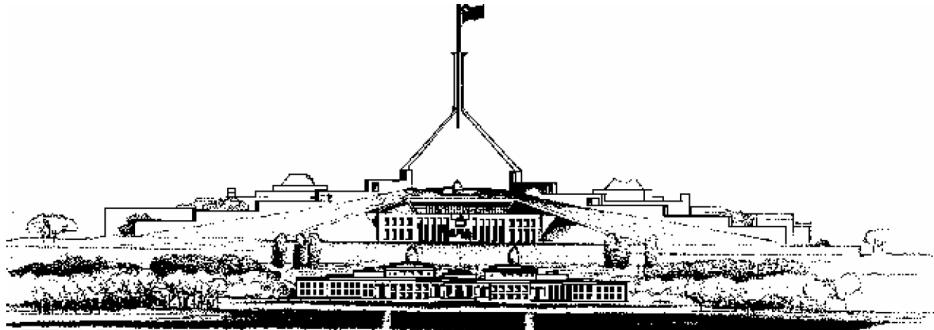




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 25, 1945
Thursday, 21 June 1945

SEVENTEENTH PARLIAMENT
THIRD SESSION—FIRST PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

PARLIAMENT OF THE COMMONWEALTH.

SEVENTEENTH PARLIAMENT—THIRD SESSION: FIRST PERIOD.

GOVERNOR-GENERAL.

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

SECOND CURTIN GOVERNMENT.

(SWORN IN ON THE 21ST SEPTEMBER, 1943.)

(CABINET AS FROM THE 2ND FEBRUARY, 1945.)

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

(¹) War Cabinet.

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

SEVENTEENTH PARLIAMENT—*continued.*

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FORDE GOVERNMENT.

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

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

(¹) War Cabinet.

SEVENTEENTH PARLIAMENT—*continued.*

CHIFLEY GOVERNMENT.

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

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

(*¹) War Cabinet.

AUSTRALIAN ADVISORY WAR COUNCIL.

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

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

THE MEMBERS OF THE SENATE.

(FROM THE 1ST JULY, 1944.)

SEVENTEENTH PARLIAMENT—THIRD SESSION: FIRST PERIOD.

President—Senator the Honorable Gordon Brown.

Chairman of Committees—Senator Benjamin Courtice.

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

Leader of the Opposition—Senator the Honorable George McLeay.

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

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

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

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

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

ERRATUM.

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

Sheehan, James Michael‡ Victoria

THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

SEVENTEENTH PARLIAMENT—THIRD SESSION: FIRST PERIOD.

Speaker—The Honorable John Solomon Rosevear.

Chairman of Committees—William James Frederick Riordan.

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

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

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

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

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

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

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

(²) Died, the 5th July, 1945.

(³) Elected, the 18th August, 1945.

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

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

THE COMMITTEES OF THE SESSION.

JOINT.

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

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

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

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

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

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

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

SENATE.

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

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

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

HOUSE OF REPRESENTATIVES.

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

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

PARLIAMENTARY DEPARTMENTS.

SENATE.

Clerk—J. E. Edwards.

Clerk-Assistant—R. H. C. Loof.

Usher of the Black Rod—W. I. Emerton.

HOUSE OF REPRESENTATIVES.

Clerk—F. C. Green, M.C.

Clerk-Assistant—A. A. Tregear.

Second Clerk-Assistant—S. F. Chubb.

Sergeant-at-Arms—H. A. Dodd.

PARLIAMENTARY REPORTING STAFF.

Principal Reporter—G. H. Romans.

Second Reporter—A. P. Adams.

LIBRARY.

Librarian—K. Binns.

Assistant Librarian—H. L. White.

JOINT HOUSE.

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

THE ACTS OF THE SESSION.

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

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

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

An Act to grant and apply an additional sum out of the Consolidated Revenue Fund for the service of the year ending the thirtieth day of June, One thousand nine hundred and forty-five, and to appropriate such sum.

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

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

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

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

BANKING ACT 1945 (No. 14 of 1945)—

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

BANKRUPTCY ACT 1945 (No. 42 of 1945)—

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

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

An Act to approve the Charter of the United Nations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EDUCATION ACT 1945 (No. 55 of 1945)—

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

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

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

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

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

INCOME TAX ACT 1945 (No. 5 of 1945)—

An Act to impose a Tax upon Incomes.

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

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

THE ACTS OF THE SESSION—continued.

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

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

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

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

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

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

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

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

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

An Act relating to Life Insurance and other matters.

LOAN ACT 1945 (No. 19 of 1945)—

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

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

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

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

An Act relating to Matrimonial Causes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

An Act to impose a Social Services Contribution.

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

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

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

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

SUPERANNUATION ACT 1945 (No. 15 of 1945)—

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

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

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

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

An Act to appropriate a further sum out of the Consolidated Revenue Fund for the service of the year ended the thirtieth day of June, One thousand nine hundred and forty-four.

