Pacific Commission. Wages paid to members of the Defence Force and certain ancillary services are also exempt.

If it is possible to exempt all of those organisations, and the salaries paid to members of the Defence Forces and other ancillary services, why cannot local government authorities be exempted? Why should we not exclude all State Government instrumentalities from the payment of this tax? Commonwealth Railways is exempted. Why should State railways pay payroll tax and Commonwealth Railways be exempted? Per favour of a question asked by Senator McClelland in another place, a reply was furnished giving the amount of payroll tax paid by State railways throughout Australia during the year 1963-64. It amounted to £3,427,864. Why? I ask honorable members opposite that question. I ask any Government supporter to give some explanation why State railways should be required to pay payroll tax when Commonwealth Railways is completely exempted from the payment of such a tax. The two instrumentalities perform identical work. There is no difference between Commonwealth Railways, the New South Wales Railways, the Victorian Railways or the South Australian Railways.

Mr. Crean.—They are often carrying the same goods.

Mr. JONES.—That is correct. In South Australia the South Australian Railways and the Commonwealth Railways operate together. In Western Australia the two systems perform the same duties, operating alongside each other. One system has to pay payroll tax and the other one is completely exempted. There is no justification for this haphazard treatment.

In order to show the burden imposed on State Governments by payroll tax I refer to page 152 of "Taxation Statistics 1963-64" which are the latest figures available. The statistics are a supplement to the Forty-Fourth Report of the Commissioner of Taxation. I refer to the column headed "Public Authority Activities (n.e.i.)". As the honorable member for Melbourne Ports told us, "n.e.i." means "not elsewhere included". In this column we have the salaries and wages paid by payroll taxpayers for each month of the financial year 1963-64. The total amount paid during the year was £427,

million, which on the basis of 2½ per cent. means that these authorities paid £10.6 million in payroll tax for 1963-64. It is obviously impossible for the payment of this tax not to have had some effect on the total price structure and the cost of operating these public authorities throughout Australia. Another column on the same page is headed "Electricity, Gas, Water and Sanitary Services". The total amount paid in wages under that heading was £140 million, which represents approximately £3.5 million paid in payroll tax. What does this £3.5 million really mean when related to the cost of electricity, gas, water and sanitary services? I am sure honorable members on the Government side have received representations and complaints from various organisations and people in their electorates complaining that they have been unable to get sewerage, or that there are inadequate supplies of electricity, water or gas. Some people want gas as well as electricity but they cannot get it because the local authority has not sufficient finance to carry out the reticulation required. I am certain that these complaints have been received in other electorates as well as mine. Continual requests are made for these amenities to be provided. If this tax were removed it would make it much easier for authorities to provide these amenities.

Figures available indicate that a sum of £14.1 million is paid in payroll tax by State Government authorities. I believe that that could be eliminated completely. I admit, as the Treasurer has said on previous occasions, that if payroll tax were abolished there would have to be a readjustment of State tax reimbursements. So what? What if there had to be a readjustment of reimbursements by the Commonwealth to the States? It would stop the stupid—and I emphasise the word "stupid"—arrangement between the States and the Commonwealth whereby we have a government taxing governments. How silly can we get? How long can we continue this stupid process of government taxing government. The bookwork must be eliminated. That is what has to be done. The administrative costs must be eliminated. The whole burden of collecting this tax is placed on the various government instrumentalities which have to pay the tax. I am certain of one thing. It is that the saving of a considerable amount of money—no

one can assess the exact amount—would result from the elimination of this tax. At least a saving would be reflected in the general price structure of the country as a whole. The Minister for the Army (Dr. Forbes), who assists the Treasurer, gives that as one of his weak old reasons why the elimination of payroll tax could not be agreed to.

I want to deal with local government. The amendment that the Opposition has foreshadowed is an important one. If honorable members examine figures with regard to local government they will see that the reasons why payroll tax should be eliminated are perfectly clear. To give an example, I mention that New South Wales local governments employ 43,000 people. These local governments pay by way of payroll tax £1.3 million per annum. Throughout Australia payroll tax paid by local government amounts to £2.6 million. Let us look at another aspect of this matter. Local government has to pay payroll tax to the Commonwealth. Does the Commonwealth reciprocate and pay to local authorities rates on its properties in municipal council areas? Of course it does not. The revenue lost to local government through non-ratable property in 1960 was £722,000. In 1965 the figure will be approximately £1,100,000. The 1965 figure is an approximate one but the 1960 figure is the factual figure of the loss of rates to local government because the Federal Government refuses to pay rates with respect to its various instrumentalities such as post offices, custom houses and numerous other Commonwealth properties. We know that the Commonwealth Banking Corporation pays rates.

There is another question I want to raise. The Minister for the Army said earlier today that no rates were paid by the Commonwealth Government to water and sewerage authorities in South Australia. I want to say to the Minister that in Newcastle, on information given to me this afternoon, the Commonwealth Government makes an ex gratia payment which is the equivalent of water board rates on Commonwealth properties. So, some justification exists for local government insisting on, requiring and expecting the Commonwealth to make some ex gratia payment on its properties. That is a fair

and a reasonable proposition. The honorable member for Grey (Mr. Mortimer) has outlined what has taken place in his electorate as far as local government is concerned. In my own electorate of Newcastle, the City Council pays £27,000 a year in payroll tax. The Council loses £25,000 per annum on non-ratable Commonwealth property in the municipality of Newcastle. In other words, the Commonwealth Government, by imposing this tax and failing to pay rates on the land it uses, is costing the ratepayers of Newcastle £52,000 a year or approximately one sixth of a penny in the pound. So I think that the elimination of payroll tax is one way in which the Government can make a contribution to local government. Some positive assistance to local government by the Australian Government is long overdue. Local government bodies do not receive enough assistance. I believe that the day is not far distant when the Commonwealth Government will have to devise some scheme with State and municipal governments whereby a certain amount of income tax and company tax will be set aside and paid to local government possibly on the basis of so much per head of population.

Local government authorities today are being required to carry out undertakings that they were not expected to carry out in years gone by. Their undertakings are just too numerous to go into. I believe it is time that the Federal Government and the State Governments gave much more assistance to local government than what they have been doing. This can be done in a practical way in the manner in which I have suggested. If the necessity for the Newcastle City Council to pay payroll tax were eliminated, the result would be that the Council would gain £27,000 per annum. If the Commonwealth were to pay rates on its properties in Newcastle, the City Council would gain immediately £25,000 per annum. In respect of these two matters the Council would gain £52,000. This, in itself, would be of great assistance to the Council. The honorable member for Grey listed all the things that should be done for the councils in his electorate. Those councils, too, could be assisted if the requirement to pay payroll tax was eliminated and the Commonwealth paid rates on its land in those council areas.

There is no justification for the Commonwealth imposing payroll tax on local government. The New South Wales Government does not charge local authorities stamp duty; nor does it require them to pay land tax. If the New South Wales Government can see its way clear to exclude local government from the payment of those two taxes, the Commonwealth should be able to exempt local authorities from the obligation to pay payroll tax.

There is one other matter with which I would like to deal. I would like to hear some members of the Country Party say something on this point. I am sorry that the honorable member for Mallee (Mr. Turnbull) is not here, because I am certain that if he were, he would have something to say on it. He would accept my challenge. I noticed a short time ago that the Minister for the Interior (Mr. Anthony) was in the chamber. But I can see that his time has expired and he has had to retire. I want to deal with the application of payroll tax to assist in the decentralisation of industry. We hear a lot about this subject from time to time, particularly from Country Party members. I bring to the notice of honorable members that some months ago the honorable member for Bendigo (Mr. Beaton) proposed a motion in which he advocated the appointment of a joint parliamentary committee to deal with decentralisation and to endeavour to find some practical solution to the decentralisation of industry in Australia. But I notice also that on 29th April 1965, the day the motion was submitted, the Minister for the Interior was speaking when the debate was interrupted, as the time for discussion had expired. The Minister was granted leave to continue his speech when the debate was resumed. The Minister is a member of the Country Party, which is continually advocating decentralisation. He is also one of the people in that party who have done nothing about decentralisation. The Country Party has been the junior partner of this Government for the past 16 years. Yet we have not seen any progress whatsoever towards decentralisation. Whenever any member of the Opposition brings forward a resolution dealing with decentralisation, the Government permits a debate on it in the initial stages but we can never have a vote on it.

I refer in particular to the motion moved by the honorable member for Bendigo. Paragraph (4) (b) (ii) provides—

That this House notes with grave concern—

(4) That more than one-third of the total population of Australia is centred in Sydney and Melbourne, and recommends to the Government as a matter of extreme urgency in the interests of balanced development and defence that—

(b) the committee make recommendations in regard to—

(ii) concessions in individual, company, sales or other taxation to encourage such industries;

This paragraph proposes the use of taxation to assist the decentralisation of industry. We have in Australia two zones in which taxation allowances are granted to residents. Zone A takes in the northern half of Western Australia, the Northern Territory and a slice of northern and western Queensland. Anybody residing in Zone A is entitled to claim an allowance of £270 plus half the dependant's allowance. People living in Zone B are entitled to claim £45 plus one-twelfth of the dependant's allowance. What is wrong with using this form of incentive to encourage industries to leave capital cities and thus assist in decentralisation? Could we not introduce some system under which firms would be exempted from the payment of payroll tax if they establish new industries at least, say, one hundred miles from any capital cities? We could lay down definite and positive zones so that firms establishing industries in those zones could claim exemption from the payment of the whole or portion of the payroll tax normally payable. In 1962-63 exporters enjoyed the benefit of a reduction in payroll tax to the extent of £2,685,000. If we can make this concession to encourage exports, why can we not do something similar to encourage decentralisation of industry?

I would like some members of the Country Party to rise and say why this form of taxation concession should not be used to encourage decentralisation. I would like them to tell us what their Party, which forms the junior partner in the Government, is doing to bring about decentralisation of industry. I know as well as they do that they are very much opposed to decentralisation of industry because they realise that the moment industries move into their

electorates their seats in the Parliament will be in jeopardy. I have always been of the opinion that it is sheer humbug and hypocrisy on their part to advocate decentralisation of industry. I ask honorable members of the Country Party to rise and tell us their views on this matter. I am very pleased to see that the honorable member for Mallee is with us.

Mr. Turnbull.—Why do you always pick on me?

Mr. JONES.—The honorable member for Mallee is the only member of the Country Party, in my experience in this Parliament, who has been prepared to rise in his place when a member on this side has made an attack on his Party. I would like to hear what he has to say as to why a payroll tax concession should not be used as a means of encouraging industries to move out of the capital cities and into the country areas where they would provide employment for country people and assist in the development of so many of our country cities that need new industries. I ask the honorable member for Mallee and his colleagues of the Country Party whether they will support the Labour Party in having the motion of the honorable member for Bendigo on decentralisation brought on for discussion. It is item No. 6 under the heading "General Business". I ask them to tell us, secondly, whether they are prepared to support us in a move to have payroll tax concessions granted as an incentive for industry to move out of the capital cities. I also ask Government members to say why local government authorities should not be given the financial assistance that they would receive if the amendment that will be moved by the honorable member for Melbourne Ports (Mr. Crean) in the Committee stage were accepted.

I support the Bill. I believe it is a step in the right direction to assist export industries. I agree with the proposal to include the War Graves Commission as one of the exempted bodies. But I ask Government members to support the amendment that will be moved by the Opposition to include local government authorities and similar instrumentalities as bodies eligible for exemption from this iniquitous form of taxation.

Mr. LUCETTI (Macquarie) [5.29].—This Bill seeks to amend the Payroll Tax Act 1941-63. The debate gives me an opportunity to speak for the harried and overburdened ratepayers of Australia. Many of them are pensioners who are ineligible for supplementary assistance and are in a serious financial position. It is necessary for us to consider the Bill from this broad standpoint: What does it propose to do? That has been discussed in detail by the honorable member for Melbourne Ports (Mr. Crean), who analysed the legislation and its ramifications. We must also ask: How will it affect the economy?

I should like to begin by indicating my support for the amendment which has been foreshadowed by the honorable member for Melbourne Ports and to express the hope that in this debate the Parliament will receive a message from the Opposition affirming the need to relieve ratepayers and local government authorities of the requirement to pay payroll tax in respect of work of very great importance to this nation. I have been looking through a booklet entitled "Taxation Statistics 1963-64" and I have discovered that in that year all the public authorities in Australia paid wages amounting to £427,116,000. The payroll tax collected for the year amounted to £68,221,735, or 5.7 per cent. of the total taxes paid during the year. The payroll tax paid by local government authorities is, therefore, really a small item. It represents a very meagre proportion of the total amount paid by taxpayers throughout Australia.

I agree with the honorable member for Newcastle (Mr. Jones) that this is an iniquitous and unjust tax. It bears harshly upon people already carrying heavy burdens. There is no better system, to my mind, of imposing taxation than by a graduated scale of income tax which falls on all the people. The booklet to which I have referred tells us that 854 returns were furnished by public authorities for the year 1963-64, covering 337,342 wage and salary earners. On examination it will be found, as I have already said, that the amount of payroll tax involved is quite small, and I am sure the Commonwealth Government could devise some other satisfactory means of obtaining the revenue. The total number of groups which furnished returns in that year was 38,234, of which, as I said a moment ago,

854 were public authorities. The amount of money involved is small, the field to be considered is a broad one and the payroll tax does not meet modern requirements for the collection of necessary government finance. I have already said that there were 337,342 wage and salary earners employed by local government authorities in 1963-64. Of these 250,680 were males and 86,662 were females.

I wholeheartedly support the honorable member for Grey (Mr. Mortimer) the honorable member for Newcastle and the honorable member for Melbourne Ports in their contention that the payroll tax, as a means of collecting necessary revenues, is undesirable, unjust and wrong. It is time the Government departed from its piecemeal approach to this matter and arranged for a re-assessment of the whole situation to see what can be done. If the Government feels that it is necessary to include the War Graves Commission as one of the exempted bodies—and we wholeheartedly agree—and that it is necessary to relieve the burden on the motor vehicle industry so that it may actively engage in world competition and promote our export drive, then surely it should accept the proposition that payroll tax should be completely removed in the interests of stimulating the entire economy. If it is good for the motor vehicle industry then surely it would be good for the whole community. It is about time the Government looked at this matter seriously to see how far it can go along the road I have suggested.

The honorable member for Newcastle has dealt with the subject of decentralisation and what might be accomplished in this direction by payroll tax concessions. If such concessions are sound for the purpose of promoting exports, then surely they are also sound for the purpose of developing industries in country districts, industries that must meet greatly increased costs for such services as telephones and the transport of raw materials to factories and of manufactured products from factories to markets. So I say to the Government this afternoon that if it professes to think of the value of the rebate of payroll tax for export promotion it ought to promote decentralisation by lifting this tax in country areas. The Government ought to deal with the problems of expanding industries in country centres. There is neither time nor opportunity to

discuss this aspect of the payroll tax problem this afternoon since it does not conform to the broad principles of the measure that we are considering.

Mr. Speaker, all honorable members know the great problems that face our country cities and towns today in building up their population and even in maintaining their existing population. I believe that if the lifting of the payroll tax would achieve what the Government professes to hope for in terms of decentralisation, we ought to go to the full distance in stimulating industry in country districts and repeal this tax insofar as it affects decentralised industries in the Australian hinterland. We ought to promote the development of our country centres, and this is one way in which the national Parliament undoubtedly could help to encourage the establishment of industries in country centres. Frequently we hear in this chamber from the Minister for National Development (Mr. Fairbairn) and the Minister for Trade and Industry (Mr. McEwen) expressions of the Government's interest in decentralisation. But Ministers have never matched their brave words with the actions that are necessary.

I have in my hand a cutting from the issue of 2nd December 1965 of the "Sydney Morning Herald"—a very important publication. This cutting contains a diagram which has been prepared by an electronic computer and which shows the area of damage, in varying degrees, that would result in the Sydney metropolitan area if a hydrogen bomb of one megaton power were detonated in Martin Place. A vast area would be devastated and atomic fallout would occur over an even wider area. This diagram shows the destruction and damage that would occur in the great hub of the industrial and commercial life of our nation. I emphasise that this diagram has been prepared not by human hands but by an electronic computer. Surely this indicates the urgency of the need for action today. It is known, Mr. Speaker, that a submarine out to sea could fire projectiles at any of the centres on our coastline. One submarine could cause widespread destruction and chaos and bring ruin to our countryside.

I suggest this afternoon that this matter ought to be carefully examined by the Prime Minister (Sir Robert Menzies) and everybody else concerned. The payroll tax

is an irritating burden on local government authorities. It represents a charge upon the ratepayers. Indeed, to them it really represents a tax upon a tax. Insofar as it is of this character it is an evil. This evil ought to be removed. The Australian Government has failed to acknowledge the role of local government and the work that it does throughout this country. This Government refuses to recognise the importance of local government by entering into a partnership of government. Repeatedly honorable members on this side of the Parliament have submitted pleas for the holding of a conference between representatives of the Commonwealth and the State Governments and local authorities for the purpose of considering the respective spheres of influence and functions and responsibilities so that each section of government may perform its rightful task in the development of this country. The Commonwealth has repeatedly refused to take part in such discussions.

City, municipal and shire councils, in the discharge of their functions, are invariably concerned with national objectives. Councils provide many services for the Commonwealth. We have heard the honorable member for Herbert (Mr. Harding) describe the great work that is going on in the Townsville area as a result of the new flood of servicemen who quite properly are going north for the defence of Australia. As a consequence, new and important tasks and responsibilities have been imposed on local authorities in the Townsville area. This means that the local ratepayers are obliged to submit to heavy rating for the purpose of providing amenities and services. In addition, they are compelled to pay payroll tax on the money expended on wages for this work. This is the sort of thing that happens all the time. Recently the honorable member for Newcastle in a question that he asked in this chamber directed attention to the need for a new aerodrome to serve the Newcastle area. He pointed out that the burden of providing it would inevitably fall on the local ratepayers in the area administered by the Newcastle City Council because the Commonwealth Government had refused to accept its responsibility for providing a much needed aerodrome to serve the area.

What are the services and amenities which are provided by local authorities and the cost of which represents a heavy burden

on local citizens? Water supplies, sewerage, roads, streets, parks, playgrounds, halls, community centres, libraries, health services and the like all are needed increasingly as a result of the flood of migrants to Australia. Furthermore, for some time councils have been engaged on the construction of homes and on land development needed for factories to establish new industries in the campaign for decentralisation. All this represents development work in country centres and rural areas. Surely the Commonwealth has a responsibility at least for ensuring that councils, which are engaged on important work for the nation, should not be subjected to a burden such as that to which they are subjected by the imposition of payroll tax. If this Government did the right thing it would accept its responsibility, relieve councils of the burden of payroll tax and itself undertake many of the works carried out by councils since those works are essential to the progress and development of Australia and the expansion of our nation. If they were not undertaken by councils the Commonwealth would be obliged to undertake them just as it is obliged to undertake in this National Capital and in its own Territories work of the kind undertaken elsewhere by councils.