THE ACTS OF THE SESSION—*continued.*

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

An Act to appropriate a further sum out of the Consolidated Revenue Fund for the service of the year ended the thirtieth day of June, One thousand nine hundred and forty-four, for the purpose of Additions, New Works, Buildings, &c.

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

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

TUBERCULOSIS ACT 1945 (No. 46 or 1945)—

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

WAR CRIMES ACT 1945 (No. 48 or 1945)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WOOL TAX ACT 1945 (No. 2 or 1945)—

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

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

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

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

ERRATA.

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

SEVENTEENTH PARLIAMENT—THIRD SESSION.

(*Gazette* No. 28, 1945.)

PROCLAMATION

Commonwealth of
Australia to wit.

HENRY
Governor-General.

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

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

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

Furthermore I do appoint the said Wednesday, the twenty-first day of February, One thousand nine hundred and forty-five, or such earlier date (if any) as is fixed by Proclamation, as the day for the said Parliament to assemble and be holden for the despatch of business. And all Senators and Members of the House of Representatives are hereby required to give their attendance accordingly, in the building known as Parliament House, Canberra, at three o'clock p.m., on the said Wednesday, the twenty-first day of February, One thousand nine hundred and forty-five, or in the event of an earlier date being fixed by Proclamation, at three o'clock p.m. on the date so fixed.

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

By His Royal Highness's Command,

JOHN CURTIN

Prime Minister.

GOD SAVE THE KING!

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House of Representatives.

Thursday, 21 June, 1945.

Mr. SPEAKER (Hon. J. S. Rosevear) took the chair at 10.30 a.m., and read prayers.

ORDER OF PRECEDENCE.

Mr. HARRISON.—I ask you, Mr. Speaker, whether a new order of precedence at official functions in which Mr. Speaker will occupy a more appropriate position, was arranged at the meeting of the Parliamentary Labour party yesterday? In view of the solicitude of Opposition members for your welfare, are you, sir, satisfied that the position to which the Speaker has been elevated in the order of precedence is in keeping with the dignity of your office?

Mr. SPEAKER.—I have not the least doubt that, in due course, the Acting Prime Minister will make an announcement in regard to the order of precedence.

Mr. HARRISON.—The order has been published in the press this morning.

Mr. SPEAKER.—My reply to the second portion of the question is, that I am always satisfied with majority control.

COAL-MINING INDUSTRY.

NORTHERN COAL-FIELDS.

Mr. WILLIAMS.—Will the Minister representing the Minister for Supply and Shipping state what is the position on the northern coal-fields to-day? Are all the mines again working? Can the Minister say whether gas, or electricity or both are to be rationed in Sydney?

Mr. BEASLEY.—The Acting Prime Minister has handed to me a note, which states that in the northern and western districts all the mines are working, and in the southern district the South Clifton colliery continues to be idle because of a fall of earth caused by bad weather. I shall need to consult with the Minister for Supply and Shipping in order to ascertain whether or not rationing of gas and/or electricity is to be imposed in Sydney.

TOBACCO RATION.

CONCESSION TO WONTHAGGI MINERS.

Mr. ABBOTT.—I ask the Minister representing the Minister for Trade and Customs whether the men employed at the State coal-mine at Wonthaggi threatened last Friday that they would not work this week unless tobacco were

made available to them? Was this threatened industrial trouble averted by the decision of the Tobacco Distribution Board to send next month's quota of tobacco to Wonthaggi immediately? If so, in view of this happening, and the fact that on other occasions supplies of tobacco were made available to trade unionists who had threatened to strike, will the Minister state when the Government proposes to cease giving preferential treatment to trade unionists while civilians have the greatest difficulty in purchasing even a packet of cigarettes?

Mr. BEASLEY.—I have not read the press report on the matter to which the honorable member has referred. He said that discrimination had been shown between trade unionists and civilians, and the thought occurred to me that trade unionists are also civilians. Although I am a non-smoker, tobacco seems to form an important part of the regimen in the every-day life of the people, and the proper approach to the matter is to endeavour to increase the supplies of tobacco. Then the difficulty mentioned by the honorable member would not arise.

HOUSING.

Mr. RYAN.—Will the Minister for Post-war Reconstruction state what steps have been taken by his department to ensure that expenditure on new buildings authorized by permits issued by his department shall not be exceeded? When that sum is exceeded, what further action is taken by the department? In a case which was brought to my notice this morning, a building being erected in my constituency consists of three storeys of brick and several outbuildings. The actual cost estimated by a well-known architect is about £5,000, but the permit issued by the department provides for the expenditure of only £500.

Mr. DEDMAN.—My department employs a small staff of inspectors to investigate conditions under which building permits have been issued in order to ensure that the expenditure which has been sanctioned is not exceeded. Of course it is not possible to detect every infringement of the conditions of the permits, but the department relies on the public to furnish it with information

regarding the matter. If the honorable member will supply to me details of the case to which he has referred, I shall have it investigated immediately, provided that has not already been done. From what the honorable member has said, I should think that the case has already been brought to the notice of my department and that proceedings may be pending with regard to it. If, on inspection, it is found that the conditions of a permit have been grossly departed from, details regarding the matter are forwarded to the Attorney-General's Department for action, with a recommendation from my department as to what should be done. If it can be proved that the building referred to has been proceeded with to the extent stated by the honorable member, I am sure that a prosecution will be launched against the offending party.

AUDITOR-GENERAL'S REPORT.

Mr. FADDEN.—During the unavoidable absence of the Acting Prime Minister yesterday, I suggested that immediate action should be taken to investigate the highly unsatisfactory state of affairs revealed by the Auditor-General's report. I now ask the Acting Prime Minister whether, in view of the strong criticism by the Auditor-General of inefficiency in accounting, stocktaking methods and wasteful expenditure, particularly in the Munitions, Army, Aircraft Production and other departments, he will consider the appointment of an independent committee of practising accountants to investigate and report upon ways of remedying the unsatisfactory state of affairs disclosed by the Auditor-General. Some of the transactions criticized date back as far as 1941?

Mr. CHIFLEY.—The right honorable member may rest assured that matters which have been brought under notice in the Auditor-General's report with regard to costing will be considered. Some of the troubles that have arisen in this regard date back to 1940, and it is difficult in many cases to get accurate costing. I know from my own experience that it is hard to obtain the services of extra men, but I assure the honorable member that the Government will do whatever is possible to have an examination made.

INCOME TAXATION.

OVERTIME PAYMENTS.

Mr. HARRISON.—Has the Government considered any proposals to reduce taxation on overtime payments? Has the Treasurer taken into consideration the added incentive to produce which such a reduction would bring about? If so, what does he believe would be the overall effect of taxing overtime at the gross rate on the recipient's base earnings?

Mr. CHIFLEY.—The Government has received many representations on the subject of taxation rates on payments for overtime. I have considered these, and have recommended that it is impracticable, under the graduated system of taxation, to discriminate in favour of amounts received over and above the regular weekly wage.

Mr. FADDEN.—It is quite impracticable.

Mr. CHIFLEY.—Such a system, if it were introduced, would have to be applied to people other than weekly wage-earners. Among others, it would have to be applied to primary producers, many of whom obtain a high return during a few months, but in succeeding months make practically no profit at all. This obtains right through the taxable field. I am satisfied that there is no practicable method of giving effect to the request for special taxation rates on payment for overtime, without having to apply the same system to bonuses, and to returns received by primary producers and others over and above their normal incomes. For that reason I made it perfectly clear to the trade union representatives who approached me, and to members of the Labour party, that the proposal could not be entertained.

AUSTRALIAN FORCES.

RELEASE OF LONG-SERVICE PERSONNEL.

Mr. ABBOTT.—I have received a letter from a Western Australian soldier stationed at Wallgrove, in New South Wales, who enlisted on the 8th January, 1940, and has seen service in Greece, Crete, Libya and New Guinea. After the Acting Prime Minister made his announcement about the release of long-service men, he applied to his commanding officer for his release, but the application was refused, and he has written to

me for information. In the course of his letter he states—

As soon as I saw the announcement in the paper regarding this subject, I made written application to my C.O. for release, but received word back from him that, owing to having received no official communication he was not in a position to recommend it.

Can the Minister representing the Acting Minister for the Army say when commanding officers in the Army are likely to receive official notification that the applications of long-service personnel for release are to be received and dealt with as soon as possible?

Mr. DEDMAN.—It is obvious that the honorable member is trying to elicit from me, as Minister representing the Acting Minister for the Army, information which he tried to obtain yesterday from the Acting Prime Minister by a series of questions. The Acting Prime Minister made it clear that releases of long-service personnel were to be on a graduated scale. He also said that early next week he hoped to make a full statement on the subject, setting out the conditions and number of men to be released. The honorable member should exercise patience and wait until that statement is made. In the meantime, I shall refer his question to my colleague the Acting Minister for the Army.

Mr. ABBOTT.—I shall preface a question which I desire to ask the Acting Prime Minister by quoting from a letter which I have only just received from the mother of a soldier at Tarakan. She writes—

My son who is one of the Tobruk "rats" and now into his sixth year, applied for his release before they left north Queensland. Although his medical officer recommended a B2 class with a possible release, this was refused and he was sent to Tarakan, where he took part in the landing, then went down with malaria. He is now again in the front line at Tarakan. He has had eighteen attacks of malaria, with complications.

Will the Acting Prime Minister instruct the General Officer Commanding the Army that invalids and B class men with over five years' service must not be sent to battle areas in any circumstances?