The Commonwealth does a grievous wrong to councils. It spends money obtained directly from the Australian taxpayers. Yet it obliges local authorities to borrow and to pay interest on their borrowings in order to meet their commitments while at the same time they are also required to pay payroll tax. The Commonwealth refuses to do anything to help councils to discharge their obligations. This sort of situation does not make sense and the sooner it is corrected the better. The fact that the Commonwealth in its own Territories incurs expenditure on services such as are provided elsewhere by councils emphasises the need for early attention to be given to the matter. The tax burden imposed on local authorities is growing all the time. Councillor J. M. Smith, President of the Shires Association of New South Wales, in broadcast No. 722 made on behalf of that Association, said—

Investigation has shown that since 1947 rates have increased by no less than 550 per cent. Over the same period the wholesale price index has risen by 149 per cent. This means that after allowing for

higher costs due to depreciated money values, Councils have been forced—in order to meet their obligations—to raise their rates by no less than 160 per cent. beyond this point per head of population.

This indicates the burden imposed on the people in our communities as the result of paying their rates to local councils. Recently in New South Wales local government elections were held and many a good alderman and many a good councillor perhaps suffered a defeat because he had been obliged to increase rates in his area. The responsibility ought to have been sheeted back to the National Parliament for failing to accept its responsibility in this field. The great work of our councils is emphasised in the periodic broadcasts of the Local Government Association. In broadcast 811 the speaker was Alderman A. E. Shaw, President of the Local Government Association of New South Wales. He pointed to the great development in the Lismore area and mentioned that the city of Lismore won the local government prize, the A. R. Bluett Memorial Award, for its great work. He said—

During 1964 the Lismore City Hall was completed. The building consists of two levels—one occupied by the main auditorium capable of seating 1,000 people and the other consisting of three smaller auditoriums with all modern associated facilities. It cost £177,500—financed entirely from loan funds. Thus the people of Lismore are now amply provided for by way of entertainment and cultural activities of all kinds. Two baby health centres—

That is building up the nation—

of modern design, fully equipped, were also provided—one near the business centre and the other at South Lismore, catering for maternal and infant welfare.

That is national work of the highest order, yet the payroll tax is levied on the spending of that money to build up this beautiful city and to advance this country. The report of the broadcast continues—

A feature of the Council's activities was the provision made for industrial development. An area of 82 acres has been set aside and a substantial start made with the provision of roads of access, water and sewerage, and electricity. The result is an area ideally suited for industry in reasonable proximity to residential areas. . . .

Lithgow, Bathurst, Goulburn, Orange and all the other cities are engaged in similar work. The responsibility rests with the Commonwealth Government to deal with

this matter. The tax levied on local government is £2.6 million. This burden of £2.6 million ought to be waived. It is a burden which is utterly unjust and utterly unfair, and it is something that cannot be justified in any circumstances.

When one thinks of the struggling councils trying to make ends meet one realises that the Commonwealth has a responsibility to review its attitude in regard to this matter. The responsibility of the Commonwealth to pay rates should be undoubted and never disputed. Yet the Commonwealth Government will haggle over making some ex gratia payment to a council for the purpose of carrying out its duties in its respective area. When the Commonwealth Government spends money on services, no payroll tax is levied, but when a local authority spends money on the work alongside that of the Commonwealth this burden is imposed. I put to the House that the Australian Government occupies a privileged position. That is admitted. It has the constitutional power, it has the available finance, it has the taxation resources, but it should also look with responsibility to other departments and organisations of government to see that this burden does not reach the breaking point at which it stands at the present time.

The problem of rates is one of the most serious ones affecting the people of our country. When this legislation is finally passed, if the Commonwealth Government refuses to accept the amendment to be moved subsequently by the honorable member for Melbourne Ports it should review the whole matter of the payroll tax. I have in my hand a letter addressed to the Treasurer (Mr. Harold Holt) by the Secretary of the Australian Council of Local Government Associations dated 14th July 1965. The letter states—

As you are well aware, representations have been made by the Australian Council on a number of occasions seeking exemption of local authorities from the payment of payroll tax.

At the last meeting of the Australian Council, I was directed to resubmit the request for your further consideration.

I have no doubt that you are well aware of the grounds on which local government considers it should be freed from the payment of this tax but perhaps it would be relevant to restate the points which motivate the Australian Council in making its submission.

These, of general consideration, are—

- (a) Payroll tax in itself in an uneconomical tax because it penalises the employer—whether governmental or private—who employs the most people.
- (b) The cost of collection of the tax is high in relation to the revenue received.
- (c) In 1961 the Commonwealth Government legislated granting rebates of the tax imposed on wages paid by producers for exports. These rebates amount to at least £2 million per annum. If this can be done for exporters, it could equally be applied to local government, which makes no profit but serves the community.

Aspects peculiar to local government—

- (1) Councils draw their revenue in the main from land rating. Hence, in calling on councils to contribute to the Commonwealth, the latter, in effect, is demanding a share of councils' income from rating. It is a tax on a tax. It is understood that the amount collected by the Commonwealth in payroll tax from local government, approximates £2½ million per annum. This is a substantial sum which councils can ill afford. Furthermore, this "loss" must minimise to that extent, the works which may be carried out by local authorities.
- (2) The Commonwealth, while levying local government, is not willing to pay rates to local government on properties which it owns.
- (3) There is no equity in one governmental authority imposing burdens on another. It presupposes that the activities of councils are of a lesser significance than those of the Commonwealth; whereas, in fact, the services given by councils are basic to community living.
- (4) Any body—whether it be State or local government—concerned with the development of the country and the expenditure of a large proportion of its revenue on capital development, should not have to pay a tax on wages of labour employed in carrying out such works.

The Australian Council is aware that in rejecting its claims on earlier occasions, it has been contended that because State Governments and semi-governmental authorities have to pay tax, then it is logical that local government should do so also.

In that regard, I am to point out that the Commonwealth directly assists the States in meeting their commitments but no such arrangement applies for local government. It is true that local government does get some assistance in the construction and maintenance of roads in sparsely populated areas, but had it not been given, there

would have been little hope of improving local roads with the limited financial resources available.

For the financial year 1963-64, the contribution by local government by way of payroll tax to the coffers of the Commonwealth, amounted to £2,600,000. This is more than double what was

paid 10 years ago—as the following table clearly shows.

With the concurrence of honorable members I incorporate in "Hansard" the table which then follows—

Financial Year	State							Total
	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	Total	
1954-55	£'000 560	£'000 230	£'000 300	£'000 40	£'000 50	£'000 20	£'000 1,200	
1955-56	690	290	380	50	60	30	1,500	
1956-57	760	310	390	50	60	30	1,600	
1957-58	760	310	390	50	60	30	1,600	
1958-59	830	330	390	50	60	40	1,700	
1959-60	890	340	410	60	60	40	1,800	
1960-61	1,080	420	490	80	80	50	2,200	
1961-62	1,130	440	520	80	80	50	2,300	
1962-63	1,210	460	520	80	80	50	2,400	
1963-64	1,310	490	560	90	90	60	2,600	

These statistics show that the burden of payroll tax has assumed frightening proportions to local government generally.

It is apparent that the greater the degree of Local Government participation in the tripartite federal system of Government in Australia, the heavier the tax burden it must shoulder for another form of government administration.

Since many of the functions undertaken by Local Government are, in the final analysis, of a social welfare nature and therefore, more properly the province of the Commonwealth, to be met from Income Tax (which now embraces the former and separate Social Services Tax)—

Which, of course, has been eliminated—

the inequity of continuing to impose Pay Roll Tax on Local Government is surely apparent.

The Australian Council is concerned at the growing extent to which Local Government in each of the States is called upon to finance activities which are not directly its responsibility and it urges most strongly the view, that the time has come when Local Government simply cannot afford to continue to do this and at the same time properly discharge the obligations which properly belongs to it.

Your sympathetic consideration of this submission will be appreciated.

The Treasurer replied that the matter would be considered with the Budget. The Budget has come and gone, but the payroll tax remains a burden on ratepayers throughout Australia. I shall be delighted to support the amendment when it is moved.

Question resolved in the affirmative.

Bill read a second time.

In Committee.

Clauses 1 and 2 agreed to.

Clause 3.

Section 15 of the Principal Act is amended by omitting paragraph (e) and inserting in its stead the following paragraph:—

"(e) by the Commonwealth War Graves Commission;".

Section proposed to be amended—

15. The provisions of this Part shall not apply to wages paid—

(e) by the Imperial War Graves Commission;

Mr. CREAN (Melbourne Ports) [5.57].—
I formally move—

After "amended" insert—

(a) by inserting after paragraph (ba) the following paragraph:—

"(bb) by a municipal or other local governing body, or an authority established for the purpose of carrying out all or any of the functions ordinarily carried out by such a body, otherwise than in the conduct of an enterprise which, in the opinion of the Commissioner, is a trading enterprise;".

I explained the amendment in my second reading speech.

Question put—

That the words proposed to be added (Mr. Crean's amendment) be added.

The Committee divided.

(The Chairman—Mr. P. E. Lucock.)

Ayes	43
Noes	54
Majority	11

AYES.

Beazley, K. E.	Harrison, E. James
Benson, S. J.	Hayden, W. G.
Birrell, F. R.	James, A. W.
Bryant, G. M.	Johnson, L. R.
Cairns, J. F.	Jones, C. K.
Cameron, Clyde	Luchetti, A. S.
Clark, J. J.	McIvor, H. J.
Collard, F. W.	Minogue, D.
Cope, J. F.	Mortimer, J.
Costa, D. E.	Nicholls, M. H.
Crean, F.	O'Connor, W. P.
Cross, M. D.	Pollard, R. T.
Daly, F. M.	Reynolds, L. J.
Davies, R.	Riordan, W. J. F.
Devine, L. T.	Sexton, J. C. L.
Fraser, Allan	Stewart, F. E.
Fulton, W. J.	Uren, T.
Galvin, P.	Webb, C. H.
Gray, G. H.	Whitlam, E. G.
Griffiths, C. E.	Tellers:
Hansen, B. P.	Coutts, W. C.
Harding, E. W.	Duthie, G. W. A.

NOES.

Allan, Ian	Hughes, T. E. F.
Anthony, J. D.	Irwin, L. H.
Armstrong, A. A.	Jack, W. M.
Barnes, C. E.	Kelly, C. R.
Bate, Jeff	Kent Hughes, Sir Wilfrid
Bosman, L. L.	Kilen, D. J.
Bridges-Maxwell, C. W.	King, R. S.
Brimblecombe, W. J.	Lindsay, R. W. L.
Buchanan, A. A.	Mackay, M. G.
Chaney, F. C.	Maisey, D. W.
Cleaver, R.	McMahon, W.
Cramer, Sir John	Nixon, P. J.
Davis, F. J.	Opperman, H. F.
Drury, E. N.	Pettitt, J. A.
England, J. A.	Robinson, I. L.
Erwin, G. D.	Shaw, G. W.
Failes, L. J.	Sinclair, I. M.
Fairbairn, D. E.	Snedden, B. M.
Fairhall, A.	Stokes, P. W. C.
Falkinder, C. W. J.	Swartz, R. W. C.
Forbes, A. J.	Turner, H. B.
Fox, E. M. C.	Wentworth, W. C.
Freeth, G.	Whittorn, R. H.
Gibbs, W. T.	Wilson, K. C.
Hallett, J. M.	Tellers:
Haworth, W. C.	Aston, W. J.
Holt, Harold	Turnbull, W. G.
Holten, R. M.	

PAIRS.

Calwell, A. A.	Menzies, Sir Robert
Barnard, L. H.	Hasluck, P. M. C.
Beaton, N. L.	McEwen, J.
Connor, R. F. X.	Bury, L. H. E.
Courtney, F.	Chipp, D. L.
Curtin, D. J.	Adermann, C. F.
Peters, E. W.	Mackinnon, E. D.

Question so resolved in the negative.

Clause agreed to.

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

Bill reported without amendment; report adopted.

Third Reading.

Bill (on motion by Dr. Forbes)—by leave—read a third time.

Sitting suspended from 6.6 to 8.0 p.m.

CUSTOMS TARIFF (DUMPING AND SUBSIDIES) BILL 1965.

Second Reading.

Debate resumed from 16th September (vide page 978), on motion by Mr. Bury—

That the Bill be now read a second time.

Dr. J. F. CAIRNS (Yarra) [8.0].—The purpose of this Bill is to amend the Customs Tariff (Dumping and Subsidies) Act 1961 to give power to determine or define an export price where goods that are imported to Australia are, in the opinion of the Minister, subject to reasonable grounds for believing that the documentary export price or other information provided in respect of them is not adequate to determine what the price should be. When the Bill was introduced the Minister for Housing (Mr. Bury) pointed out that the level of any protection granted to an economic and efficient Australian industry should be based, or is based, on the assumption that goods imported into Australia are sold by the exporter at a fair and reasonable price not below normal value. This means that the export price should be not less than the price at which the goods are available in the domestic market of the country of export. From that concept comes the concept of dumping. If goods are exported from one country to another at a price which is significantly less than that, then the practice is called dumping.

The Minister has told us that it frequently happens that goods are sold for export at prices which, in comparison to their normal values, are not fair and reasonable and which are deliberately set at unduly low levels. There could be many purposes for exporting conduct of this kind—to capture a market in some other country then, when having captured it and perhaps eliminated producers in that country or competitors from elsewhere, to bring the price back to one which may give the exporter a greater return. It may be that a country possesses an industry which is planned to expand and, in the course of doing this, it may pay to sell the products of that industry at lower than what could be regarded as normal values. Sometimes exporting, which can be defined

as dumping in the manner that the Minister has looked at the matter, may not, in fact, be an uneconomic process, it may not be a deliberate one to damage or to exclude a competitor, but it may be the result of the particular stage of development of the industry concerned.

The Minister has told us that the Government has taken the view that dumping in all its forms must be countered whenever it damages or threatens to damage an Australian industry. Until this amendment was introduced the law was that evidence was required from the importer or from other people to endeavour to ascertain what, in fact, was the normal value of the commodity concerned that might have been suspected of being dumped. For all practical purposes the Minister and the Department were limited to the evidence that was procurable. We have been told that a complete review has been made of the Act and its shortcomings in relation to the dumping practices that were impairing the protection to Australian industry. The Bill incorporates the result of this review.

One clause is of special significance and the rest are incidental. That clause, of course, is clause 3. It vests in the Minister for Customs and Excise a power to determine the export price of goods exported to Australia where, in his opinion, there are reasonable grounds for believing that the documentary export price has been fixed with a view to avoiding dumping duty or other special duties payable in accordance with the provisions of the Act. The Minister has pointed out that this amendment has a wide effect. It introduces into the legislation an element of flexibility necessary to counter all the various practices that have arisen.

The Opposition recognises that difficulties of the kind that have been described may arise and that the Department and the Minister need power to be able to deal with them. But, of course, this is a very arbitrary power. We realise that when we give the Minister power we are really giving it to the Department. Let us be quite frank about this: The Minister will do what he is advised to do; he will not be making the investigations himself but he will rely upon and trust those who are in a position to advise him. We are giving a very arbitrary power to determine the export price of goods where the Minister is not satisfied with the

evidence that becomes available to him. I emphasise to the House that this is in fact a very arbitrary power and one that could go wrong. It will have to be watched very carefully. A power of this sort can be dangerous and it should not be lightly given nor should it be lightly used.

I have seen a little of this in recent years and I know that there are interests involved that do not always lead the parties concerned to act impartially. I have seen a number of cases where Australian manufacturers have been very quick on the draw in respect of some competition from overseas. One feels, as I have felt from time to time, that the Department is a little more inclined to take notice of the manufacturers than it is to take notice of the importers—who also have a considerable amount of capital and interest involved—when it comes to a question of deciding between one and the other. I have noticed this recently particularly with imports from countries that may not be popular with Conservative people in Australia. I am referring to countries like China and some of the Communist countries in Europe. I know from my own experience that importers of commodities from countries like those and also from other countries in Europe—and here I refer to West Germany in particular—have outlaid a considerable amount of money on transactions which, from all the evidence I can see, were fairly normal; but then there has been a suspicion that dumping has been involved, because the process of costing may not have been quite the same as that with which we are familiar, and the importer has been caught. Although he has priced his commodities properly and in some cases has actually sold them on the Australian market at what he regarded as a genuine price, he has been told that he has to pay a dumping duty because those commodities were held to have been dumped.

I have no objection to a provision of this kind, and I have no objection to its being used, but when an importer imports goods in good faith and sells them in good faith at a price which is determined by the import price that he paid, he should not be required to pay a penalty if it is felt he has acted in good faith. In one case in respect of which I have made representations in the last few weeks I find that there is to be a dumping duty—securities have

had to be taken out—and the man will have to pay up even though I think good faith was involved all the way through the transaction. Clause 9 of the Bill provides that there shall be no retrospective application in this respect. That is an excellent principle. I believe that we should protect industry against dumping but I do not think we should do it retrospectively. I approve of the provision in clause 9 but I think that where securities have been held in the past, in effect there has been retrospective operation.

Most of the clauses of the Bill are merely drafting changes embodying no variation in the interpretation or application of the provisions. Some of the amendments in clause 3 are of this nature; those in clause 4 are almost completely so; and clauses 5, 6, 7 and 8 are the same. Clause 9 provides that amendments in the Bill are not to be applied retrospectively. The Bill is not therefore one of great substance, although the powers given in clause 3 can have very wide application and could be exercised in a very arbitrary way.

I do not intend to delay the House any longer on this Bill. The Opposition does not oppose it, but we emphasise the extent to which clause 3 provides an arbitrary power which could be wrongly used. We emphasise that its application has to be watched very carefully.

Mr. KELLY (Wakefield) [8.12].—I, too, give the Bill my blessing. I realise that there has to be effective dumping legislation. The need for this legislation has been brought out quite clearly in the Vernon Committee's report, which deals with dumping at some length. In paragraph 14.107 the Committee reported—

There is need for effective anti-dumping legislation, which must be regarded as a supplement to the normal tariff-making process. The absence of fully effective legislation may be expected to lead, and in Australia has led, to pressure for prohibitive or nearly-prohibitive ordinary tariffs. It is therefore important to review the scope for strengthening the existing law.

It is clear that the Vernon Committee realised that there was a need to alter and strengthen our dumping laws, but for one main reason—that if dumping can be prevented it is possible to get duties down to a more realistic level. It is the fear that goods may be dumped that has, in some cases, led industries to ask for, and some-

times to demand, duties which, but for this, would appear unnecessarily high.

It is interesting that this legislation is the first fruits only, I hope, of the Vernon Committee's tariff recommendations. I cannot help but comment rather sourly that this is the kind of thing that we expect from the Government. The Government seems to be more ready to erect barriers than to take them down. Here the Vernon Committee has recommended that the dumping procedures be altered. There are a lot of things in the tariff chapters of the Vernon Committee's report that I hope the Government is looking at with equal enthusiasm. If I may refer to them, Mr. Speaker—only in passing, I assure you—they include recommendations that the general level of tariff should be no higher than slightly less than 30 per cent. unless a higher level can be thoroughly justified; that industries that are in existence are not necessarily entitled to protection; that references should cease to shuttle backwards and forwards between the Special Advisory Authority and the Tariff Board; and that tariffs should not be used as a method of creating employment. These are the kinds of things that I urge the Government to look at with the same kind of enthusiasm that it brought to bear in considering this comparatively minor recommendation in the report.

In an environment which becomes more complicated where the methods of evading dumping laws are becoming more cunning and effective, there is a need for the Government to have effective power to deal with dumping, but I am glad that the honorable member for Yarra (Dr. J. F. Cairns) referred to the immense power that is given to the Minister for Customs and Excise and his Department, because they can, by a stroke of the pen, impose or considerably increase a duty.

Let us see what we are doing. Essentially we are trying to stop people from selling things to us cheaply. This is the queer kind of thing that we do these days. We try to stop people in other lands from selling things to us cheaply. Suppose that the normal value of paper overseas is £100 a ton and that the actual price overseas is found to be £90 a ton. Then the duty automatically is increased by £10—from £32 to £42. This is done at the Minister's discretion. This is a considerable power to

give to any Minister. I agree with the honorable member for Yarra that this is the kind of power that should be used with very great discretion. I am aware of the pressures that come from manufacturing industries and I was glad to hear the honorable member for Yarra mention these specifically, because industry seems to me rather too readily to take the easy way out. If industries are in difficulties they go to the Department and urge it—not always successfully—to take action against dumping. It seems to me that sometimes we must be rather sceptical of the grounds on which this dumping action is taken. This kind of action has peculiar results. We have recently discussed in some detail and eloquence the restrictive trade practices legislation. It is interesting to realise that in relation to Scandinavian paper there is what is called a "Scan-Fin" price ring.

Mr. SPEAKER.—Order! I point out that this is a limited measure. We are dealing with freight dumping only.

Mr. KELLY.—With respect, we are not dealing only with freight dumping.

Mr. SPEAKER.—The main subject before the Chair is legislation to counter freight dumping.

Mr. KELLY.—I am sorry, but there is an amendment which has not yet been moved.

Mr. SPEAKER.—Apparently, the honorable member is anticipating the Committee stage. The amendment is not before the House.

Mr. KELLY.—That is right. I have not been discussing freight dumping.

Mr. SPEAKER.—I thought the honorable member was referring to paper from Scandinavia.

Mr. KELLY.—I was referring to dumping, but freight has not been mentioned.

Mr. SPEAKER.—The honorable member would be very much in order if he mentioned freight.

Mr. KELLY.—In Scandinavia there is an arrangement whereby a common price is fixed for paper. The Attorney-General (Mr. Snedden) would call it a restrictive trade practice. The Scan-Fin price becomes the normal value when the Department of

Customs and Excise looks at it. If somebody starts to break the ring and to sell paper cheaply to Australia, the operation of this dumping procedure puts a stop to that practice. This is a queer kind of way in which we go about things. We are deliberately encouraging the operation of price rings overseas and we are bending backwards to stop them here. The kind of thinking has peculiar side effects. It is interesting to realise that in many instances, again especially with paper, there is a price for Australia which is about £3 or £4 a ton higher than the price for shipment to other places. This is done to ensure that dumping duties are not attracted. This is the queer kind of world in which we live. We are deliberately setting out to do this. It is being done with the highest of motives, but one cannot help feeling a little sceptical. The operations of the Government in this regard seem to be devoted to seeing that price rings overseas are given full rein while in Australia it is trying to prevent price rings from developing. I wonder whether we are allowed to discuss freight dumping.

Mr. SPEAKER.—I began to wonder that, too.

Mr. KELLY.—I am asking you, Sir. I trust that I shall be allowed to discuss it now because, if I am not, I will have to speak again in the Committee stage.

Mr. SPEAKER.—It would be more in order for the honorable member to discuss it in Committee when speaking to the amendment that has been foreshadowed.

Mr. KELLY.—I shall devote myself to it at that stage. I want to repeat one point. The honorable member for Yarra mentioned this. The Minister is given great power, but it is true that the Bill, as it is at present drawn, places the Tariff Board in the position of a watchdog. At this stage at least a case has to go to the Tariff Board for inquiry. Clause 4 of the Bill provides—

If the Minister, after inquiry and report by the Tariff Board—

I will tell the House of the way that this procedure has worked in one case, and I think only one case. The Tariff Board looked at the case in question. I think it dealt with kraft paper; it is in the last report of the Tariff Board on paper. The Board said that it had been unable to find

any evidence of dumping of kraft paper taking place, but the Department of Customs and Excise applied dumping duties. I mentioned this matter in the House on a previous occasion. This action may be legal, but it is not right. We have understood that this action would be taken only after the Tariff Board had reported but, in this instance, the Department took the action after the Tariff Board inquiry found that dumping was not taking place. I understand that this has happened only once. I realise, of course, that the reports of the Tariff Board are not sacred; they can be departed from. But if they are departed from, I think it is proper that the Minister should make it perfectly plain that the action is being taken despite the recommendations of the Tariff Board. I repeat that, as far as I know, this happened on only one occasion, but I note with great concern that when it did happen no statement was made by the Minister for Customs and Excise.

There is another difficulty in this process. When the Minister, through his Department, thinks that dumping is taking place, a notice is published in the "Gazette". This is referred to in the Bill. The information then becomes public property. The difficulty we face is that, as far as I know, the gazetts are never cancelled. The threat that hangs over the head of the importer is left hanging there. Even if, after inquiry, it is found that dumping is not taking place, the "Gazette" notice still remains in force. I should think that, if after gazettal it is found that dumping is not taking place, the proper action for the Department to take is to notify in the "Gazette" that these goods are not now under inquiry. I have discussed this matter with officers of the Department and I understand that they recognise that this also is a weakness and they would hope to take this action as soon as the staff position allows them to do so. I hope that the Minister, when replying, will give me an assurance that this will be done. I think he will admit that it should be done.

Every time we deal with tariff matters, we cannot help noticing the immense complexity of them. The procedure I have outlined tonight is an example of the difficulties and complexities that arise. Those of us who remember the size of the new

schedule dealt with under the Brussels amendment will be appalled at the difficulty of finding a way through it and of understanding this Frankenstein monster that we have created. We created it with the best of intentions, I admit, but I certainly do not claim to understand the monster properly. Even you, Sir, I think would have some hesitation in saying that you understand it.

Mr. SPEAKER.—I will recognise freight when the honorable member comes to it.

Mr. KELLY.—I admit that the procedures we have adopted in this House have helped our discussions on tariff matters, and I pay tribute to the Standing Orders Committee for the assistance they have given. However, the fact remains that we have, for the best possible reasons and with the best intentions, created an animal that none of us really understands. I think we should make deliberate efforts to try to simplify the system whenever we can. With due humility, I suggest we are making the procedures even more difficult. People feel that they must come to Canberra to put their case to the Department. I admit that on many occasions in the past I have been critical of the operations of the officers. I have always thought that they had an inbuilt bias towards erecting barriers rather than taking them down. I am beginning to change my mind. I realise now that they have a difficult job to do. But whichever way they do their job—I know they have the best of intentions—the fact remains that this is a complicated machine to work. Many people, particularly small importers, find that they must come to Canberra to put their case to the Department, particularly on dumping. It is a complicated and expensive machine to operate. I do not blame anybody for this; it is the nature of the beast. But let us take every opportunity we can to try to simplify it in some way. Shortly, we will introduce decimal currency.

Mr. SPEAKER.—Order! I think the honorable member is engaging in a general debate on every aspect. The subject matter before the Chair is freight dumping.

Mr. KELLY.—No, Sir, not yet. We have not come to it.

Mr. SPEAKER.—That is the trouble. I am trying to point out to the honorable

gentleman that he is engaging in a general debate on tariff policy. I suggest he should relate his remarks to the Bill.

Mr. KELLY.—We have not come to freight yet. The Minister has not yet moved his amendment about freight dumping.

Mr. SPEAKER.—Order! I direct the attention of the honorable member to the Bill. It deals with freight dumping, and anything that does not relate to that point is irrelevant.

Mr. Fairhall.—Mr. Speaker, may I take a point of order? With due respect to you, Sir, I think some of the provisions in the Bill refer to other aspects of dumping and I would importune the Chair to give the honorable gentleman a little more latitude in his offering to the House.

Mr. SPEAKER.—Order! I again call the honorable member for Wakefield.

Mr. KELLY.—Sir, I am not canvassing your ruling for one moment, but, when I say that this is a complicated Bill, I think that you will recognise by your ruling that it is becoming increasingly complicated. I was making a plea to have the system simplified.

Mr. SPEAKER.—I do not see any reference to decimal currency in the Bill.

Mr. KELLY.—I thought it would be a useful addition to make. All I was going to say in passing is that it would be useful, in view of the fact that next year decimal currency will be introduced, to measure dumping duties in decimal currency. We could then have the measurement made to the nearest dollar. At present the value of the duty is worked out in pounds, shillings and pence. This seems to make things unnecessarily complicated. I can see more virtue, not only in simplicity—which I think is always desirable—but also in speed, and cheapness of operation, in having the value worked out to the nearest dollar.

In New Zealand the value of the duty is worked out to the nearest pound sterling. To inflict an unnecessary complication in the form of a minute money measurement seems to be unnecessary, and I urge the Minister for Supply to pass on to the Minister for Customs and Excise in another place an urgent recommendation that the

procedure I suggest be adopted and the value for dumping duties be worked out to the nearest dollar instead of in pounds, shillings and pence as at present. That, I am sure, would simplify the procedure.

Having said that, and having offered some criticism of the operation of the Bill and the way the machine works, I want to repeat my general willingness to admit that there is need for effective dumping legislation. I hope that the Minister recognises the unusual powers placed in his hands. I hope that he, through his Department, will continue to take action only if an allegation of dumping has been thoroughly tested and it is found that dumping is taking place. I realise that there is need to have more effective and manoeuvrable machinery to allow this to be done efficiently. I repeat my general plea that the machinery be kept as simple as possible, recognising only too clearly that even, you, Sir, are unable to follow its workings easily.

Mr. FOX (Henty) [8.33].—It is not my intention to speak for more than a few minutes and I want to make only one point. I find myself in a rather peculiar position because the point I want to make falls within the ambit of the leniency which you have just extended to the honorable member for Wakefield (Mr. Kelly). Perhaps I should plead guilty to collusion in this matter. I support him in his request to the Minister for Customs and Excise (Senator Anderson) and the Government to consider altering the basis on which the value for duty is calculated. From the date of the introduction of decimal currency I suggest that the value for duty be calculated in decimal currency and not in pounds, shillings and pence. The reason I support the honorable member for Wakefield is that I have already written to the Minister for Customs and Excise (Senator Anderson) on this subject. Up to the present I have received an acknowledgment but not an answer to the proposition I put.

My suggestion is that from C Day the value for duty should be calculated to the nearest dollar. I support the honorable member for Wakefield's suggestion on this. He said that this is not a new principle because it already exists in New Zealand legislation. I have with me a page from a publication issued by the New Zealand

Government Printer. It contains an extract from section 114 (1) (1A) of the New Zealand legislation which provides—

Notwithstanding anything in subsection (1) of this section, where for the purposes of any entry the amount of the current domestic value is required to be shown or declared, that amount shall be shown or declared, if it is not a whole number of pounds at the nearest pound, and, if it is a number of pounds and ten shillings exactly, at the pound next below the amount.

My suggestion is not to go as far as that provision, but to take the value to the nearest dollar. I should like to point out that the advantages of such a scheme are obvious. First, the calculation to be done by the Department of Customs and Excise, the importer or the customs agent would be considerably reduced. This would result in a saving in time and expense by the Department, the importer and the agent. Secondly, it would be possible to process customs matters much more quickly and it would be a simple matter to carry out the calculations necessary to convert the value of foreign currencies to Australian dollars and also to make a simple calculation of the amount of duty payable.

Finally, I should like to say that, if the suggestion is adopted, from a revenue point of view the effect would be negligible, because for amounts up to 49 cents the additional cents would be disregarded and for amounts between 50 and 99 cents an extra dollar would be added. What was added in some cases would cancel out what was taken out in others. The greatest variation would be 49 cents, which is equal to 4s. 9d. so the revenue would be affected by only a small amount, because I believe that most duties fall within the range of 7½ per cent. to 55 per cent. I am a believer in simplification and common sense, and I hope that the Minister and the Government will give this matter earnest consideration.

Mr. FAIRHALL (Paterson—Minister for Supply) [8.36].—The Government is glad to have the support of the Opposition for the Bill before the House. Indeed, we could hardly expect the Bill not to have the support of the House, since both sides of the Parliament are singularly devoted to machinery for the protection, strengthening and growth of Australian industry. Both the honorable member for Yarra (Dr. J. F. Cairns) and the honorable member for Wakefield (Mr. Kelly) have directed atten-

tion to the rather extensive arbitrary powers placed in the hands of the Minister for Customs and Excise (Senator Anderson) by this Bill. I can only say to the honorable gentlemen that since in this modern world the spirit of the smuggler is still abroad in industrial circles we find every measure by the Government is met by a counter measure from traders anxious to get their goods on to our markets. Where the techniques of avoiding customs duties have become vastly more sophisticated it becomes a general battle of wits and in the course of this battle it is necessary for the protection of Australian industry at large that the Minister should be given considerable discretion in fixing values, as we will no doubt hear in the Committee stages.

The fact is that there is a considerable amount of safety in this matter as well, because the Bill provides for the need for a Tariff Board report before the Minister takes action under the dumping provisions and makes his declaration. On the other hand, of course, no Minister would want to exercise irresponsibly a power of this kind. The Minister for Customs and Excise is well aware that this is a power which, in the wrong hands, or wrongfully used, could be a dangerous power. You may rest assured that the Minister will exercise it with due discretion.

The honorable member for Wakefield has directed attention to one or two matters on which he has sought answers. In the first place he raised the question of certain actions taken, or dumping declarations made as a result of Tariff Board inquiries, which were extended rather arbitrarily by the Minister. He seeks first of all an assurance that where there is a departure from the recommendation of the Tariff Board some announcement will be made to the House. This kind of action happens very infrequently and the case to which the honorable gentleman referred—if I may read his mind—was one dealing with paper. For a long time he has been vitally interested in the details of the paper industry. In 1962 the Tariff Board examined the protection needs of the paper and paper board industry. At the same time the Board was asked to establish whether paper and paper board were being sold in Australia at dumping prices and whether such sales were causing injury to Australian industry. In so far as

dumping is concerned the Board found that there was dumping of certain types of papers. Some other papers were clear of this miserable action of dumping. In still other cases it was proved there was dumping, but it was done in a way which caused no injury to Australian industry. In view of the multiplicity of types and grades of paper subject to duty it would have meant constant running backwards and forwards to the Tariff Board for new references, causing delay and confusion. Indeed, to avoid the loss of control of the import situation involving many grades of paper it was recommended that the Minister include all grades of paper in his declaration.

Mr. Kelly.—Why did not he say so?

Mr. FAIRHALL.—I am sure that the honorable gentleman's advice will be listened to most carefully on this matter. Indeed I rather knew that the honorable gentleman was going to ask for this kind of undertaking and I am happy to be able to give it to him. I can assure the honorable gentleman that there are few occasions where the Minister finds it necessary or advisable to take this kind of action. I am sure there is some merit in the honorable gentleman's suggestion that any departure from the finding of the Tariff Board should be mentioned in the House. Unfortunately, I am speaking on behalf of my colleague, the Minister for Customs and Excise, in another place, but I shall refer the honorable gentleman's suggestion and plea to him. I am sure the honorable member's suggestion will meet with a ready and warm response.

Mr. Cope.—No.

Mr. FAIRHALL.—Let us see what happens.

Dr. J. F. Cairns.—It would not be the first time the Minister has got hot with the honorable member.

Mr. FAIRHALL.—This might be right. The other matter to which the honorable member for Wakefield refers is the question of regulations under the dumping provisions staying on the Government "Gazette" for some considerable time—indeed after it is no longer necessary to have dumping duties because exporters perhaps have learnt the errors of their ways. I am prepared to

admit this is a situation which ought not longer be allowed to continue. I can tell the honorable gentleman that a review of long standing "Gazette" notices has been initiated already. It is intended that when it can be established that the need for anti-dumping action no longer exists steps will be taken to revoke the "Gazette" notice specifying the commodity concerned. I have noted some of the other matters raised by the honorable gentleman. I am sure he is well aware that his offerings to this House always form the best read passages of "Hansard". I am perfectly certain his comments on many of these matters will be read by the members of the Tariff Board and by members of the staff of the Department of Customs and Excise. Decimal currency as I understand it, with your pardon, Mr. Speaker, was designed to simplify calculations particularly in cases like the application of customs tariff. So, apart from the mathematical simplicity of the system, I am sure the proposal made by the honorable gentleman and supported by the honorable member for Henty (Mr. Fox) will strike a responsive cord in the heart of the Department of Customs and Excise. Outside of that, I am perfectly certain, the Minister will be glad to hear of the honorable gentleman's suggestion. I commend the Bill to the honorable member for Wakefield and to the House.

Question resolved in the affirmative.

Bill read a second time.

In Committee.

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

Proposed new clauses 5A., 5B., 5C. and 5D.

Mr. FAIRHALL (Paterson—Minister for Supply) [8.43].—by leave—Mr. Chairman, I move—

After clause 5, insert the following new clauses:

"5A.—(1.) Section 9 of the Principal Act is amended—

(a) by omitting sub-section (1.) and inserting in its stead the following sub-section:—

'(1.) If the Minister, after inquiry and report by the Tariff Board, is satisfied, as to any goods, that—

(a) there has been paid or granted, directly or indirectly, upon the production, manufacture, carriage or export of any

of those goods that have been exported to Australia, a subsidy, bounty, reduction or remission of freight or other financial assistance; and

- (b) the exportation of those goods is causing or threatening injury to an Australian industry producing or manufacturing like or directly competitive goods or may hinder the establishment of an Australian industry in connexion with the production or manufacture of like or directly competitive goods,

the Minister may cause a notice to be published in the Gazette specifying the goods as to which he is so satisfied'; and

- (b) by omitting from sub-section (3.) the words 'referred to in sub-section (1.) of this section' and inserting in their stead the words 'that the Minister is satisfied has been paid or granted, directly or indirectly, upon the production, manufacture, carriage or export of the goods'.

"(2.) A notice specifying any goods published in the Gazette before the commencement of this Act in accordance with sub-section (1.) of section 9 of the Principal Act and in force immediately before that commencement continues in force as if it were a notice under sub-section (1.) of section 9 of the Principal Act, as amended by this Act, duly specifying those goods, but may be amended or revoked as if it were such a notice.

"5B.—(1.) Section 10 of the Principal Act is amended—

- (a) by omitting sub-section (1.) and inserting in its stead the following sub-section:—

'(1.) If the Minister is satisfied, as to any goods produced or manufactured in a particular country, that—

- (a) there has been paid or granted, directly or indirectly, upon the production, manufacture, carriage or export of any of those goods that have been exported to Australia a subsidy, bounty, reduction or remission of freight or other financial assistance; and

- (b) the exportation of those goods is causing or threatening injury to the trade in the Australian market of producers or manufacturers in a third country of like or directly competitive goods,

the Minister may cause a notice to be published in the Gazette specifying the goods as to which he is so satisfied'; and

- (b) by omitting from sub-section (3.) the words 'referred to in sub-section (1.) of this section' and inserting in their stead

the words 'that the Minister is satisfied has been paid or granted, directly or indirectly, upon the production, manufacture, carriage or export of the goods'.

"(2.) A notice specifying any goods published in the Gazette before the commencement of this Act in accordance with sub-section (1.) of section 10 of the Principal Act and in force immediately before that commencement continues in force as if it were a notice under sub-section (1.) of section 10 of the Principal Act, as amended by this Act, duly specifying those goods, but may be amended or revoked as if it were such a notice.