Mr. CHIFLEY.—Like a dog with a bone, the honorable member returns to his subject at every opportunity. I have already informed the House that I hope

next week to be able to make a more detailed statement of the decision regarding the release of men with five years' service, which was recently made by the Government after discussion by the Advisory War Council. Certain arrangements have to be made, as I announced in the statement which I made to the House, to secure the discharges of the men on a properly graduated scale. I have not said that any order was issued that men with any particular period of service to their credit were to be released from any of the services. When the further detailed announcement is made, the honorable member will learn that men such as he has mentioned will not be sent to forward areas in the future. However, the new arrangements can operate only from a fixed date. I shall investigate the special case mentioned by the honorable member if he will supply me with the information in his possession.

ROYAL AUSTRALIAN AIR FORCE.

WOMEN'S AUXILIARY AUSTRALIAN AIR FORCE—HOURS OF DUTY—USE OF OFFICIAL CARS.

Mr. WHITE.—Has the attention of the Minister for Air been drawn to a press report of a court case in Melbourne for damages in connexion with a fatal accident, in which a driver of the Women's Auxiliary Australian Air Force gave evidence that she had been on duty for eighteen hours? Will the Minister say whether such a statement could be correct, and, as the accident happened while driving to a social function, will he have an inquiry made with a view to restrictions being placed on the use of service cars for such purposes, and to prevent drivers from being on duty for such long periods?

Mr. DRAKEFORD.—I have seen the report and have caused inquiries to be made to ascertain why the woman was kept on duty for such a long period, with a view to preventing further accidents, whether cars are being driven to social functions or are being used on duty. In my opinion, the hours described in the report as having been sworn to by the driver are longer than would be reasonable in any circumstances.

The honorable member may rest assured that action will be taken to prevent a recurrence of such an incident.

PARLIAMENTARY DEBATES.

STATEMENT BY MR. R. G. MENZIES, M.P.

Mr. MORGAN.—Has the Acting Prime Minister read the press report of a speech delivered in Melbourne on Monday by the Leader of the Opposition (Mr. Menzies), in which the right honorable gentleman said that Parliament had virtually been abolished, in that only five members had listened to 61 speeches delivered in this chamber during recent weeks? Further, can the Minister say whether the lack of interest in the speeches of the Leader of the Opposition was due to the absence of his own brigade or to the nature of some of those speeches?

Mr. CHIFLEY.—I did see a press report of what purported to be a statement by the Leader of the Opposition, but I do not remember the details of it. I would naturally expect that on the occasion referred to the right honorable gentleman would make strong statements with the object of discrediting the Government, but I do not take such statements seriously; and I imagine that the Leader of the Opposition would not take seriously all that I might say on similar occasions.

AGRICULTURAL MACHINERY.

Sir EARLE PAGE.—Is the Minister for Commerce and Agriculture responsible for the advertisement appearing in the press this week headed, "Check your machinery now—later, it may be too late", in which farmers are advised to get the parts they require by ordering them now? If so, does not the Minister know that it is impossible to secure certain essential parts of farm machinery, although some have been on order for nine months, especially tractors, and will he immediately discontinue this costly and futile advertising campaign or arrange for supplies of the parts?

Mr. SCULLY.—It is a fact that those advertisements have been placed in various newspapers, especially country newspapers, asking people whose harvesting and other machinery requires overhaul and spare parts to make application now

so that the manufacturers may know requirements in advance. My department is doing everything possible to expedite the manufacture of spare parts. The position has improved considerably and will still further improve. Previously, for reasons well known to the right honorable gentleman, it was impossible to manufacture the full number of spare parts required, but, owing to the improvement of the war situation, it has been found possible to convert certain former munitions factories for the manufacture of farm machinery and parts. That is the reason for the advertisement.

ENEMY PRISONERS OF WAR.

REPATRIATION.

Mr. CLARK.—I ask the Acting Prime Minister whether German and Italian prisoners of war in Australia are held for the Commonwealth Government or the Government of the United Kingdom? Who lays down the conditions for their employment? Will they be repatriated by the United Kingdom Government or by the Commonwealth Government? When will repatriation be effected?

Mr. CHIFLEY.—It would be better if I prepared a detailed reply to the honorable gentleman's question, but I can say now that practically all, if not all, German and Italian prisoners of war in Australia are within the jurisdiction of the Government of the United Kingdom. I understand that the rates of pay, conditions of employment and types of employment for prisoners of war are governed by an international agreement. The rates to be paid by people who employ prisoners of war are determined by the Commonwealth Government, and the difference between the two amounts is paid by their employers through this Government to the United Kingdom Government. All the prisoners of war will be repatriated. Arrangements for their repatriation, I assume, will be negotiated between the Commonwealth Government and the United Kingdom Government. I have no doubt that, as the latter government bore the expenses of bringing them to Australia it will also bear the expenses of their repatriation.

BREAD ZONING.