"5C. After section 10 of the Principal Act the following section is inserted:—

'10A.—(1.) Where the Minister is satisfied that, by reason of any circumstance, including the granting of rebates, refunds or other allowances, goods exported to Australia have been carried from the country of export to Australia freight free, or the amount or the net amount of freight, expressed in Australian currency, paid or payable in respect of the carriage of the goods is less than the normal freight in relation to the goods—

(a) the Minister shall be deemed, for the purposes of sub-section (1.) of section nine, or sub-section (1.) of section ten, of this Act, to be satisfied that a reduction of freight has been granted upon the carriage of the goods; and

(b) where a special duty under section nine or section ten of this Act is chargeable (whether by virtue of this section or otherwise) on goods as to which the Minister is so satisfied, the Minister shall be deemed, for the purposes of sub-section (3.) of section nine, or sub-section (3.) of section ten, of this Act, to be satisfied that the amount of the reduction of freight that has been granted upon the carriage of the goods is an amount equal to—

(i) in the case of goods carried freight free—the amount of the normal freight in relation to the goods; and

(ii) in the case of other goods—the amount by which the normal freight in relation to the goods exceeds the amount or the net amount of the freight, expressed in Australian currency, paid or payable in respect of the carriage of the goods.

"(2.) In this section—

"the normal freight", in relation to goods exported to Australia, means the amount of freight that would have been payable in respect of the carriage of the goods from the country of export to Australia if the rate of freight applicable to that carriage were a rate determined by the Minister to be the appropriate rate, in Australian currency, in respect of that carriage having regard to the ruling rates

of freight (if any), at the date of exportation of the goods, in respect of the carriage of similar goods by general cargo vessels trading regularly with Australia, and to any other matter that the Minister considers relevant'.

"5d. Section 11 of the Principal Act is amended by omitting the words 'any of the last four preceding sections', and inserting in their stead the words 'section seven, eight, nine or ten of this Act'."

These amendments are intended to counter certain trade practices which have only recently come under notice. These practices will, if they continue unchecked, undermine the tariff protection afforded Australian industries with consequential damage to those industries. One of the most important elements which must be taken into account in determining the prices at which imported goods can be sold on the Australian market in competition with locally produced goods is the overseas freight cost. In assessing the level of tariff necessary to protect efficient Australian industries all elements of cost, including the cost of overseas freight, associated with the imported product are taken into account. Needless to say the level of tariff protection is based on the normal or ruling costs associated with the imported product. Hence, if overseas suppliers are able to negotiate freight rates which are significantly lower than the normal rates, then obviously the competitive position of the Australian industry is placed in jeopardy. Recent experience has shown that, particularly for industrial chemicals, the freight rates for certain shipments have been very much lower than the normal rates which would have been taken into account in assessing the level of tariff protection. I have been found that certain chemicals have been carried on charter vessels at rates which are only one third of the ruling rates.

There is some doubt as to whether the existing provisions of the Customs Tariff (Dumping and Subsidies) Act 1961 embodies powers to counter all forms of freight dumping. The amendment which I have just proposed merely restores the provisions which were incorporated for many years in the old Customs Tariff (Industries Preservation) Act which was repealed in 1961 when the present Act was introduced. The proposed amendments to Australia's anti-dumping law stem from the Government's determination to protect local industry against the invidious practice of dumping in all its varied forms.

There is no need for me to reiterate here the kind of damage that dumping can do to Australian industry and the Australian economy as a whole. Honorable members will recall that the Committee of Economic Enquiry expressed concern regarding the effects of dumping and emphasised the necessity for strengthening the existing law. That we are now doing.

Dr. J. F. CAIRNS (Yarra) [8.47].—Mr. Chairman, the Opposition does not oppose what the Minister for Supply (Mr. Fairhall) is proposing by the introduction of these amendments. But I should like to be given a little more objective information about freight dumping than the Minister has given us. He has provided us with a vivid description about what happens but has not said one word about why it happens. He has told us that sometimes exporters are able to negotiate freight rates at less than the normal charge and that in the case of chemicals the freight rates are sometimes very much less than normal—one-third of the ruling rates on charter vessels. This brings to the notice of the Committee the contrast between normal freight rates and freight rates that are not normal. The question arises: Are the normal freight rates too high or are these dumping freight rates too low? I am not prepared to accept that the ruling freight rates to and from Australia are the ones by which we should be guided in this respect. I think Australia is exploited and has been exploited for years in respect of our freight rates both to and from this country by a shipping ring—a monopoly—that has been taking us for suckers for far too long. It might well be that when one compares the freight rate on some charter vessel with the other ruling freight charges one might think the rate for the charter vessel is specially low. I think the evidence tends to suggest that the ruling freight rates are specially high.

The Government and its advisers ought to be looking much more closely at this matter. The Minister has given a vivid description of what happens but he has given us no real reason for believing that he has decided that it is the low rate that is specially wrong. The natural assumption is that the cheapest thing, not the most expensive thing, is the most favorable

thing. In this case the Government is taking the view that the high ruling freight rate is the best freight rate from which the measurement should be made. Perhaps it is the other way round. The Minister spoke about the invidious practice of dumping. We know that dumping sometimes can be invidious. But we know that high priced goods can be invidious, too. The practice of exploiting the market by high prices is, on the whole, much more invidious than the practice of putting goods on a market at a price which is too low.

The Minister referred to the Committee of Economic Inquiry, the Vernon Committee. One would be almost inclined to think after the events of the last few days that the Vernon report is being rehabilitated, and that perhaps it was true that the Prime Minister (Sir Robert Menzies) was a little hasty in his original judgment. We are satisfied to give approval to the measure, but I do make a plea to the Minister and his advisers to be a little more informative when putting a case to the Parliament. Platitudes can be very vivid sometimes, but very little real information has been given to us. I do not think the Minister has told us very much that really justifies this measure but we are prepared to accept it at face value.

Mr. KELLY (Wakefield) [8.51].—I am just going to ask the Minister to clear my mind on freight dumping. I understand from what people have told me and from what I heard during the debate on the Trade Practices Bill—and I think it is true—that there is a fairly well controlled conference which fixes freight charges. I understand also that some people are undercutting these freight charges. I would like the Minister to tell me quite clearly if this is the kind of thing the legislation is designed to prevent.

Mr. JONES (Newcastle) [8.52].—Before the Minister replies to the honorable member for Wakefield (Mr. Kelly) I would like to make a very brief comment. I direct attention to the Government's decision to accept some of the recommendations of the Vernon Committee of Economic Inquiry. The Prime Minister (Sir Robert Menzies) came into this Parliament some weeks ago and dealt very severely with the report of that Committee. He proceeded to toss it into the waste paper basket. I have not read the

report but I have had a fairly close look at it.

Mr. Kelly.—Reading it is very different from looking at it.

Mr. JONES.—What I am trying to convey is that I have not read it word by word. I think it took the Cabinet about five months to read it, or allegedly to read it, so I have still a few months left in which to complete my study of it. At least it is pleasing to see that some of the Committee's recommendations are being adopted. I think that during many years to come various other theories or recommendations of the Committee will be heeded by this Parliament.

What I mainly wish to speak about is something that we on this side of the Parliament have been referring to for a considerable time, the exploitation of this country's exports and imports by the overseas Conference Line. We know, and the facts have been brought before the Parliament on numerous occasions, that it is cheaper to transport steel from the United Kingdom and Europe to Japan than from Australia to Japan. We remember that in 1961-62, when we were in the grip of a credit squeeze, and when I understand a similar situation existed in Japan, the honorable member for Darebin (Mr. Courtnay) and I told the Parliament that Japan was transporting steel from its own mills to New Zealand—a distance four and half times greater than the distance from Australia to New Zealand—and that the freight charges were half those charged by the Conference Line for transporting steel from Australia to New Zealand.

What the Minister has said tonight merely confirms what we have been saying for a considerable time. I hope the Government will take the next obvious step and expand the shipbuilding industry in Australia so that we can establish an overseas shipping line. I hope the Government will direct the Australian Coastal Shipping Commission to extend its activities into overseas trading. We may then be able to move into the field of international shipping on a competitive basis and give protection not only to Australia's exporters but also to our importers. I was pleased to hear the Minister bring to our attention the exploitation of Australian imports and the consequent effect

on Australian industry. Similar protection is necessary for Australia's exports.

Let me remind the Committee of what happened recently in connection with our meat exports to the United Kingdom. The Conference Line was going to increase the freight rate by 10 per cent. from 1st November and by 17 per cent. from 1st January, but because of assistance given to Australia by an Israeli shipping line the Conference Line abandoned its plans to impose the increase. What the Minister has said tonight bears out our contention that we must have at an early date our own overseas shipping line.

Mr. FAIRHALL (Paterson—Minister for Supply) [8.56].—The honorable member for Newcastle (Mr. Jones) will be very disappointed to hear me say that I have not in fact been bringing to light any exploitation of Australia by shipping lines. The amendments before us have nothing to do with exploitation. Both the honorable member for Newcastle and the honorable member for Yarra (Dr. J. F. Cairns) have been putting up their own Aunt Sallys and having fun knocking them down. The honorable member for Yarra raised the question whether the normal freight rates are too high or the dumping rates too low, but the Bill does not concern itself with whether the freight rates are too high or too low. The honorable member will no doubt pursue this subject at length and at another time.

The machinery of tariff making calls upon the Tariff Board to examine all the factors that affects prices of exported commodities. One factor clearly is freight, and in reaching any viable decision as to the level of protection for Australian industry the Board must consider some normal freight rate. Through a variety of devices running all the way from backloading to special deals with a manufacturer who may also have interests in shipping lines operating to and from Australia, an importer has an opportunity to enjoy an abnormally low freight rate which may have nothing to do with the real cost of freighting the goods to Australia. Clearly, if this were allowed to continue it would upset entirely the whole machinery of tariff making. It is for this reason, and this reason alone, that this power is to be given to the Minister, so

that freight rates may be levelled out and the work of the Tariff Board may not be destroyed.

The honorable member for Wakefield will be delighted to know that we are not in fact trying to stop a reduction of freight rates. Indeed we would be delighted to see such a reduction take place.

Mr. Kelly.—Well, tell us what it is that you are doing.

Mr. FAIRHALL.—If the honorable member cannot understand what I said a moment ago perhaps we had better talk about it after school. I have described the situation. The Tariff Board clearly must have some stable figures as to costs on which to base its assessment of the needs of an Australian industry and to decide on a suitable level of tariff protection.

Dr. J. F. CAIRNS (Yarra) [8.59].—The Minister and the rest of us have got on pretty well up to date, but I think he is straining our patience a little too much and imagining that we are a little too naive in the present situation. He has described, again very vividly, the possibility of a manufacturer who may have an interest in a shipping line enjoying a freight rate for transporting his goods to Australia which is so low that it enables him to sell those goods in Australia at such a price that he is, in effect, dumping the goods. The Minister ignores altogether the possibility that exactly the reverse might happen; there might be collusion between manufacturers and a shipping company to bring goods to Australia at an excessive freight rate. According to the Minister there is a possibility of this wicked collusion only when it results in what amounts to dumping. He ignores it completely in relation to the other kind of freight rate—the excessive one that we are talking about. I believe that I appreciate what is involved. If the Department of Customs and Excise is to be satisfied about whether goods are dumped it has to be able to compare freight rates. It has to be able to look at them realistically and be satisfied that they are normal. But when it is doing this it has to take into account two kinds of freight rates—the alleged dumping one, which is the low one, and the normal one, which is considerably higher. I

suggest that the possibility of collusion between the parties is just as great in respect of the normal high rate as it is in respect of the abnormal low rate. I would not object so much to collusion if now and again it produced rates lower than those that it does produce.

The CHAIRMAN (Mr. Lucock).—Order! On the first occasion on which the honorable member spoke I allowed him to use as an illustration the contra argument in relation to dumping. I suggest to him that having used that argument to illustrate his point and show the basis on which according to him the Tariff Board should work he is now developing and continuing to develop an argument that is outside the scope of the proposed new clauses now before the Committee.

Dr. J. F. CAIRNS.—Mr. Chairman, I accept your ruling. It is this kind of ruling that really upsets me in a matter such as this. If the Department of Customs and Excise and the Minister for Customs and Excise (Senator Anderson) look at the matter in the same way, we can be sold up the creek at any time. I shall not say more except to express the hope that the Minister for Supply will be much more realistic after school when he talks to the honorable member for Wakefield (Mr. Kelly) than he has been so far.

Mr. GILES (Angas) [9.3].—Mr. Chairman, I rise to mention only two points. The first is the point that was dealt with originally by the honorable member for Yarra (Dr. J. F. Cairns) and in respect of which he said, if I recall his words, that three rates will apply under this legislation. I agree with the contention that has been put forward. I think it is very difficult to know what a normal rate is and when to apply the provision relating to dumping legislation. I put forward quite seriously as an answer to the honorable member for Newcastle (Mr. Jones) an experience that I had as a member of the Government Members Food and Agriculture Committee on a trip to Weipa recently. We there discovered a situation quite contrary to the contention of the honorable member, who informed us that the establishment of an Australian overseas shipping line would be

the solution to various problems concerning freights. We found at Weipa that the freight for the shipment of bauxite to Europe was 35s. a ton. I suppose that this could be regarded as a dumping figure when compared to the rate of 45s. a ton for the carriage of bauxite from Weipa down the Australian coastline to Bell Bay. This is the sort of problem that we face with this legislation.

Mr. Kelly.—It will not stop that.

Mr. GILES.—Exactly. I believe that the whole answer is that competitive rates, whether for backloading or not, should apply where possible. The Tariff Board's problem is to know how much it can afford to depreciate a rate in terms of its tariff in order to protect a home industry from imports. This is indeed a problem. I am a little sorry as I sit down that the Minister for Supply (Mr. Fairhall), who is in charge of the measure in this chamber, is not able to explain to me more clearly exactly what is a competitive shipping freight and what is not.

Proposed new clauses agreed to.

Clauses 6 to 8—by leave—taken together, and agreed to.

Clause 9.

The amendments made by section 3 of this Act do not apply in relation to goods that were entered for home consumption before the commencement of this Act.

Mr. FAIRHALL (Paterson—Minister for Supply) [9.4].—Mr. Chairman, I move—

Omit “section 3”, insert “sections 3 and 5c”.

This amendment is consequential on the insertion in the Bill of the new clauses just agreed to.

Amendment agreed to.

Clause, as amended, agreed to.

Title agreed to.

Bill reported with amendments; report—by leave—adopted.

Third Reading.

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

**NEW AND PERMANENT
PARLIAMENT HOUSE.**

Appointment of Joint Select Committee.

Mr. SPEAKER (Hon. Sir John McLeay).—I have received a message from the Senate agreeing to the resolution of the House in connection with the appointment of a joint select committee to consider certain matters relating to a new and permanent Parliament House.

**REFERENDUM (CONSTITUTION
ALTERATION) BILL (No. 2) 1965.**

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

Second Reading.

Mr. ANTHONY (Richmond—Minister for the Interior) [9.8].—Mr. Speaker, I move—

That the Bill be now read a second time.

The purpose of this Bill is to clarify and simplify the manner of voting at future referendums. Under the existing law, a voter at a referendum is required to indicate his vote by writing the figures "1" and "2" in the squares printed on the ballot paper. If he approves the proposed law, he writes the figure "1" in the square opposite the word "Yes" and the figure "2" in the square opposite the word "No". Conversely, if he does not approve the proposed law, he writes the figure "1" opposite "No" and the figure "2" opposite "Yes". The use of a cross only, or the figure "1" only, in one of the squares does not render a ballot paper informal provided that the other square is left blank. In that case, the cross is deemed to be equivalent to the figure "1".

At a referendum, the voter has to answer a specific question which is set out on the ballot paper in the form—

Do you approve of the proposed law for the alteration of the Constitution entitled . . .

Then follows the title of the proposed law. Of course, the straight out answer to this direct question is "Yes" or "No"—not "1" and "2". Under the provisions of this Bill the voter will be required to write simply either "Yes" or "No" in answer to the question. This is a more positive and, I believe, a more correct form of voting at a referendum. As the arguments

in favour and against the proposed law must be forwarded to the Chief Electoral Officer by 30th December, it will be appreciated that any change in the method of voting at a referendum would have to be passed this session to be effective at the forthcoming referendum. This is so because the arguments may well contain instructions to the electors as to the manner of voting.

Consideration has been given to the question of possible confusion to voters if this Bill is passed, should some future Senate or House of Representatives election be held at the same time as a referendum. However, the Government believes that the proposed form of voting simplifies and clarifies the method of voting and, indeed, minimises the risk of confusion to voters. The present provisions which provide that a ballot paper marked only with a cross or marked only with the figure "1" constitutes a formal vote will no longer be appropriate. Clause 3 of this Bill repeals those provisions. I commend the Bill to honorable members.

Leave granted for the debate to continue.

Mr. WHITLAM (Werrawa) [9.11].—The Opposition supports this logical, clear amendment.

Question resolved in the affirmative.

Bill read a second time.

Third Reading.

Leave granted for third reading to be moved forthwith.

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

**BILLS RELATED TO DECIMAL
CURRENCY.**

Superannuation Bill (No. 2) 1965.

**Defence Forces Retirement Benefits Fund
Bill (No. 3) 1965.**

Bills presented by Dr. Forbes, and together read a first time.

Second Readings.

Dr. FORBES (Barker—Minister for the Army and Minister Assisting the Treasurer) [9.13].—I move—

That the Bills be now read a second time. The purpose of these Bills is to provide a number of machinery amendments to the

Superannuation and Defence Forces Retirement Benefits legislation which are consequent upon the Currency Act 1965. Like the 30 miscellaneous bills already introduced for decimal currency purposes, the amendments in these two Bills are designed specifically to effect the change to decimal currency and to exclude all other matters. I do not propose to explain the amendments in detail now but will do so during the Committee stage of the debate if there is any provision on which honorable members wish to have further information. I commend the Bills to the House.

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

SULPHURIC ACID BOUNTY BILL (No. 2) 1965.

Second Reading.

Debate resumed from 25th November (vide page 3192), on motion by Mr. Bury—

That the Bill be now read a second time.

Mr. Fairhall.—Mr. Speaker, may I have the indulgence of the House to raise a point of procedure on this legislation? I understand that it may suit the convenience of the House if you would allow the subject matter of the Pyrites Bounty Bill (No. 2) to be debated coincidentally with the second reading of the Sulphuric Acid Bounty Bill (No. 2). The two Bills will, of course, be called on and dealt with separately. I suggest, Mr. Speaker, that you might permit this to be done.

Mr. SPEAKER.—Is it the wish of the House to follow the procedure suggested by the Minister? There being no objection, that course will be followed.

Dr. J. F. CAIRNS (Yarra) [9.15].—This Bill, and the associated measure, the Pyrites Bounty Bill (No. 2), are very important. They will involve between them the probable expenditure in the coming year of about £1½ million of national revenue. They continue an expenditure which has amounted since the measures were first introduced in 1954-55, in the case of the Sulphuric Acid Bounty Act, and in 1960-61, in the case of the Pyrites Bounty Act, to nearly £12 million. This is a considerable amount of money and I think the House would want to know something of what it is doing and some of the consequences.

The purpose of the provision of this subsidy is to encourage in Australia in the production of sulphuric acid the use of Australian produced raw materials. The Australian raw materials in this case are pyrites produced from various mining operations in South Australia, Tasmania, Western Australia and Queensland. The two main raw materials from which sulphuric acid is produced are sulphur, or brimstone, which is imported from overseas, and pyrites, which is produced in Australia. In 1963, which is the last year for which I have comparative figures, some 64 or 65 per cent. of all sulphuric acid produced in Australia was produced from these two raw materials, brimstone and concentrated pyrites. Production of sulphuric acid is important. Sulphuric acid production in 1963 amounted to more than 1,300,000 tons of which 430,000 tons had sulphuric content. Sulphuric acid is a most important industrial raw material.