REGULATIONS.

Sir FREDERICK STEWART.—I ask the Acting Attorney-General whether in view of the announcement by the Acting Prime Minister that it is not proposed to prosecute the people responsible for the infringement of regulations in connexion with the recent strike on the South Maitland coal-fields, will the Acting Attorney-General extend the same leniency to Mrs. Stenhouse, who has been prosecuted time after time for the "heinous" offence of baking bread?

Mr. BEASLEY.—The question is not properly directed. The Attorney-General's Department is only the instrument whereby other departments enforce the law. The department does not set out in the first instance to initiate prosecutions. Breaches are reported to it by other departments with requests for appropriate action.

Sir FREDERICK STEWART.—Surely, the honorable gentleman determines whether prosecutions should be launched.

Mr. BEASLEY.—If the Department of Supply and Shipping suggested that the coal-miners be prosecuted, the Attorney-General's Department would proceed to send the case to the appropriate tribunal; but it does not, in fact, originate the case. For information regarding those facts the honorable member should address his question to the Minister for Post-war Reconstruction. On the second point, the honorable member will appreciate that if master bakers generally have to observe the regulations—and in that respect I pay a tribute to them because they have done so—how can we permit an individual baker to ignore the regulations? That would not be fair to the master bakers as a whole. In this particular case, a deputation from the master bakers waited upon me not long ago and asked, rightly, whether I thought it fair that business should be taken from them because they were observing the regulations regarding the zoning of bread. That is what actually happened in the case to which the honorable member referred. However, he should direct his question to the appropriate Minister.

Sir FREDERICK STEWART.—I direct the same question to the Minister for Post-war Reconstruction.

Mr. DEDMAN.—The honorable member's question still relates to two departments. The honorable member, apparently, is endeavouring to compare the attitude of my department in launching a prosecution against a certain lady with the attitude of another department. Whilst I have not at hand the details of the case of Mrs. Stenhouse, I know that that lady has consistently refused to obey the bread-zoning regulations.

Sir FREDERICK STEWART.—Have not the miners also disobeyed regulations?

Mr. DEDMAN.—She has been given opportunity after opportunity to comply with the bread-zoning regulations; but she has deliberately set out to destroy those regulations, which were enacted in order to ensure that man-power and resources urgently required for the war effort would be utilized in that direction rather than wasted, as they were wasted under the system of bread distribution in operation before the war. This lady has been brought before the appropriate tribunal, which has found her guilty of a breach of the regulations. There is nothing further that my department can do about the matter, and I do not propose to do anything further about it.

SIR FREDERICK STEWART, M.P.

Mr. BRYSON.—I ask the Acting Attorney-General whether he proposes to take any action against the honorable member for Parramatta (Sir Frederick Stewart) for continued absenteeism in connexion with the sittings of the House?

The SPEAKER.—Order! All honorable members should know that they are not entitled to refer to the absence, or conduct, of other honorable members unless such absence, or conduct, is in breach of the Standing Orders.

DROUGHT RELIEF BILL 1945.

Motion (by Mr. SCULLY) agreed to—

That leave be given to bring in a bill for an Act to amend the States Grants (Drought Relief) Act 1944, and for other purposes.

Bill presented, and read a first time.

SECOND READING.

Mr. SCULLY (Gwydir—Minister for Commerce and Agriculture) [11.3].—*by leave—I move—*

That the bill be now read a second time. Last November I introduced the Drought Relief Act to give relief to cereal-growers throughout Australia who had been affected by drought. I now bring before the House an amending bill to increase the amount granted to these drought-stricken farmers. It is intended to provide up to £710,000 extra, in conjunction with the Governments of Victoria and Western Australia, and provision is also made for farmers in the Australian Capital Territory to share on the same basis as those in the States. This will make a total of £3,710,000 for the States, and will bring the Commonwealth's payment to £1,855,000. The estimates made show that Victoria will need up to £460,000 more than the original allocation, whilst in Western Australia the total needed will increase to £250,000. The States are contributing on a £1-for-£1 basis, so that £355,000 will be supplied by the Commonwealth and an equal amount by the two State Governments. Honorable members will recollect that relief was provided as the result of an agreement reached at a Premiers Conference, and an estimate of each State's needs was made at the time. It was made clear that this estimate was not final, and that the extent of the relief needed could not be estimated, at that time, with any great degree of accuracy. In respect of New South Wales and South Australia, the allocation made was sufficient to make payments on the uniform scale agreed upon. In the case of Victoria, however, applications from farmers showed that the amount was not enough. In Western Australia, for which an allocation had not been made, crops were seriously affected in some districts. Accordingly, Western Australian growers have also come under the relief provisions, although, fortunately, the degree of loss in the west is much less than in the eastern States. After the degree of drought loss was determined there were two courses which could be followed. One was to reduce the over-all scale of relief payments to make them fit in with the

£3,000,000 originally provided. The other was to increase the amount so that all growers could receive the full scale of payment recommended. The Commonwealth and State Governments decided on the second course, namely, to increase the total amount to meet the full need rather than adjust relief to fit in with a fixed sum. In doing so, we knew that no member of this Parliament would oppose the increased grant, though all would regret the need for it. When the payment of drought relief was approved more than six months ago, we all hoped for an early end to the drought. It did not come, and only in the last few days have we had rains which, I hope, indicate that the drought is definitely breaking. While the southern districts have been waiting for rain, there has been rain in other places and floods have occurred in districts which were not affected by drought. In northern areas crops have been ruined by too much rain, whilst in the south, the ground has remained parched. Hopes for a good season to follow the drought dwindled week by week, and almost died. In our main cereal areas, we have been on the verge of two consecutive years of drought, and that would be a calamity such as Australia has not yet endured. Now, very late in the season, rain has fallen and in the districts which drought has seared for many long months there appears to be a definite break. However, millions of acres of cereal crops have not yet been planted and now growers are working at full pressure to get their crops in. In thousands of cases farmers planted dry. They took what they knew was a big risk in the hope that rain would come before it was too late. The rains of the last few days will save these crops. Australia has come very close to another disastrous cereal year, but now we can look forward to reasonable crops, and perhaps to a good season. The point that I should like to make, is the dependence of the farmer on the weather, and his incessant gamble, year in and year out, on seasonal conditions. At times I am appalled to find how few people outside farming communities, have any idea of the difficulties that our farmers face.

This bill provides assistance which is needed urgently. It will allow our cereal farmers to carry on after the worst drought they have ever endured. There is no pretence that it will cover their losses, but it will help them at a time when help is essential. The effects of the drought will be with us for a long time to come. The fodder position cannot be restored quickly, and the shortage will remain serious until the crops are harvested at the end of the year. Australia requires all the cereals and hay that our farmers can produce, and we shall need a good season next year as well to restore normal conditions. Our growers have shown that they will plant to the limit this season, and the area licensed for wheat is up to the pre-war acreage. That indicates how our farmers will work to repair the disaster which they could not avoid.

This bill is an indication of our appreciation of the efforts of our farmers, and my heartfelt hope is that they will now have the good season which will mean so much to them, and to Australia.

Debate (on motion by Mr. ARCHIE CAMERON) adjourned.

RE-ESTABLISHMENT AND EMPLOYMENT BILL 1945.

In committee (Consideration of Senate's amendments):

New clause 32A—

Senate's amendment No. 1.—After clause 32 insert the following new clause:—

"32A.—(1.) A person who contravenes or fails to comply with any provision of this Division, or contravenes or fails to comply with any order of a court made under this Division, shall be guilty of an offence punishable on conviction by a fine not exceeding One hundred pounds or imprisonment for a period not exceeding six months, or both.

"(2.) Where a person is convicted of an offence under this section, the court may order that a portion of the fine imposed shall be paid to such person entitled to preference as the court specifies in the order."

Motion (by Mr. DEDMAN) proposed—

That the amendment be agreed to.

Mr. FADDEN (Darling Downs—Leader of the Australian Country party) [11.10].—The making of this amendment in the Senate directs attention to the slovenly fashion in which legislation is introduced and considered in this chamber. The committee of this House

has been the victim of bad draftsmanship and the application of unsound practices. No consideration has been shown to it. I stressed the necessity for this amendment in my second-reading speech on the 17th May, when I stated that the absence of penalties would enable an employer to ignore the preference provisions of this legislation. On the 24th May, in committee, I moved for the insertion of a new sub-clause, providing for a fine of £100 or imprisonment for six months, or both, for contravention of the preference provisions. The Minister for Post-war Reconstruction (Mr. Dedman) said that he considered the amendment unnecessary, and strenuously resisted it, although the Leader of the Opposition (Mr. Menzies), and the honorable members for New England (Mr. Abbott), Warringah (Mr. Spender) and Wide Bay (Mr. Corser) supported it. The reason stated by the Minister was that the rich would be able to contract themselves out of the obligation to observe preference, and thus would escape a penalty. That was Scotch reasoning, because the absence of a penalty would make it absolutely certain that an employer could evade his obligation. The committee divided on the amendment, and weight of numbers enabled the Government to negative it. The next step was to have it introduced and passed as a Government amendment in the Senate. Indeed, some reference was made in the press in Queensland to the fact that, should the Opposition attempt to defeat the amendment, the Government would carry it by sheer weight of numbers. The implication that a provision initiated and strenuously pressed by the Opposition in the House of Representatives might be opposed by the same party in the Senate, was completely illogical. The cavalier treatment of the Opposition in the consideration of legislation in this chamber, cannot be ignored. Members who sit on this side of the chamber can justifiably claim that they give the closest study to every aspect of all measures, and devote to the subject hours of thought and research. Yet they are told that, even though they talk until they are black in the face, their amendments will not be

accepted! Surely the Government should now realize that we are entitled to more consideration than we have so far received! That we represent a very large proportion of the Australian community, cannot be denied. Therefore, our proposals should be given the most earnest consideration, in order that only the best legislation may be placed on the statute-book.