The Bills provide for the payment of a subsidy on the production of pyrites and on the production of sulphuric acid. The purpose of the Bills, as has been the purpose of all the other Bills that have been passed over the last 10 years, is to encourage Australian sulphuric acid producers to use Australian produced pyrites as a raw material, it being correctly assumed that if this was not done the producers would turn more readily to imported brimstone which is a more economic raw material. So to encourage them to use the Australian product a subsidy is paid on the production of the pyrites which reduces, or is expected to reduce, its cost to the processor. A subsidy is paid also on sulphuric acid. Although I must say that I am not completely sure about this, apparently the subsidy applies only to sulphuric acid that is produced from Australian pyrites. I should like the Minister for Supply (Mr. Fairhall), who is in charge of the Bill, to tell me something about that so that we can be more satisfied with it. As I say, I am not sure whether this is so.

The subsidy is paid to the five Australian producers of pyrites at the source, and I shall refer to figures in this connection for the years 1964 and 1965. The total amount of the subsidy paid in the 12 months ended 30th June 1964 was £644,000; to 30th June 1965 it was £583,000; and for the first

nine months of the incomplete year it was £456,000. The producers to whom this money is paid are Goldmines of Kalgoorlie (Aust.) Ltd., which, in 1964, received £48,539; Mount Lyell Mining and Railway Co. Ltd., which, in 1964, received £177,463; Mount Morgan Ltd., which, in 1964, received £109,707; Nairne Pyrites Ltd., which, in 1964, received £207,973; and Norseman Gold Mines No Liability, which, in the same year, received £100,593. The total paid out in 1964 was £644,275. That gives the House some indication of where the money paid by way of the pyrites bounty goes.

As to sulphuric acid, there were seven producers who received bounties in 1964. They were A.C.F. and Shirleys Fertilisers Ltd., which received £50,525; Broken Hill Associated Smelters Pty. Ltd., which received £147,045; Commonwealth Fertilisers and Chemicals Ltd., which received £279,294; Cresco Fertilizers (W.A.) Ltd., which received £78,804; C.S.B.P. and Farmers Ltd., which received £154,989; Sulphide Corporation Pty. Ltd., which received £97,101; and Sulphuric Acid Ltd., which received £304,743. The total paid out to the producers of sulphuric acid in that year was £1,106,501. These are substantial sums from the public's point of view. It seems to me that, considering the scope of their general operations, some of the producers of sulphuric acid might have been expected to carry the production of sulphuric acid to the extent of the bounties that were paid to them. On many occasions when we have been considering in this House industries like the chemical industry and the aspect to which we have been giving special attention is an ancillary one, or one relating to a by-product, we have found that the company under consideration is making extremely large profits, running into many millions of pounds. I think that in some cases the companies could afford to carry some of the lines of production being considered.

The Government's attitude to the payment of these bounties has not been unchanged. We find from the report of the Tariff Board dated 30th June 1965, upon which this legislation is mainly based, that the Board went to work having regard to

certain indications that the Government had given to it. The Board says—

Having regard to the Government's conclusion that in existing circumstances, it is inappropriate to pursue the former policy of encouraging the use of sulphur-bearing materials of Australian origin for the production of sulphuric acid. . . .

I know that some of the producers of pyrites are concerned about the present situation, and I think it is well for them to note that the Government laid down as a guide to the Tariff Board on this matter the consideration that I have just read, namely—

that in existing circumstances it is inappropriate to pursue the former policy of encouraging the use of sulphur bearing materials of Australian origin for the production of sulphuric acid.

I do not know whether that is a notice to the producers of Australian sulphur bearing materials that they have to regard this legislation as a short term measure. The bounty that is proposed under this legislation is payable until 1965. But is this the writing on the wall? I think the one fault in the way this matter has been handled over recent years is that there has been some uncertainty by the Government about what it intends to do in the future. This uncertainty must have had its effect on industrial organisation and on the attitude of the companies concerned. The Tariff Board went on to say that it had regard to another matter. It was—

The desire of the Government to ensure nevertheless that the change of policy referred to in (i)—

We should emphasise that it is a change of policy—

above does not operate to avoid the obligations which the Government recognises it has to those enterprises which have co-operated, or made plans on or before 1st December 1960, to co-operate, in giving effect to the past policy of reducing Australia's dependence on imported sulphur-bearing materials for the production of sulphuric acid.

Putting those two things together, there can be no doubt that there is a change of policy. The Government does not intend to pursue the former policy of encouraging the use of Australian sulphur bearing materials. Is this assistance being given only for the purpose of allowing the producers to make new plans? Is it to allow them to prepare to transfer from production of this kind that these payments are to be made? Perhaps they are being made to enable the producers more readily to amortise their plants. We know that a considerable amount of this has

been done already. Is this what the Government's attitude means? And is this what the producers understand it to mean?

I think an examination of the circumstances shows that there is no certainty at all that the operation of these bounties from the beginning some 10 or 11 years ago has been effective. Certainly it has by no means been an outstanding success. It is important for us to try to visualise the degree of success that this policy of paying bounties might have achieved, because it is a very costly one. I pointed out at the beginning of my remarks that almost £12 million has been paid out in subsidies. We cannot be sure that this has been a successful exercise at all. This year we are involved in the payment of £14 million, and these bounties are to continue until 1969. That is a lot of money to spend on a proposition about which we may not be at all certain.

The reason for my uncertainty is to be found in the figures given on page 6 of the Tariff Board report to which I have referred. In some ways, there is competition between pyrites and other types of sulphur bearing material. The table at page 6 of the Tariff Board's report discloses that from 1957 to 1963 there has been a quite significant and constant fall in the proportion of the sulphur content of sulphuric acid that is attributable to pyrites. In 1957, 31.5 per cent. of the sulphur content of sulphuric acid came from pyrites. In 1963, the proportion was 25.3 per cent., which represents a fall of 6.2 per cent. That fall has been a continuing one right up to the present time, and it will probably continue from now on at an increasing rate. On the other hand, the proportion that has come from brimstone or imported sulphur bearing material has remained fairly constant. It was 49.2 per cent., or almost one-half, in 1957 and in 1963 it was 49.3 per cent. The load carried by imported brimstone, the kind of thing that we were trying to reduce, has remained constant, while the load carried by Australian produced pyrites, the sort of thing we were trying to increase, has fallen by 6.2 per cent. over the period in question. Whilst brimstone has not increased its share—it has still about half—what then has increased? The answer is zinc concentrates. The production of sulphuric acid from zinc concentrates has risen from 11 per cent. in 1957—the year I

choose because it is fairly representative for other comparisons—to 16.8 per cent. in 1963, an increase of 5.8 per cent. There has been a slight change in relation to some of the other basic materials, but it is quite clear that brimstone has retained a fairly constant proportion, pyrites has fallen by about 6 per cent. and zinc concentrates has risen by about 6 per cent. Of course, zinc concentrates are Australian produced and there is no subsidy on them. It might therefore be better for the Australian economy as a whole to see this trend continue and a raw material which does not need a subsidy compete with imported brimstone.

There is no certainty that this system of using a bounty has been a success, because there is no certainty that it has produced the kind of result that it was assumed was necessary. Why is this so? The answer is, I think, first that the cost of brimstone has been particularly low compared to its normal cost on the world market and, secondly, in comparison with pyrites. At 30th September 1964 imported brimstone cost £12 18s. 7d. a ton, at 31st March 1965, £13 14s. 4d. and at 30th September 1965, £16 a ton. The advantage that brimstone has had, which has led to a vast increase in the quantity imported by Australia, is perhaps diminishing. In 1960 imports were 221,778 tons and in 1964, 376,639 tons. There has been quite a dramatic increase in the quantity of brimstone imported into Australia and this has been partly the function of the relatively low price. However, if the price is going to behave as the 30th September 1965 price indicates—when it was £16 a ton—the comparative advantage that brimstone has will be diminished. There would need to be a reduction in the advantage for the apparent purpose of the payment of this subsidy to be significantly achieved. It seems to me there is a possibility of another competitor coming into the field very soon. Industry in Western Australia seems to suggest that petroleum byproducts might also come into the field.

Unless the brimstone prices rise the bounty will not offset the trend that is apparent in the figures I have quoted from the Tariff Board's report. The share of pyrites in the total raw material used in Australia has been downwards for seven years and that trend is certain to continue.

Is that what the Government wants? I do not think that there can be any doubt that the answer is yes. If it were not yes I do not think the Government would have given the Tariff Board to understand what the Tariff Board says it does understand, namely, that there has been a change of policy of encouraging the use of sulphur bearing materials of Australian origin for the production of sulphuric acid. I am sure the evidence shows that it is the Government's intention that the trend in respect of pyrites should continue. I think this needs emphasising to all those people in the various parts of Australia—Western Australia, South Australia, Tasmania and Queensland—who are interested in the production of pyrites. Perhaps in some ways it is unfortunate that after 10 or 11 years of a policy of paying almost £12 million in subsidies this is the stage we have reached in 1965. It is not a very convincing illustration of the intelligent use of a subsidy for the maintenance and development of Australian production.

The five pyrites producers that I have mentioned in stating the amounts paid to them in subsidies in 1964 employ, the Tariff Board's report tells us, 3,800 persons, of whom at least 350 are directly engaged in mining pyrites. Is there some sleight of hand in this section of the Tariff Board's report? How many are actually engaged in the mining of pyrites? Is it only 350 and, if so, why has there been mention of the 3,800 persons employed by these five companies? We know that these companies do not produce only pyrites. They produce other materials from their mines, but the Tariff Board has tended to suggest that 3,800 persons are involved in pyrites mining when perhaps there are only 350. There is some vagueness here that I think may be deliberate. How many are actually concerned? Then the implication is taken a little further. The report says that 35,000 people living in the towns concerned are directly dependent upon the mines. Are they directly dependent upon pyrites? Obviously not. There is no suggestion that the mines at Kalgoorlie, Mount Morgan and Mount Lyell are dependent on pyrites. If they had to stop producing pyrites—and it seems to be the Government's intention that sooner or later they should stop such production—would the mines close down? No. They

might be a little less profitable, they might reduce their scale of operation, and between them all they might put off 350 men, but certainly not 3,800. Between them all, some few of the 35,000 people who live in the towns might be adversely affected. However, the Tariff Board's report seems to indicate that if this bounty were not paid it might well be that 3,800 men would suddenly lose their jobs and 35,000 people directly dependent upon the mines might have to move elsewhere. I do not think this is fair reckoning. I do not think the Tariff Board has been quite straightforward on this. I think at best there has been some vagueness that should not exist.

I should like now to discuss sulphuric acid and its production. The payment of a bounty on sulphuric acid has been going on for much longer than that on pyrites. Although I have laid some stress on pyrites, it is far less important than sulphuric acid. Up to 1964 an amount of £1,794,000 has been paid on pyrites but £10,084,000 on sulphuric acid, so sulphuric acid is the much more costly substance that we are subsidising. The seven companies that produce sulphuric acid are much bigger and far more significant than the companies producing pyrites and most are thoroughly interlocked. My friend the honorable member for Lalor (Mr. Pollard) has their interlocking at his fingertips and during the course of his speech a little later tonight he will demonstrate this. It seems to me that a handout of about £1 million a year to these large interlocked enterprises is a considerable amount to ask the public of Australia to pay in these circumstances.

Also, I raise the question which I mentioned to the Minister: Is the bounty on sulphuric acid paid only on sulphuric acid that is made from pyrites or is it paid on sulphuric acid made from other materials? If it is, it is a particularly unjustifiable procedure. If it is possible for manufacturers to get a bounty on sulphuric acid produced from imported brimstone it would be utter stupidity. If it is possible for them to get a bounty on sulphuric acid produced from zinc concentrates it would probably be unjustified.

Mr. Pollard.—A lower bounty is paid in that case.

Dr. J. F. CAIRNS.—If the bounty is lower there may be something to justify it

but certainly the comparative costs of zinc concentrates, pyrites and even brimstone would not justify the payment of a substantial bounty. Perhaps information on this matter is available somewhere. I have not read every word of the Tariff Board's report for a week or 10 days, but as far as I know there is no clarity on this matter. I would like the Minister to clarify the situation.

The question I posed was: If the bounty was not paid what difference would it make to the seven companies which, in some cases, are very closely interlocked whose sulphuric acid production is only a relatively small part of their total operations? As the bounty is substantially paid in respect of the use of pyrites and as most producers are already preparing to shift out of the production of sulphuric acid from pyrites to other things, the non-payment of the bounty is not likely significantly to interfere with their operations. One has the feeling that this bounty is a kind of hand out at the end of the road to allow these companies, perhaps, to write off some of the capital they have invested, which they cannot otherwise do. The Government is, in a sense, giving them notice that there is a change of policy; that it will continue to encourage the production of sulphuric acid from Australian sulphur bearing materials; that it will pay the bounty until 1969 and therefore the companies may clean up what is left over. Is that the position? It seems pretty clear that it is.

The Opposition is not opposing the measure but we consider that there should be a much closer and more detailed inquiry. It may be that the Government's policy is wrong. It may be that the proposition that I quoted from page 3 of the Board's report, which is the basic proposition in the whole business—a change of policy from the encouragement of the use of Australian produced sulphur bearing materials—is wrong. It may be essential for purposes of national development to continue the policy which the Government is now changing. It may be desirable to exclude the importation altogether of brimstone. This is a distinct possibility. I do not think that anything the Tariff Board has done so far would justify us in believing that this may be the case. I direct the attention of the Minister particularly to a statement in the Tariff Board's report. This

is an astonishing statement to find at this stage in the business. I do not think the Board is to blame for this. I think that the Board has been put in its present position as a result of the situation that the Government has defined in respect to it. The Board states—

No other or additional forms of discharging the Government's obligations have been considered by the Board in what has been essentially a cursory examination of alternatives, undertaken merely to assist the Government should it wish to reconsider the question.

It is quite astonishing to me that the Board at this late stage should say that. The Board's first inquiry was made in 1954. It held another inquiry in 1958, another in 1960 and, I believe, another in 1962. It began this cursory inquiry, as the Board calls it, on 8th June 1964 and made its report on 30th June 1965—just over one year later although it was a cursory inquiry. This leads one to wonder how long the Tariff Board would take if it wanted to make a thorough and detailed inquiry. It is remarkable that the Government should be changing its policy on the basis of a cursory inquiry that has taken a little over a year to carry out and in respect of which the Board has reported—

No other or additional forms of discharging the Government's obligations . . . in what has been a cursory examination of alternatives . . .

The crux of the matter is the alternatives. What other alternatives are available? It is a matter of technical priorities. What are the possibilities in the future? Yet the Board makes a cursory examination of alternatives, on which the Government's position is defined.

The Opposition will not oppose this legislation. The bounty will be paid until 1969. Nobody will be put out of business, but we do not accept the situation. We believe that a closer and more detailed inquiry is needed. We believe that the crux of that inquiry should be a consideration of the technical alternatives. What is the future of pyrites production in Australia? Is the Government serving notice that, as far as this bounty is concerned, the Government will wind it up in about 1969? Does the Government know anything about the possibilities of this apparently new development. Between 1957 and 1963 the use of zinc concentrates as the basic raw material in the production of sulphuric acid increased by almost 6

per cent. while the use of pyrites for the same purpose decreased by about 6 per cent. What is the future of the development of zinc concentrates? Clearly these are alternatives which the Tariff Board should have taken into account. What is the possibility in the future of raw materials coming from the petroleum industry as by-products? This appears to be a developing field.

Mr. Pollard.—Gases for instance.

Dr. J. F. CAIRNS.—What are the possibilities in the future of production from gases, as the honorable member for Lalor mentioned? All of these things have been given a cursory examination on which the House is asked to approve an expenditure of £1½ million this year and to continue an expenditure at something like that rate each year until 1969. This is not good enough for any government or any party in opposition to accept. We will not oppose the Bill because we do not want to take action which might dislocate the already existing industry or upset it even worse than the Government's uncertainty over the last five or six years has upset it. We do not wish to upset the industry as much as the Government's indifference and change of policy undoubtedly will upset it. But at the same time as we refrain from standing in the way of the payment of this bounty, we believe that there should be a closer and more detailed inquiry before any final decisions about the future of policy are made. I put this to the Minister in the hope that he will take it seriously, because this is the considered position of the Opposition.

The Opposition anticipated that this Bill might have been debated last week. We took special steps to avoid that so that we could use the time in order to make a closer examination of the industry. This we have done and our considered position is that we do not intend to take any action which would add to the uncertainty or confusion that must exist in the minds of the industry as a result of the Government's attitude. At the same time, we believe that a much more detailed and close inquiry should be made, particularly in respect of the alternatives for the future, before any final policy is decided by the Government. We are refraining from moving any amendment, which we considered at length doing, because we believe that the position warrants

the full force of examination. The Opposition has refrained from taking positive action which may affect the industry. At the same time, we require the Government to take our position seriously and to give it the consideration that I am sure the industry and the people of Australia believe it deserves.

Mr. GILES (Angas) [9.50].—I was interested in the views of the honorable member for Yarra (Dr. J. F. Cairns). I am grateful that he has prompted my memory on a passage at page 10 of the Tariff Board's report. I think that many people probably agree with the thinking of the honorable member for Yarra on the future of the production of acid from pyrites. I would not say for a moment that I agree with him, but perhaps my opinion is coloured by the fact that Brokunga, which is the source of pyrites used by Nairne Pyrites Pty. Ltd., is in the electorate of Angas. This is a pleasant and well established town. The honorable member of Yarra said that a passage in the Tariff Board's report was incorrect, because it did allow for the continued existence of these towns if pyrites did not remain as the source material of sulphuric acid. This would not be so with the pyrites used by the Nairne company, and it would not be so with Sulphuric Acid Pty. Ltd., which uses the acid. It would not be so with Norseman Gold Mines, either. These sources do not process a raw material and finish with pyrites as a by-product. They mine for pyrites and the existence of the town depends on whether pyrites is to be the source of sulphuric acid.

The honorable member for Yarra questioned whether the Board's inquiry or inquiries had been cursory. I think it is appropriate to look at the terms of reference, which are included in the last report of the Board. The terms of reference are laid down by the Minister. On page 3 of its report, for instance, the Board states—

In pursuance of the Minister's reference the Board has made the necessary inquiry and submits the following report.

I think that possibly that is all the Board can be expected to do.

Dr. J. F. Cairns.—I said that.

Mr. GILES.—I am sorry; I did not hear the honorable member say that. I thought

he was trying to convey the impression that, in its inquiries, the Board should have had a look at the full problem involved in the production of acid from the various sources. We should appreciate that the inquiries of the Tariff Board are limited to the terms of reference. The suggestion has been made before that a fully inquiry be conducted into many aspects of the industry. Without boring the House by reading them, I point out that many of these aspects are mentioned in the report of the Tariff Board. However, a full inquiry could be a worthwhile exercise either by the Tariff Board or by some select committee.

I pass on to the subsidy. The question has been raised whether the subsidy applies more generally than merely to acid that is obtained from pyrites. My understanding is that a sliding scale applies from the point of production of pyrites to the production of sulphuric acid from pyrites. In South Australia, this is manufactured by Sulphuric Acid Pty. Ltd. A sliding scale subsidy also applies to sinter gas, which is produced by Broken Hill Associated Smelters Pty. Ltd. I think the honorable member for Yarra mentioned this out of context. Thirdly, then a flat rate bounty applies to the production of sulphuric acid. It is primarily to this matter that I want to direct my attention as I go along.