[*Quorum formed.*]

Mr. BARNARD (Bass) [11.14].—It would appear to be difficult to satisfy some members of the Opposition. It is true that this matter was reconsidered in response to requests from the Opposition side of the chamber. Because the proposal was found to have some merit, and the Government amended the bill in the Senate, the charge is made that the right course has not been adopted. It is hopeless to expect the Opposition to be satisfied, no matter what the Government may do. I cannot understand why the Leader of the Australian Country party (Mr. Fadden) should have raised this “storm in a tea-cup”. After all, his object has been attained, and he should not have any ground for complaint. The right honorable gentleman knows as well as I do that although a Minister may be sympathetically disposed, he has always to consider the implications of an amendment. That is, and always has been, the normal practice.

Sir FREDERICK STEWART (Parramatta) [11.18].—It is significant that the Minister for Post-war Reconstruction (Mr. Dedman) made no comment when moving for the acceptance of the Senate amendment. He doubtless recollects that only a few days ago he vigorously opposed an amendment in almost identical terms that had been moved by the Leader of the Australian Country party (Mr. Fadden). It is all very well for the honorable member for Bass (Mr. Barnard) to say that the decision to have the amendment made in the Senate was the result of later consideration. Before we complete the consideration of the Senate amendments, it will be revealed that the purpose of the Government has been not to accept amendments from this side of the chamber, in order to ensure that the records will show them to have been made by the Government,

without any instigation. If this were an isolated instance, one could put it down to the Minister’s ineptitude, but we know that the standard practice of the Government is to refuse the Opposition an opportunity to take part in the constructive amendment of the bill, so that the Government will be able to say ultimately that all amendments were sponsored by it. It is most striking that the Minister acted so as to support big business men who would not conform to the requirements of the rehabilitation legislation.

Mr. DEDMAN.—To what incident does the honorable member refer?

Sir FREDERICK STEWART.—Only a few days ago, the Minister defended the omission of any penalty by saying that rich men would be able to contract themselves out of the law. Only this morning we had the spectacle of the Acting Attorney-General (Mr. Beasley) telling us that the Government had acted against a poor lone woman baker at the behest of the master bakers of New South Wales.

The CHAIRMAN.—I ask the honorable member for Parramatta to deal with the amendment.

Sir FREDERICK STEWART.—My purpose is to add something to history by pointing out that the amendment was contested by the Minister violently only a few days ago. It is time the Government allowed this committee to take a real part in constructively amending bills.

Question resolved in the affirmative.
Clause 33—

Sections twenty-four to thirty-two (inclusive) of this Act shall cease to operate at the expiration of seven years after the cessation of hostilities in all the wars in which His Majesty was engaged at the date of commencement of this Division.

Senate's amendment No. 2.—Leave out “thirty-two”, insert “thirty-two A”.

Mr. DEDMAN (Corio—Minister for Post-war Reconstruction) [11.23].—I move—

That the amendment be agreed to.

It is consequential on the preceding amendment.

Mr. HARRISON.—Surely the committee should be informed of the effect of the amendment.

Question resolved in the affirmative.

Clause 75—

(1.) Subject to this Division, the rate of a re-employment allowance shall be—

- (b) in the case of a woman who is, in the opinion of the prescribed authority, capable of wholly or substantially maintaining herself by her own efforts—Two Pounds per week; and

Senate's amendment No. 3.—After "Two pounds" insert "ten shillings".

Motion (by Mr. DEDMAN) proposed—

That the amendment be agreed to.

Mr. MENZIES (Kooyong—Leader of the Opposition) [11.24].—The Minister (Mr. Dedman) is treating the committee with gross courtesy. The amendments now before us, and their history, provide further proof of the Minister's utter vanity. No amendment from the Opposition side could be accepted by him; it must come from him. Now when the Senate's amendments come before us he does not offer a solitary word of explanation. I wonder why? As far as I can understand it, this amendment increases the re-employment allowance payable to a woman from £2 to £2 10s. If I am right in saying that, I remind the committee that that proposal was put forward by the honorable member for Flinders (Mr. Ryan) on behalf of the honorable member for Darwin (Dame Enid Lyons), and a discussion took place upon it, in the course of which the Minister now at the table, whose silence can therefore be better understood on this than on other matters, offered his view. He said, first, that he would like to be generous in the matter, but that he found in the case put forward by the Opposition a great deal of humbug. When the Opposition was discussing the proposed increase, it was humbug to advocate the same payment for a woman as for a man. By the time the Government has thought about it a little longer, it becomes something not only just, but also feasible. Yet, when the proposal is returned to this chamber in the shape of a government amendment, the Minister does not even open his mouth to tell us what it is that he wants us to do.