Before I do so, I would like to take up one or two points at this stage of the debate. The first is the rather interesting trend of the increasing percentage of production of sulphuric acid from zinc concentrates. This also was mentioned by the honorable member for Yarra. The percentages are 10.4 per cent. in 1955, and then 10.6 per cent., 11 per cent., 11.7 per cent., 12.2 per cent., 11.8 per cent., 14.1 per cent., 16.2 per cent. to 16.8 per cent. My understanding—I may be wrong—is that the capacity for the production of acid from this source is limited. This must be a very slow and long term process, if it is to be of any assistance in the production of sulphuric acid and subsequently of superphosphate. I would suggest that the increase in the use of zinc concentrates would barely keep up with the increasing use of superphosphate and sulphuric acid as an ingredient of it. As has been said, this is an interesting trend, but I do not think we can afford to minimise the importance of pyrites as a source of sulphuric acid, because of this trend.

The honorable member for Yarra, I think rightly, made the point—at one stage I wondered whether he would get there—that the price of brimstone is entirely responsible for the percentage figures he quoted from the chart that is proffered in the Tariff Board's report. It is not hard to imagine a situation in which the swing would start back the other way. In 1962, the sulphur content of sulphuric acid attributable to brimstone represented 50.4 per cent. of the total supplies used in Australia. The percentage was down to 49.3 in 1963. My information is that the price of brimstone can be expected to rise a little in the years to come. It is a matter now of deciding who is expert in this field. Someone must be able to do a projection of sorts, based on supplies of this material and shipping rates, and rationalise this with the value to Australia of a home produced article.

Dr. J. F. Cairns.—Do not mention the word "projection".

Mr. GILES.—I know it is a dangerous word to use. Perhaps I could dig up some other form of projection. The point at issue is that this must be looked at. On the evidence before me at this stage, I doubt whether it is rational or reasonable to say that in 1969 the overall production of acid from the source of pyrites should come to a halt. It may be as well at this stage for me to read from a letter I have received from Sulphuric Acid Pty. Ltd. in South Australia. It states—

We are very concerned to learn of the proposal to reduce the subsidy on sulphuric acid produced from pyrites from £3 to £2 10s. per ton, a figure which we suggest is not supported by the costs disclosed in this company's operations.

I have had access to the company's figures and I think that this is a reasonable statement. The letter continues—

The operation of price control in this State has unfortunately left us with little margin, and in a 10-year period we have accumulated only a comparatively small sum to augment our liquid funds.

This again is a matter with which I have had a nodding acquaintance, having belonged, may I say, to the left wing of the Playford Government in the Legislative Council of South Australia. For some years we debated price control and I voted in favour of it each year. I hasten to add that I always took the view that in the area of manufacture this was a far more dangerous

principle than it was in trade and commerce, such as in the selling of shoes. This is because the following argument immediately comes to mind: The problem has always been, under this form of restrictive legislation, that firms attempting to do an efficient job may not be able to do so due to lack of sufficient profits. They may not be able to put down enough of their depreciation allowance, or enough other funds into reserve to keep their plant modern. I think that Sulphuric Acid Pty. Ltd. in South Australia in many ways has received the worst of two worlds. It has been restricted on the one hand by State laws and, on the other hand, having an output of 97,000 tons out of an Australian total of 108,692 tons of acid produced from pyrites—those figures are from memory—now, because of this 10s. drop in bounty, it will receive the squeeze from the other end. The letter continues—

To illustrate our point we attach a statement showing cost, prices fixed and cash retention over a 10-year period. It will be noted from this that the total accumulated margin over the ten years amounts to only £90,000. A considerable sum in excess of this has of necessity been spent on plant extension and renewals (out of original capital) to enable production to be maintained and extended. The plant has now reached the stage when major renewals are necessary, but no liquid funds are available to meet these.

The Company has an obligation to repay £200,000 per annum to the Commonwealth Development Bank and this must be recovered in the price of acid. The Company is also permitted by the Taxation Department—

I have to admire their language—

to provide £189,000 per annum for depreciation which must also be recovered in the price of acid. The price fixed has consistently allowed only the £200,000 to be recovered, consequently no plant replacement reserve has been accumulated.

This leads automatically to the point made towards the end of the paragraph of the report referred to by the honorable member for Yarra. It makes one wonder exactly where we are going and what is to take place.

Mr. Pollard.—What company is this?

Mr. GILES.—Sulphuric Acid Pty. Ltd. in South Australia.

Mr. Pollard.—I will tell the honorable member another story about that company.

Mr. GILES.—I have not the slightest doubt that the honorable member can tell another story about it. I will presume to guess what the honorable member will say and will reply to him before he tells his story. First, let me finish reading the letter. It continues—

The whole of the amount received under the bounty and from the sale of pyritic cinder residue to Japan—

That is ferrous sulphate, from memory—has also been deducted each year in fixing the price.

So, Sir, we have the picture of a firm—perhaps it is wise that I make this point before the honorable member for Lalor speaks—which was asked in 1955, directly or indirectly, to set up a pyrites plant to manufacture sulphuric acid in the national interest. Primary producers in South Australia, and many others, were dependent on the supply of sulphuric acid, the supply of which at that stage was in some doubt. The price of brimstone was soaring. I think it is well to remember that this firm virtually has not made one pound of profit over all these years. Its depreciation allowance runs at £200,000 a year, the entire amount of which has been taken up in repayments of principal and interest to the Commonwealth Development Bank. I do not mind if the honorable member for Lalor points out that this is one of an interlocking series of companies. I think that was the phrase used by the honorable member for Yarra. The point in pure justice in relation to this particular firm—it might apply to other firms which I do not know so well—is that it was given Government funds to commence operations and it has not made any profit. I have mentioned also that its entire depreciation allowance has been used to make repayments to the Development Bank. Surely it is apposite to point out that because of this no funds are in existence to modernise a plant that is becoming fully depreciated. It is only common justice, as far as I can see, that this company should have some ability to replace its plant. If the honorable member for Lalor is going to develop an exercise on interlocking companies I point out to him that the shareholders of this company were asked to set up this plant in the

national interest. They now find themselves, at the end of a 12 year period, in the position where they cannot replace the plant or modernise it. Nor can they find an alternative use for the plant. I cite those facts in reply to any argument the honorable member may raise. However, I have great faith in the honorable member for Lalor and I know that he would not use such an argument because it would be ludicrous to try to convince either the general public or members on either side of the House that what I have said is not correct.

I move on to deal with one or two points I have missed. First, let me say that there is an inherent disadvantage suffered by producers of sulphuric acid from pyrites. For instance, in South Australia there are three separate companies producing sulphuric acid all situated in different spots around Adelaide. There is always the inbuilt disadvantage of the cost of extraction plants. It is a fair estimate to say that the cost of a plant to extract acid from brimstone is approximately half the cost of a plant to extract acid from pyrites. I am in quite a quandary in respect of that line of argument in view of what appears at page 7 of the Tariff Board report. In that report, under the heading "Pyritic acid producers" the following appears—

SAPL produces acid solely from pyrites supplied by Nairne. At the time of public inquiry, the plant was operating at full capacity. SAPL expected that demand for superphosphate in South Australia would accelerate, but, as it was uncertain about the future of the bounties, the company had deferred long term plans for expanding capacity. In the meantime, superphosphate manufacturers in South Australia have temporarily recommissioned small brimstone acid plants which had been closed down after SAPL commenced operations.

There is only one conclusion to be drawn from this. It is that the degree of viability of this company is in a stage of balance. That was the position when the old bounty was being paid. With the drop of 10s. in the sulphuric acid bounty it is problematical what will happen to the supply of sulphuric acid from this source in South Australia.

When I commenced speaking I commended the Tariff Board on the grounds of what it should not inquire into and what it should

inquire into. It may be opportune now to balance that argument. In balancing it up I would say that neither Sulphuric Acid Pty. Ltd. with which I have dealt primarily tonight nor indeed I myself have been able to find in the report of the Tariff Board any statistics or facts which prove to my satisfaction that the disadvantage has lessened between the production of acid from the source of pyrites and from the source of brimstone to the extent of 10s. in the £1. It is quite easy to plot, from figures I have from the company concerned, that the costs of production have fallen. Frankly, they have fallen far less in the last two years than they have prior to that time.

We are told by implication on the other hand that the cost of production of sulphuric acid from brimstone has fallen also, and that the difference amounts to a 10s. disadvantage in the cost of acid produced from the source of pyrites. I think that it is fair that if this House is to consider sensibly this case in a report of 13 pages from the Tariff Board, we should be given facts to prove what amounts to the main contention of the whole of this Bill. This is the point at issue in the minds of people who produce pyrites and more particularly in the minds of those who produce sulphuric acid from pyrites. It is at this point that the 10s. in the £1 decrease applies. It is a little difficult to follow this argument through to any degree of logicality, but for all I know this might be even more important to the consumers on the end of the process. So I do put in a small plea that, next time we are asked to consider something of this nature, we be given more statistics and more facts to justify exactly the point at issue.

A lot of interesting history which is quite useful is to be found in this report, but as the honorable member for Yarra has given an overall coverage of the picture, there seems to be no point in other honorable members proceeding to do the same thing. So, subsequent debaters of this Bill are left with the facts of the matter. The facts of the matter as far as I can see are more informative from a sheet of statistics that I have from the company concerned. I have no reason to doubt their accuracy. I regret that the Government has taken this step at this time to decrease the bounty on sulphuric acid from the

source of pyrites. I hope that in time to come some reason which we cannot see now will come to light as to why we should continue production of sulphuric acid from this home source. I hope that when this occurs an economic way of carrying out the production of acid for the important primary industries on which this type of production depends so greatly will be available.

Mr. DAVIES (Braddon) [10.13].—The Pyrites Bounty Bill (No. 2) 1965 is supported by the Opposition. It is proposed by this Bill to extend the period of the operation of the Pyrites Bounty Act for a further four years until 30th June 1969. The bounty, as indicated by the honorable member for Yarra (Dr. J. F. Cairns), is at the rate of £3 a ton on sulphur contained in pyrites. This basic rate is increased or decreased by the same amount as the landed duty on sulphur falls below or rises above the price of £16 a ton. It is interesting to note that this rise and fall occurs because of the disabilities of pyrites producers with regard to the cost of imported sulphur. As the honorable member for Yarra and I have indicated, the Opposition supports the Bill.

Pyrites in this country is produced by five companies. Since the last reference to the Tariff Board one company has gone out of operation. This was the Lake George Mines Pty. Ltd. in New South Wales. The five companies producing pyrites in Australia are the Norseman Gold Mines No Liability and Gold Mines of Kalgoorlie (Aus.) Limited in Western Australia, Nairne Pyrites Pty. Limited in South Australia, the Mount Lyell Mining and Railway Company Limited in Tasmania and Mount Morgan Limited in Queensland. Norseman and Nairne are wholly dependent on the mining of pyrites which forms the whole of their operations. In the case of the other companies, the mining of pyrites is a by-product, and a valuable one at that. G.M.K. of course produces gold and the mines of Mount Morgan and Mount Lyell produce mainly copper. Only a portion of the pyrites produced by G.M.K. is railed to acid works at Fremantle. No sulphur is obtained from the remainder of its output, which is processed at Kalgoorlie to extract gold. I know that the honorable member for Kalgoorlie (Mr. Collard) will have an

interesting and valuable contribution to make on this subject.

Pyrites from Norseman is used in acid production by Cresco Fertilisers (W.A.) Pty. Ltd. at Bayswater and by CSBP and Farmers Ltd. at Bassendean, both in Western Australia. We heard from the honorable member for Angas (Mr. Giles) a few moments ago of the output at Nairne, which is used by the Sulphuric Acid Pty. Limited to produce acid at North Birkenhead in South Australia. I thought that the honorable member for Angas was a little pessimistic in his hopes and ambitions for the pyrites industry in this country when he said that the manufacture of acid would be in time wholly and solely produced from imported brimstone. I think the people at Nairne and Norseman, whose townships and mining operations depend completely on the mining of pyrites, would be indeed sorry to see that day come. Pyrites from Mount Lyell is treated at the acid plants of Imperial Chemical Industries of Australia and New Zealand Limited at Yarraville in Victoria. I will have something to say about the financial connection between Mount Lyell and these fertiliser works—it dates back to 1904—which were eventually taken over by Boral and are now operated by I.C.I.A.N.Z.

Mount Morgan currently supplies two acid producers with pyrites. These are the Sulphide Corporation at Cockle Creek in New South Wales and ACF and Shirleys at Pinkenba at Brisbane in Queensland. Here again I am sorry to note, from the point of view of the national development, the use of indigenous materials and the need to conserve our overseas balance of payments position, that Mount Morgan Limited, ACF and Shirley announced its intention to produce with wholly imported brimstone after June 1965. The production of pyrites by these three companies has been mentioned by the honorable member for Yarra. In 1961-62, 184,023 tons were produced while the last recorded figures, which are for 1963-64, show 229,782 tons of pyrites produced in that year. If honorable members look at the table on page 6 of the Tariff Board's report on Sulphuric Acid and Pyrites Bounty Acts they will find that the sulphur content of pyrites, for instance, at

Mount Lyell on the west coast of Tasmania, stands at 49.5 per cent. That figure represents the sulphur content of pyrites in tons and the table sets out a comparison between this figure relating to brimstone and other mineral deposits throughout Australia. If honorable members look at the figures they will find that approximately 50 per cent. of the tons of pyrites that are mined and supplied to acid manufacturers contain sulphur.

This report, as the honorable member for Angas indicated, contains a mine of information. It is a pity that some of the confidential information supplied to the Tariff Board is not available to members of this Parliament. Some of us are in a position to obtain this information from companies in our own electorates, but it would be far better if some of the information was supplied in the reports of the Tariff Board or if it was made available to members generally. The Tariff Board reports that from the information supplied by the pyrites producers it appears that the total Australian output could be raised by 50 per cent. without increasing current capacity. That is correct. I feel sure that we could produce more and that we could increase our current output by more than 50 per cent. without additional costs, particularly in view of the great development that is taking place at the Renison Bell tin mine on the west coast of Tasmania. Let me briefly mention here that this mine has been taken over by Consolidated Goldfields of Australia in one of the takeover deals that I will refer to later. Whereas previously the mine produced a few hundred tons of ore a day, after the completion of the £2.5 million expansion contract which is now being proceeded with the mine will increase this figure to 3,000 tons of ore a day. From 3,000 tons of ore will come 1,500 tons of pyrites, and from 1,500 tons of pyrites, working on the basis of 50 per cent. sulphur, there will be 750 tons of elemental sulphur. Using for production purposes a figure of only 300 producing days a year, and with £15 a ton the price of elemental sulphur, as it is at present, it is found that the Renison mine alone when in full production can save this country £3 million annually for imported sulphur. The Mount Lyell Mining Company could easily produce 100,000 tons of pyrites a year. Working on the same proportion of 50 per cent. of

sulphur, this production would yield another 50,000 tons of elemental sulphur.

So the Tariff Board is quite correct when it says there is no doubt that the total Australian output could be raised by 50 per cent. without increasing current capacity. I have already told the House about the great mining boom that is taking place on the western coast of Tasmania, particularly at Renison, and of the vast increase in the output of ore. As I have said, we will have a production of 1,500 tons of pyrites every day at Renison and it is a pity to think that this may be washed down one of the streams or simply stockpiled somewhere so that it will be out of the way, while we are forced into the position of using increasing quantities of imported brimstone.

The Tariff Board was told about this possibility of increasing the use of pyrites. It was told that in the event of the pyrites mines having to cease operations it would not be possible to moth-ball plant and equipment, owing to the rapid rate of corrosion which would ensue. Mount Lyell stated that it would prove expensive to stockpile its pyrites at the mine since the heavy rainfall which prevails in that region would wash much of it away. One can imagine what would happen, in an area in which the rainfall is between 120 and 150 inches a year, to a stockpile of pyrites left in the open. The Tariff Board said in its report—

The five pyrites producers employ about 3,800 persons, of whom at least 350 are directly engaged in mining and processing pyrites. More than 33,000 people live in towns directly dependent upon the mines.

The honorable member for Yarra posed the question how many of these people would be thrown out of employment if Australia went over entirely to producing acid from brimstone. This is possibly not the right way to look at the problem. It is not so much a question of how many would be displaced; it is more a question of the amount of bounty the company attracts with its by-product, and of considering that in the overall financial returns from mining operations. Some of these mines have benefited to a great extent from the bounty. I think I know what would have happened in the past if the Mount Lyell company had not had the benefit of the bounty and when on some occasions it

finished up its mining operations in the red. On those occasions it was only because of the bounty that the company was able to break even and on some occasions to show a small profit.

I think the answer to the question asked by the honorable member for Yarra is this: If it were not for this little amount that a company gets from its by-products, it would not be long before some of the shareholders would begin to wonder whether the mining operations of the company as a whole were an economic proposition. I do not believe that it would be a matter of thinking along the lines: "We will close down our pyrites production"; it is more a question of looking at the whole overall financial operations of the company for a year, and when that is done the money derived from the bounty on by-products like pyrites becomes increasingly important. It is with this in view that I have put forward a case for Mount Lyell. I personally, and the Opposition as a whole, have supported these bounties for a number of years, and I sincerely hope, for reasons that I shall outline in a few minutes, that this bounty will continue for many years to come.

Brief mention has been made of the history of the Government's attitude to the use of pyrites in the manufacture of acid. It is correct, of course, that the companies concerned were encouraged to expand their operations during the Second World War, and they engaged in a great deal of capital expenditure for that purpose. The Government's departmental officers went around to the various mining fields at that time, interviewing managers and directors and practically begging them to do everything possible to use pyrites for the production of acid. One can readily imagine how shipping was being subjected to enemy attack at the time, and we can understand why the Government wanted to retain a process for the manufacture of acid from a locally produced material. If we are forced into a position in which we are entirely dependent upon imported brimstone it will be a sorry situation indeed, particularly if we disregard, in the meantime, all our supplies of pyrites and all our pyrites machinery.

The Government encouraged companies at that time to continue their production of

pyrites because of the tremendous importance of sulphuric acid. It is the basis of the manufacture of superphosphate, and we know of the tremendous value of that material to primary industry, which is our major export income earner. Every industrial concern of any note uses sulphuric acid at some time in its operations. There would be hardly an article in this chamber, for instance, that has not come into contact with sulphuric acid at some time during the process of manufacture. These mining organisations were encouraged during the Second World War to expand their pyrites operations so that we would not be entirely dependent on overseas supplies.

In 1950 there was a very grave world shortage of sulphur, and again the Australian Government asked producers to expand their operations, using local pyrites. The process in which pyrites is used is a very costly operation compared with the one in which imported brimstone is used. The honorable member for Angas has pointed out one or two of the disadvantages of using pyrites. There is, of course, a very heavy freight charge, because 50 per cent. of the product is of no value. In Tasmania the material has to be taken from the mine, separated in the concentrate process and then taken 26 miles by truck to Strahan. It is shipped from the west coast of Tasmania to Melbourne. Here we are taking a product in bulk and 50 per cent. of it is of no value. In the acid plant the iron oxide has to be separated from the elemental sulphur. As I have said, we are transporting 50 per cent. of iron oxide that is of no value at all. It is the elemental sulphur that we have to extract.

I was very interested to hear the views of Professor Hunter of the University of Sydney who, before the Tariff Board, directed attention to this very feature. He suggested that the Government should investigate ways and means of separating the elemental sulphur from the iron oxide at the place of production of the pyrites. If this separation could take place at the scene of mining operations we would save a tremendous amount in freight costs. This would be all to the good. I hope that the Government, through the Bureau of Mineral Resources and the various other agencies that it has at its command, will take action on the submission made by Professor

Hunter and conduct investigations into the possibility of breaking up the iron sulphide, or pyrites, as we know it, into the two components—iron oxide and elemental sulphur—at the site of the mine.

In asking the producers to expand their production of pyrites, we must bear in mind that acid producers will require larger plants than are required for the manufacture of sulphuric acid from brimstone. Time will not permit me to go into the process in detail, Mr. Deputy Speaker. With a larger plant a great deal of extra maintenance is needed on the plant itself. Furthermore, gas obtained from iron pyrites has to be cleaned to a much greater extent than gas obtained from a brimstone burning plant. When H_2SO_4 , or sulphuric acid, is produced from elemental sulphur obtained from pyrites there is a certain amount of sludge in it and this has to be cleaned out, whereas the acid produced from imported brimstone is fairly clean. All these additional costs make it much more expensive to manufacture sulphuric acid from pyrites.

The Government recognised all this in 1950 as it had been recognised during the Second World War. When there was a shortage of sulphur in 1950, the Government saw the purpose of using the local product, despite all the disadvantages. It appealed to producers of sulphuric acid to increase their use of the local pyrites and gave an undertaking to help them. It promised this assistance by way of bounty and the sulphuric acid bounty came into operation for the first time in 1954 under the terms of the Sulphuric Acid Bounty Act of that year. A change came over the scene during the 1950's because more deposits of brimstone were found overseas and the price of the imported commodity fell. This is reflected in the import figures, Mr. Deputy Speaker. The Statistical Service of the Parliamentary Library has kindly prepared for me statistics showing the total value of imports of sulphur into Australia in recent years. These indicate a tremendous rise in imports. The Service has also kindly prepared figures showing imports of sulphur by weight from the United States of America, Mexico and Canada. With the concurrence of honorable members, I incorporate the two tables in "Hansard".

AUSTRALIA—VALUE OF TOTAL IMPORTS OF SULPHUR FROM 1949-50 TO 1964-65.
(£A. f.o.b. port of shipment)

Year	Value of Sulphur Imported
1949-50	2,499,695
1950-51	3,515,936
1951-52	981,146
1952-53	2,550,325
1953-54	2,644,504
1954-55	2,720,089
1955-56	2,740,044
1956-57	1,707,168
1957-58	2,130,464
1958-59	1,950,603
1959-60	1,793,341
1960-61	2,402,234
1961-62	1,856,676
1962-63	2,340,659
1963-64	2,744,900
1964-65	3,239,000

AUSTRALIA—IMPORTS OF SULPHUR.

—	Total	From United States of America	From Mexico	From Canada
	Tons	Tons	Tons	Tons
1958-59 ..	174,053	106,525	54,768	..
1959-60 ..	169,547	110,541	58,589	..
1960-61 ..	233,754	159,802	69,459	..
1961-62 ..	176,933	130,092	40,153	1,502
1962-63 ..	233,749	140,863	54,972	21,218
1963-64 ..	304,304	172,588	78,599	47,523
1964-65 ..	374,549	135,131	63,639	175,754

The figures show that a very interesting development has taken place. We have no figures for imports from Canada until 1961-62, when we imported 1,502 tons of sulphur from that country. Imports from Canada rose dramatically from 21,218 tons in 1962-63, to 47,523 tons in 1963-64 and to 175,754 tons in 1964-65. We also import a considerable volume from Mexico and the United States. In 1964-65 we imported sulphur to a total value of £3,239,000. These imports represent a drain on our overseas reserves.

The high price of Australian production based on local pyrites brought about a change in the Government's policy and it is now of the opinion that we should use imported brimstone. The Tariff Board, in its report, admits that there is an obligation to local manufacturers who, during the

Second World War and in the early 1950's when there was a shortage of sulphur went to a great deal of expense in installing plant and undertaking work in order to carry out the Government's wishes and ensure that we would have adequate supplies of sulphuric acid in Australia in the event of any international disturbance. The local producers changed over to imported brimstone. A.C.F. and Shirleys Fertilisers Ltd. in Queensland, as I indicated earlier, will be using imported brimstone entirely after June of this year. Imperial Chemical Industries of Australia and New Zealand Ltd. in 1964 undertook tremendous expansion of its plant, based on the use of imported brimstone. Today we have only five pyritic acid plants in Australia apart from the I.C.I.A.N.Z. factory in Victoria that I have mentioned. The operators of these plants have stated that they can change them to brimstone plants at a small cost of some £20,000. As the Tariff Board declared, it is up to these manufacturers to say whether they propose to change from the use of pyrites to the use of brimstone.

I believe that the policy that has been adopted by the Government is wrong. Reports from producers of elemental sulphur overseas have indicated in recent weeks that there is concern about the extent of the deposits available to them, although no definite information is at hand yet. Despite the huge imports of sulphur from overseas, in recent weeks there have been suggestions that deposits of elemental sulphur available overseas may not be sufficient to maintain Australian imports of this magnitude. So I consider that the Government and the Tariff Board, and particularly the manufacturers who are changing so rapidly to the use of imported brimstone, should consider the matter again as quickly as possible. It would be a terrible thing for Australia if we found that our supplies of sulphur were cut off by some international disturbance and we had to revert to using pyrites. We would not be able to make the change at short notice and the Government should never allow us to get into such a situation.

The danger to the sulphuric acid industry was taken into account by the Tariff Board in conjunction with evidence submitted by the five mining companies and the acid manufacturers at the Board's last inquiry.

Evidence was given concerning the various problems that are foreseen, particularly if imported sulphur should be used entirely. The mining companies submitted four main reasons for the continued use of local pyrites. It was agreed that sulphur is a mineral of strategic importance and of great value, particularly in time of emergency when overseas supplies may be cut off. As I have stated, if this were to happen we could not revert at short notice to the manufacture of sulphuric acid from pyrites. It is important, even if for no reason other than defence needs, that we maintain our local industry. The local manufacturers also directed attention to the considerable savings in foreign exchange that could be effected by the use of sulphur from indigenous sources. As I have stated, we are importing annually sulphur worth £3,239,000 at a time when there is no need for such a large volume of imports of this commodity.

Mr. Deputy Speaker, I am especially interested in the position of the Mount Lyell Mining and Railway Co. Ltd. at Mount Lyell on the west coast of Tasmania. This company's mine has been in operation for 70 years. It operates on the lowest grade ore in the world. It is an extremely efficient mine. This has been recognised by mining experts all over the world. Some 7,000 people are directly or indirectly concerned or connected with the mine and interested economically in its well-being. Back in 1905, to find an outlet for pyrites, it started a chemical works in Victoria for the manufacture of fertiliser. During the next 30 years we sent about 150,000 tons to that works and in 1934 we changed from pyrites to pyritic concentrate. This was a by-product of the concentration plant. In the last 30 years we have shipped to Melbourne 1,400,000 tons for processing.

This connection of Mount Lyell with chemical works no longer exists, due to a series of take-overs. Now the people who control the fertiliser works are in a position to dictate the quantities they will take from Mount Lyell. The quantities they take depend almost entirely on whether the bounty is to be continued. It is for that reason that I strongly support the continuation of the bounty. Over the past 70 years some great subsidiaries have been built up. There were the chemical works and metal industries

and then, a few years ago, the financial operations of the company were split into two groups. We had the mining operation of the Mount Lyell Mining and Railway Company and also Mount Lyell Investments. This breaking up, I feel, weakened the position of the company and made it easier for take-overs. In came Patino and offered to take over. That company was unsuccessful because Boral outbid it. Later, Consolidated Gold Fields (Aust.) Pty. Ltd. took over from Boral. Because of the separation into two groups and because the mining operations were set out on their own, it became increasingly important to look for all sorts of means to obtain additional revenue to incorporate in the financial balance sheet of the company. So pyrites has often helped us over difficult times when the price of copper has not been as high as it is today. Pyrites has often helped us to keep open the mine and to provide employment.

As I said earlier, I will be very pleased if the bounty is continued for many years to come because the life of the open cut mine is expected to be another eight or nine years. It has been proved that under the open cut there is about 40 million tons of ore. If this deposit is to be operated it must be done economically. It will be a far more expensive operation than open cut mining and it will become more important that the bounty continue because this will add to the returns from the mining operations and enable us to keep afloat. Why should we not use the local indigenous product and so assist our overseas balance of payments position and guard against any disruption to our supplies in case of war. As I have already indicated, we are capable of producing 100,000 tons a year and Renison Bell is capable of producing anything up to 750 tons of sulphur a day, which would provide a saving of £3 million a year to this country.

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

Mr. COLLARD (Kalgoorlie) [10.43].—The purpose of one of the Bills before the House is to amend the Pyrites Bounty Act 1960, which was amended earlier this year by Act No. 37 of 1965. The 1960 Act provided a bounty period commencing on 1st January 1961 and expiring on the last

day of June this year. The Government therefore brought down a small amending Bill prior to that date. The Bill, which was passed by the Parliament, extended the bounty period for six months from the first day of July until the last day of December this year. The Bill with which we are now dealing will amend the Act further by extending the bounty period to the last day of June 1969, that is, for a period of three and a half years. This period is the term recommended by the Tariff Board. Of course, the period can be extended if there is need to do so when it expires. If necessary the action could be taken well before then, if the demand for the sulphur bearing material is still there. To my mind, the three and a half years term is not excessive. I believe that it certainly should not be any less than that if it is to meet the requirements of the mining companies which are producing sulphur bearing material. I shall say a few more words on that score a little later.

We must keep in mind that the Government of Australia is under some obligation to certain producers of sulphuric acid and sulphur bearing material for the part that they played in that production when supplies of brimstone were difficult to obtain from overseas. We cannot be sure that a similar position will not come about at some time in the not too distant future. For that reason alone I feel that we should, while it is possible to do so, and within reason, of course, ensure that the sulphur acid production plants and the sulphur material production mines are kept in operation. From 1958 up to and including June 1964 more than 1,300,000 tons of sulphur was imported by Australia, mainly from Mexico and the United States of America. Since 1958 the largest amount was imported during 1963-64 when more than 304,000 tons was brought in. In that same year we produced in Australia about 109,000 tons of pyrites. That met only about a quarter of our requirements. However, I suggest that the amount we are producing at this stage is not the all important factor. What is important is that we have the sulphur bearing material available in case our overseas sources fail or become in short supply while there is still an urgent demand for sulphur in Australia.

In 1950, as the honorable member for Braddon (Mr. Davies) has said, there was a

world shortage of sulphur which would have meant a shortage of sulphuric acid in this country and, in turn, a serious shortage of superphosphate for our primary industries. This position caused the Government of the time some serious concern. In primary industry, as honorable members are aware, the prime purpose of the use of sulphuric acid is to break down phosphate rock into superphosphate. Any shortage of superphosphate, because of a shortage of sulphuric acid, would mean a serious retardation of our primary production. Because of the great value of our primary industries in relation to overseas earnings the Government at that time thought it wise and necessary to encourage the mining of pyrites in Australia.

I think I am correct in saying that it was during the life of the Chifley Government that negotiations took place between the Government and companies which were producing or could produce sulphuric acid from the pyrites and also the companies which at the time were producing pyrites. The purpose of the negotiations was to arrive at an arrangement whereby the companies could be assisted to extract sulphur or produce pyrites, as the case may be, and also to ensure their protection against overseas companies or interests which could, when supplies became more freely available, supply the Australian requirements more cheaply than could be done with the materials produced and processed in Australia. The principle behind the idea was that the people who were prepared to install plants to extract sulphur from pyrites or to develop mines to produce the material when the supply was short and the demand was urgent should not be cast aside and forgotten if there should subsequently be a plentiful supply from elsewhere of the sulphur bearing material and the acid. There was a fair enough proposition, and the present Government continued that policy after it came into office. The bounty is still paid to acid producers as an encouragement to use Australian produced pyrites. The Bill to which I wish to refer relates mainly to assistance given to the industry which is producing pyrites, or sulphur-bearing material. It must be borne in mind that the mines from which pyrites is obtained cannot be turned on and off like a tap. If they are forced to close, most of them will remain

closed. In most cases, it would cost more to re-open them when the demand for their product is once again with us than it would cost to continue paying the bounty for several years.

The total amount paid out in bounties during the year ended June 1964 was £644,275. This was divided amongst five producing companies. Gold Mines of Kalgoorlie (Aust.) Ltd.—which, incidentally, produces gold mainly and pyrites only as a sideline—received a bounty of £48,539. The Mount Lyell Mining and Railway Co. Ltd., which produces copper mainly, received £177,463. Nairne Pyrites Pty. Ltd., which produces pyrites exclusively, received £207,973. Mount Morgan Ltd., which is also mainly a copper producer, received £109,707, and Norseman Gold Mines No Liability, which is exclusively a pyrites producer, received £100,593. Even with the sulphuric acid bounty added, the total amount estimated to be payable in the year 1965-66 is only £1,566,000, which is a very small sum compared with the total of £56,108,000 which is paid out in bounties and subsidies generally in Australia.

As I said earlier, the recommendation of the Tariff Board that the payment of the bounty be extended for a further three and a half years could not be considered excessive or beyond what is necessary when the circumstances relating to the mining of pyrites are appreciated. In fact, a mining company which is able to continue only because of the bounty it receives is restricted to quite some extent if it can be sure of only a further three and a half or four years of bounty period. However, generally speaking, a definite term of at least three and a half years will allow a mining company, under normal circumstances of mining, to carry out development work to open up further ore bodies of pyrites. This would not be possible, or at least would be a terrific gamble, if the term of the bounty was for some shorter period. It would certainly be a gamble if there was no certainty of continuation of bounty beyond the three and a half years. I am sure that some mining companies would not be prepared to take the gamble and would be more inclined to mine whatever ore was readily available, or simply to carry out only that amount of development work which would be sufficient

to keep the mine going until the expiry date for payment of bounties.

I suggest that it must be remembered that, in order to ensure the life of a mine, development work must be kept well ahead of the stoping or ore breaking work, and it is such development work as winzing, rising, cross-cutting and driving which is the most costly part of mining operations. A lot of work has to be done from which no revenue, or very little, is derived. Development work is usually carried out in mullock, and not in the sulphur bearing material. Therefore, in the case of a pyrites mine, not one penny is recovered from the development work to offset its cost.

To open up a new ore body and to get it ready for stoping and the production of sulphur bearing material may take six months or even longer, and this is all dead work for which no remuneration is received. It is quite obvious, therefore, that if a company is working on only a small profit it cannot take the odds as to whether the bounty will continue, particularly if the bounty presently being paid is to continue for only a short period. Companies must be positive that when the development work is completed, and they reach the stage where they can start producing sulphur bearing material, the bounty will continue to apply while they are actually bringing out the ore.

Further, we should not be concerned only with the mining companies. Very serious consideration must also be given to the welfare of the people who are dependent both directly and indirectly upon the mines. The closure of a mine, even a small one, can have a very serious effect on a whole town. Take as an example a mine employing about 100 men. If it ceases to function, all those men are out of work, and all the members of their families, who might number perhaps 150 or 200, are also seriously affected. One such mine would be Norseman Gold Mines No Liability, which produces pyrites exclusively. Therefore, I am pleased to see that on this occasion the bounty period is to be at least the same as applied from 1960.

There seems no reason why there should not be a similar extension in 1969. As things are at present, if there is any suggestion that the bounty will cease, it is possible that mining companies will concentrate only on rich or readily available ore. This in turn

could result in the employees looking elsewhere for security of employment and eventually the mines could face the further difficulty of lack of labour. But as this Bill provides for the payment of the bounty for a further 3½ years that position should not arise.

It might be appropriate at this stage to draw attention to the sulphur content of the pyrites being mined in Australia. If, in the not too distant future, we return to a position where there is a shortage of supplies of brimstone from overseas, it will be these mines which will be called upon to increase their production substantially so that sufficient supplies of sulphur will be available for our primary industries. For the year ended 30th June 1964, Norseman Gold Mines No Liability showed a 48.2 per cent. extraction. Mount Morgan Ltd. achieved an extraction of 50.8 per cent., the highest of the five companies producing pyrites. Nairne Pyrites Ltd. had an extraction of 40.7 per cent. Mount Lyell Mining and Railway Co. Ltd. achieved an extraction of 46.8 per cent. and Gold Mines of Kalgoorlie (Aust.) Ltd. had an extraction rate of 31.6 per cent. As I stated earlier, the production of sulphur concentrates is only a sideline with Gold Mines of Kalgoorlie. It obtains the sulphur concentrates from its gold extraction process. It produced only 7,938 tons of sulphur. The average extraction from the total production of 247,828 tons of pyrites by the five companies was 43.9 per cent.

Anyone who has had any experience of mining pyrites will agree that those are very good extraction figures and that they indicate how very valuable these producers will be if, at some later stage, there should be a shortage of supplies from overseas. Some might suggest that the mines to which I have referred should cease operations at times when there are plentiful supplies of sulphur-bearing material available so that much more of the local product will be available in times of shortage.

Mr. Pollard.—That would be a shameful suggestion.

Mr. COLLARD.—Someone may suggest it, so I am supplying the answer beforehand. While such a suggestion may sound all right, unfortunately one cannot turn the mines on and off at will. If they were to cease production they would soon become

unsafe and unworkable. Consequently when local supplies were desperately needed it would not be possible to bring the mines back to their stage of production at the time they ceased operations and therefore the additional material would be lost. For that reason it is wise to keep them operating while it is possible to do so. It would be most unwise to adopt a different attitude. We must also have regard to the treatment plants which would not last any time at all once they ceased operating. The corrosive effect would soon ruin these plants.

Because we could at some time be faced with a shortage from overseas the users of sulphuric acid should be obliged to use a percentage of the local product to ensure that the producers of pyrites can continue to operate. There is some obligation on the superphosphate companies, just as there is on the Government, to keep pyrites producers in business. It has been suggested that at some future time neither brimstone nor pyrites will be required and that sulphuric acid may be displaced by something equally as good and more readily available. If and when that happens we will be in a completely different position. We will not have worries about a possible shortage of brimstone or other sulphur bearing materials, but until it does happen, and until we can be quite certain that sulphur or sulphur bearing material is not required, we must ensure that the existing avenues for obtaining sulphur are kept open, and those producing pyrites should be assisted by the payment of the bounty.

It may be thought that the average receipt of something less than £129,000 annually by the pyrites producing companies does not play a big part in keeping the mines in production, but it would be wrong to arrive at such a conclusion, because that bounty is of considerable benefit. During 1963-64 the five companies concerned received £644,275 paid on 247,828 tons of pyrites from which 108,932 tons of sulphur was extracted. This means that they received about £2 12s. a ton of pyrites produced—not on every ton of ore produced, but on every ton of pyrites after the milling process. This has been of considerable assistance. It could easily mean the difference between a mine continuing to operate and its closing down. Both Norseman and Nairne are dependent entirely on the pro-

duction of pyrites and, as the Tariff Board report points out, there is little if any alternative employment in those places if the mines should cease production. This is an important factor. The removal of the bounty would result in an increase in costs to those companies mining gold or copper with pyrites as a sideline. This, in turn, would affect employment, particularly of those engaged on the pyrites production side of the operations. About 4,000 men are directly involved and many more are indirectly concerned. This factor must surely be considered. Just because a mine is producing pyrites as a side issue it should not be overlooked that sulphur concentrates can bring in some revenue whereby the overall production costs of the mine are reduced. Gold Mines of Kalgoorlie receives considerable assistance under the Gold-Mining Industry Assistance Act. Its production costs are above £13 10s. an ounce of gold recovered and gold is bringing only £15 12s. 6d. an ounce. By selling sulphur concentrates the company can recover about £50,000 per annum and this may be sufficient to enable the mine to keep operating and show some reasonable profit.

We hear a lot about decentralisation and about setting up industries outside metropolitan areas. Mining is a ready-made industry for decentralisation. In almost every instance mines are located in outback areas and they attract employees. If mines are closed down and there are no other local employment avenues the mining towns become ghost towns. On the score of decentralisation alone—the need to extend our population beyond the boundaries of cities—the expenditure of £500,000 a year, much of which is returned to the Treasury in taxes, is not much to pay to help achieve an objective about which so many talk but upon which so few take any action. If there were no use for pyrites or sulphur the position would be entirely different but at present, and for some time to come, I am sure there will be a heavy demand for these materials, and where we can recover the local product at a reasonable price we should continue to do so.

I notice in the Tariff Board's report a recommendation that the bounties be reviewed at least 12 months prior to their expiration. I hope this recommendation is adopted so that mining companies and their

employees will have ample warning should it ever be found no longer necessary to continue the production of pyrites or the use of sulphuric acid. I support the Bill.

Debate (on motion by Mr. Gray) adjourned.

ADJOURNMENT.

Afforestation—Vietnam.

Motion (by Mr. Fairhall) proposed—

That the House do now adjourn.

Mr. HAYDEN (Oxley) [11.9].—Tonight I am moved to speak about the attitude towards forestry projects in this country. Specifically, of course, I apply my attention to the attitude to forestry projects in my home State of Queensland. Forestry is a tremendously important subject for this Commonwealth. For a long time forest plantations operated by State Governments have been regarded as an avenue into which money has been put in times of economic fall off when there has been a need to resuscitate the economy. This is one of the fields in which the Commonwealth Government invests public money in an endeavour to pick up the growth of the economy. There was really no serious national application to the development of a planned afforestation or reafforestation policy to serve the future needs of Australia. It would seem that for many years there was no appreciation of how serious Australia's plight would be in the future through lack of provision of afforestation projects throughout the Commonwealth, particularly in the provision of softwoods. This represents a serious shortcoming on the part of the State and Commonwealth Governments.

In forestry we must realise the need to project our thoughts a long way ahead. About 20 years must elapse from the time the plant is placed in the ground until it has matured sufficiently for felling and processing. In talking of Australia's forestry needs we must not think in the short term of what we will need next year. We must take action to equip ourselves for the changes that will confront us in 20 years time. It appears that there has been some realisation in the Commonwealth of how seriously we are placed in relation to soft woods and of the demand that will exist in the next 20 years. The point I make is that

suddenly we have transposed ourselves from regarding forestry as an avenue of expenditure to absorb slackness in a depressed state in the economy to realising that this is a field that is extremely important to Australia and one in which we must invest money for Australia's future.

In this country we can successfully grow softwoods to meet our future requirements—to meet the increased demand that is now being met by imports. Anticipating how these imports will increase as demand increases, we can see the urgency of preventing this heavy demand from becoming a drain on our overseas balances.

Mr. Nixon.—What did a Labour government do about this?

Mr. HAYDEN.—That is a sensible question—something that we do not often get from the honorable member for Gippsland—so I think I am justified in spending some time on answering it. When Labour was in power in Queensland a lot of money was spent on forestry. The Queensland Labour Government was concerned about the welfare of unskilled labourers engaged in the industry. The Labour Government in Queensland had the most successful record of any State Government in the field of decentralisation. Forestry was one avenue in which money was invested to achieve this success. The honorable member would obtain some benefit if he were to read the Queensland "Year Book" and some of the economic reports on this subject.

There are a number of forestry plantations in the electorate of Oxley. Quite a number of people—government employees and unskilled labourers—are engaged in this work. Several towns in the electorate—some quite large—are dependent on the buoyancy of employment in forestry works for the circulation of money and the standard of prosperity of the people in the town. So when there is a cut back in forestry employment, the people in the town feel it and the standard of welfare of the town is placed in jeopardy. Recently there have been retrenchments of forestry employees in the Brisbane Valley, which is in my electorate. Some of those employees had many years of service. Some had

served for a decade in the Forestry Department. Arbitrarily, their services were dispensed with. Many of them had purchased homes in country towns. They found that they could not readily realise on their investment. This is often the case in country towns, where there is a limit to realisations of this kind. Additionally, these people had invested their futures and those of their young families in the country towns. I immediately contacted the Queensland Minister for Local Government and Conservation, Mr. Richter, who advised me that he was greatly distressed by the dismissal of the forestry workers. He agreed that there had been large numbers of dismissals in the Forestry Department. He said—

The necessity to terminate the services of Forestry workers at all centres in Queensland has been brought about by the insufficiency of the Loan Funds available to the Department for the financial year 1965-66.

It has been necessary to reduce the work force of the Department by over 200 men and unless additional funds become available the prospects of re-employing all or some of them is remote. Unfortunately the dismissals have in many cases brought the staffing below a level which was regarded as permanent staffing.

The Minister expressed his sorrow at the dismissals and said that unless there were some change in the financial position of the State there was not much he could do in the matter. Perhaps the honorable member for Gippsland (Mr. Nixon), whose party claims to have an interest in rural areas, could make representations in support of those that I now make for special funds to be made available by the Commonwealth to Queensland in order to permit forestry works to be carried out unhindered. Tonight I received a reply to a question that I asked upon notice of the Minister for National Development (Mr. Fairbairn). The Minister's answer was a masterly effort at evasion. He used between 150 and 200 words to say exactly nothing. I am no wiser now as to the Government's intentions in this matter than I was before I asked my question.

Let me refer to some of the background of forestry. The current rate of expenditure on softwood plantings indicates that over the next five years we will be spending annually about £16 million, but we should be spending £26 million or 62½ per cent.

more annually if we are to surmount the problem of the increasing demand for softwoods—a demand which is leaping ahead of our capacity to supply. The Australian Forestry Council, which comprises State Ministers concerned with forestry, has said that we should be planting 75,000 acres of softwoods a year if we are to have self-sufficiency by the year 2000. Newspaper articles have been written underscoring the urgency of the need to act immediately. We cannot put off this matter much longer. This is an important matter for Australia and Australian industry. Our present planting rate is only 37,000 acres a year. We must double our planting rate if we are to achieve self-sufficiency by the turn of the century. According to one authoritative report, we have only to spend £3 million on softwoods in order to save an import bill of £200 million by the year 2000. This seems to me to be cheap insurance. Surely the Government should act. Apart from the fact that people will suffer because of retrenchments, apart from the fact that towns will suffer and their standard of prosperity decline and apart from the fact that decentralisation will suffer, there is an extremely important long term consideration. We talk about import replacement. Here is an opportunity for urgent action. We must act now to meet the serious problem that will present itself in the next 20 years and most emphatically by the turn of the century. There is a need for the Government to act urgently and in a positive manner to overcome this problem.

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

Dr. J. F. CAIRNS (Yarra) [11.19].—I wish to say a few words on what has been called the "battle of the pamphlets". Last week the honorable member for La Trobe (Mr. Jess) asked the Prime Minister (Sir Robert Menzies) a question in which he suggested that I had written a pamphlet about Vietnam and that the pamphlet had been distributed in schools. Assuming this to be correct the honorable member asked the Prime Minister whether he would see to it that some action was taken to have a proper statement made on the matter for the benefit of school children. The first point I make is that the proposition in the question asked by the honorable member for La

Trobe was completely incorrect. I did write a pamphlet about the war in Vietnam and 30,500 copies of it were printed.

Mr. Nixon.—By whom?

Dr. J. F. CAIRNS.—It was printed for the Australian Labour Party by the Industrial Printing and Publicity Co. in Melbourne. The pamphlet was priced at 6d. It was advertised through the ordinary branches of the Australian Labour Party. The newspapers in the capital cities reported on it and we notified people that, if they would like copies of the pamphlet, they could get them at a cost of 6d. We had very many requests and copies of the pamphlet were supplied at a cost of 6d. It was not a give away job like that of the Government.

Mr. Bryant.—It was not done at public expense, either.

Dr. J. F. CAIRNS.—As the honorable member says, it was not done at public expense. It was done at private expense. It was published with the authority of the Australian Labour Party, printed by Industrial Printing and Publicity Co., sold for 6d. and 30,500 copies have been distributed, most of them being sold. The cost of more than £600 has been more than recouped in the sale of the pamphlet. The pamphlet I wrote was sold. It was bought by people, a number of whom thought it was worth more than 6d.

Mr. Turnbull.—That was before they read it.

Dr. J. F. CAIRNS.—The honorable member for Mallee is a great humorist at this hour of the night. We hardly hear anything of him during the day.

Mr. Turnbull.—Was it before they read it or not?

Dr. J. F. CAIRNS.—Has the honorable member read it?

Mr. Turnbull.—No.

Dr. J. F. CAIRNS.—He should get a copy and form his own judgment of it. In contrast to the way my pamphlet was produced, the Government, with all the resources of the Commonwealth at its disposal, has chosen to publish at public expense a document that contains nothing but extracts from a few speeches made by

Ministers. It is a party document. It consists of speeches made by a number of politicians, a number of members of the Parliament. It has been distributed at government expense to teachers and to other people in the community. It has been distributed at the expense of the people of Australia. The suggestion was made that this was done because my pamphlet had been distributed in the schools. I should think that some teachers have asked for copies of my pamphlet. If they have, they have received them. But we have taken no action whatever at any stage to distribute the pamphlet that I wrote to teachers or to children in schools. It was not part of our intention to do so. But an attempt was made to justify the circulation through the schools of this drummed up job of extracts from politicians' speeches, produced at the expense of the public, by making the completely unfounded claim that my pamphlet was circulated through schools. If this is the basis on which the Government and the honorable member for La Trobe seek to justify the circulation of this political document through the schools at public expense, their justification disappears completely.

Let me mention two other matters. First, I thank the honorable member for La Trobe and the Prime Minister for the wonderful advertisement they have given to the pamphlet that I have written, because we have had hundreds of requests for it. Most of the requests have come from teachers who, in letters that they have written to me, to my office and to the Australian Labour Party in Melbourne, have said that, if they are asked to distribute this document, this piece of paper that the Government has produced at public expense, they will also ensure that they distribute my pamphlet as well. Every second letter I open these days and have opened for five or six days contains a request for copies of the pamphlet that I wrote.

Mr. Swartz.—The honorable member knows that is not right. That was corrected by the Prime Minister.

Dr. J. F. CAIRNS.—What was corrected?

Mr. Swartz.—The allegation about distribution.

Dr. J. F. CAIRNS.—May I state the position as I understand it?

Mr. Swartz.—A copy was sent to the headmaster of each school.

Dr. J. F. CAIRNS.—Copies were sent?

Mr. Swartz.—One copy.

Dr. J. F. CAIRNS.—Two copies in some instances, because I know that is the number that was received. The Prime Minister said the headmasters could have more copies if they wanted them.

Mr. Swartz.—That is right.

Dr. J. F. CAIRNS.—What did I say that was contrary to that? Perhaps the Minister can tell me. This is not the first pamphlet that I have seen distributed in schools. I remember that in the course of a teach-in at Maribyrnong High School in Victoria, I suppose six weeks ago, I saw a couple of hundred leaflets that had been published by the Liberal Party. They were ready for circulation to the boys and girls in the leaving and matriculation classes at Maribyrnong High School. They had been taken there by former Senator Hannan. So, if any precedent is wanted for the circulation of political documents in schools, there is one. The point I make is that there is no justification for the position apparently taken by the Prime Minister. He seeks to justify the circulation to headmasters at schools of the Liberal Party's pamphlet—that is all it can be called—which was produced at public expense and which contains the speeches of a number of Liberal Party members of this Parliament, by alleging that my pamphlet had been circulated to schools. But this is completely false, because my pamphlet never has been.

I said that I thank the honorable member for La Trobe and the Prime Minister for the publicity they have given to my leaflet. I hope they will do the same for a book I will have published on 14th December. It is called "Living with Asia" and will be available through booksellers in the ordinary way. I hope that the Prime Minister, the honorable member for La Trobe, the honorable member for Parkes (Mr. Hughes) and anyone else who wants to discuss the book

will take advantage of the opportunity to do so. I believe it is most important that the war in Vietnam should be discussed. I believe it is important that pamphlets and books should be written about it. I approve even of the publication of the views of the Prime Minister and the Minister for External Affairs (Mr. Hasluck), but not at public expense. If honorable members opposite want to answer what I have done, let them to do it their own expense. They have a darn sight more money than I have. If they want to put their point of view to teachers or to anyone else in the community, let them do so at their own expense. That is precisely what we do.

I welcome the publication of pamphlets and books. More of them on this subject have never been published; there is now a flood of them. The other day someone sent me the titles of three books that had been recently published and said: "I hope you will make sure that they are in the National Library because, if these three books and most of those that have been published on Vietnam could be read even by members of the Liberal Party, I think the truth would eventually sink into their heads too." I hope that every pamphlet and every book that has been written on this subject receives the widest publicity. I hope that we continue with this great national debate on the question of Vietnam which began with the teach-ins at the beginning of this year. I hope that what has been made available to university students in the form of teach-ins will be made available to the people of Australia. I conclude by challenging every member of the Liberal Party and the Australian Country Party in Victoria to meet me in a debate on Vietnam in their own electorates between now and the time that the Parliament re-assembles next year. I formally issue a challenge to every member of the Liberal Party and the Australian Country Party in Victoria to meet me in debate in his own electorate in a teach-in for the people on the vastly important subject of Vietnam.

Question resolved in the affirmative.

House adjourned at 11.29 p.m.

ANSWERS TO QUESTIONS UPON NOTICE.

The following answers to questions upon notice were circulated—

Forestry Employees in Queensland.

(Question No. 1356.)

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

1. Is he able to say whether the Queensland Government has undertaken a retrenchment of forestry workers which has already affected over 200 employees?

2. If so, is it a fact that this action was necessitated because of a shortage of funds and is there little likelihood of the dismissed employees being re-engaged unless extra funds become available?

3. Have these dismissals in a number of instances resulted in staffs being reduced below what is regarded as the minimum level necessary to maintain plantations, apart from carrying out forestry expansion policies?

4. Is it a fact that this retrenchment has occurred at a time when Australia should be engaged in stepping up its softwood planting programme if it is to have any hope of adequately supplying its own future needs?

5. Will he consider taking steps to grant special assistance to Queensland in order to avoid any harmful restriction of its forestry programme and to ensure that the employment of forestry workers in that State is not jeopardised?

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

1, 2 and 3. I do understand that the Queensland Government has undertaken a retrenchment of about this number of forestry employees. As this is essentially a State Government responsibility it would not be appropriate for me to comment on the reasons or precise results of this decision.

4 and 5. The Australian Forestry Council has recommended that the softwood planting programme be stepped up as early as possible to 75,000 acres per annum. This recommendation and its financial implications are at present under active consideration by the Commonwealth and State Governments.

Aliens.

(Question No. 1514.)

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

1. How many aliens have—

- (a) registered; and
- (b) not registered,

under the new Aliens Act?

2. How many prosecutions have been launched under the new Act since the end of October and what has been the result of the prosecutions?

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

1. (a) Notifications of address, occupation or employment and marital status have been received from 283,735 aliens residing in Australia.

(b) Interstate movements of aliens, variations of foreign names, etc., have made it a time-consuming process to reconcile notifications received with the index which is maintained on a State basis. However, it has been established that the overall figure of 396,012 aliens recorded in the index on 30th August 1965 is an inflated one as deaths and departures have not always been notified. In view of this, it is not as yet possible to determine the actual number who have not lodged notifications.

2. Nil. Pending reconciliation of the notifications received with the index, general prosecution action cannot be taken. However, prosecutions will be launched in individual cases where default is considered to have been wilful.

Drugs.

(Question No. 1502.)

Mr. Daly asked the Minister for Health, upon notice—

1. Is it a fact that Sedormid tablets are not available in New South Wales because of their side effects?

2. If so, what are the side effects of the drug?

3. Are there any substitutes for the drug? If so, what are the names of the substitutes?

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

1. Yes. Sedormid tablets have been withdrawn from the Australian market, having been declared a prohibited import as the result of a recommendation by the Australian Drug Evaluation Committee.

2. It has been found that medication with Sedormid tablets can cause a serious blood condition known as thrombocytopenia purpura, which is sometimes fatal.

3. Yes. Barbiturates, chloral hydrate, paraldehyde, sodium or potassium bromide, glutethimide, bromvaletone, meprobamate, promethazine hydrochloride, and phenothiazine derivatives are alternative drugs which may be prescribed in lieu of Sedormid tablets.

Australian Military Forces.

(Question No. 1498.)

Mr. Daly asked the Minister for the Army, upon notice—

How many persons volunteered to join the Army and how many were (a) accepted and (b) rejected in each of the last five years?

Dr. Forbes.—The answer to the honorable member's question is as follows—

The number of volunteers for the Regular Army, the number accepted and the number rejected, in each of the last five years, was—

Year	Volunteers	Accepted	Rejected*
1960-61 ..	10,083	2,430	7,653
1961-62 ..	12,701	3,425	9,276
1962-63 ..	11,562	3,162	8,400
1963-64 ..	11,600	3,010	8,590
1964-65 ..	11,463	3,789	7,674

* Includes "applications withdrawn", &c.

Dredging of Botany Bay.

(Question No. 1483.)

Mr. Bosman asked the Minister representing the Minister for Works, upon notice—

1. Has a claim been received from the Government of New South Wales for compensation for damage to the foreshores of Botany Bay due to the dredging of the Bay for the Kingsford-Smith Airport runway extension?

2. If so, what is the Department's attitude to the claim?

3. Have more suitable locations farther off shore been chosen for further dredging for the North-West Terminal site.

Mr. Freeth.—The Minister for Works has supplied the following information—

1. The Department of Works has received a letter, dated 19th November 1965, from the Maritime Services Board of New South Wales expressing the opinion that the dredging of the area of Botany Bay for the runway extension has contributed materially to the erosion of Lady Robinson's Beach in the vicinity of Cook Park, between Bestic and Rowley Streets. The Board has asked the Department to undertake remedial work to the beach and has suggested discussions with our officers to enable a satisfactory solution to this problem to be achieved. These discussions took place on 7th December 1965.

2. The Department has closely followed the directions and advice of the Maritime Services Board in regard to the area of the bay from which the contractor has been permitted to remove sand. Some time ago the Board engaged Wallingford Hydraulics Research Station, Berkshire, England, to supply expert advice in relation to hydraulic surveys and studies to determine the possible influence of proposed State Government works on sand movements and wave reflections in Botany Bay. Following Commonwealth proposals for runway extensions into Botany Bay the Commonwealth arranged with the Board that the studies be extended to include the effect of these Commonwealth works and the associated dredging. A preliminary report received from the research station has been discussed with the Maritime Services Board but no decision has been reached as to the extent of the Commonwealth liability.

3. The Department is awaiting further advice through the Maritime Services Board from the Wallingford Hydraulics Research Station, which is investigating this matter also.