Mr. RYAN (Flinders) [11.26].—I am glad that the Government has seen fit to accept the amendment tabled by the

honorable member for Darwin (Dame Enid Lyons) and moved by me on her behalf. I recall, as indicated by the Leader of the Opposition (Mr. Menzies), that a short discussion took place on the amendment, which was strenuously opposed by the Minister. I am pleased that at least some members of the Government think a little more about the rights and wrongs of ex-service men and women, and show a more flexible mind, than does the Minister.

Mr. DEDMAN.—Now the honorable member is getting nasty. He states that he has a more generous outlook than I have.

Mr. RYAN.—The Minister should listen to what I say. I remarked that I was glad that there were members on the Government side who had more thought for ex-service men and women than the Minister at the table, and that their minds were more flexible than his. This is the only important amendment that the Government has seen fit to accept.

Mr. BARNARD (Bass) [11.28].—I should not have risen, except for the rather unkind remarks of the honorable member for Flinders (Mr. Ryan). He rarely indulges in such observations.

Mr. RYAN.—They were warranted.

Mr. BARNARD.—I do not think so. In this case, as previously, the Government has accepted an amendment which involves additional expenditure under the bill to provide benefits for ex-service personnel, and it is wrong for any member of the Opposition to allege that the Government has been ungenerous in the matter. After all, history will recall who has been generous to members of the services in respect of their re-establishment in civil life. Not many years ago, when certain provision was made for civilians under another measure, the Leader of the Opposition (Mr. Menzies) left the Government with which he was then associated—

The CHAIRMAN.—Order! I ask the honorable member to deal with the amendment.

Sir FREDERICK STEWART.—Did not the honorable member vote against this proposal a few days ago?

Mr. BARNARD.—Whether I did or not is not the point. The point is that

the Government has accepted the amendment, after having previously agreed to examine the matter. The Minister in charge of the bill (Mr. Dedman) promised to have the matter looked at, and said that the provision would be amended in the Senate if the Government thought fit. That examination has been made, and the provision has been amended in the Senate. Although members of the Opposition were forced to accept the promise of the Minister that the matter would be examined, they are now saying that the amendment has not been made in the right way.

Mr. WHITE (Balaclava) [11.32].—The fact is that this clause was hotly opposed by the Opposition when it was under consideration in this chamber, and the Minister did not give an undertaking that the matter would be reviewed. The honorable member for Flinders (Mr. Ryan), who, in the absence of the honorable member for Darwin (Dame Enid Lyons), moved the amendment to provide for equal allowances to men and women, forced the matter to a division, and the supporters of the Government voted against the amendment, which provided that ex-service men and women who were out of employment should receive the same allowances. I am glad that the Government has agreed to the amendment, but it ought to be more frank about it. The Government pretends to have brought in a measure to give preference to ex-service men, but has added a tag limiting preference to seven years. Its housing and land settlement schemes are nebulous. The whole bill is a hybrid thing. Instead of being designed for the benefit of service men in particular, it brings in all sorts of other people. If the whole scheme were under the management of one service department, as is the case in New Zealand and South Africa, it would be a credit to the Government. As for this amendment, any credit for it belongs to the Opposition, not to the Government.

Mr. GUY (Wilmot) [11.35].—I am glad that the Government has at last seen the light, and has agreed to accept the suggestion of honorable members on this side of the chamber. The honorable member for Bass (Mr. Barnard) said that the

Minister for Post-war Reconstruction (Mr. Dedman), who was in charge of the bill—or, perhaps, it would be more correct to say that the bill was in charge of him—

Mr. DEDMAN.—The honorable member for Wilmot will never be in charge of a bill.

Mr. GUY.—I have been in charge of more bills than ever the Minister has. The Minister for Post-war Reconstruction did not say, when the bill was last before this chamber, that the Government would examine this provision further. As a matter of fact, there was no need for any examination. Every honorable member who supports the Government knows that he signed a Labour pledge to support the principle of equal pay for the sexes. Therefore, every government supporter who voted against this amendment when it was moved by a member of the Opposition voted against his own party platform.

The CHAIRMAN.—I ask the honorable member to discuss the amendment before the committee—something with which the platform of the Labour party has nothing to do.

Mr. GUY.—Only a few days ago, the honorable member for Bass, when speaking in support of the clause as it originally stood, supported the principle of differential rates for men and women, and he added that he had no apology to offer for doing so. Now he speaks in support of the amendment which he voted against a few days ago.

Mr. MENZIES (Kooyong)—Leader of the Opposition) [11.38].—As the honorable member for Bass (Mr. Barnard) has been good enough to offer us his views twice on this amendment, it seems desirable that the speech he made on this matter some days ago should be recalled to mind. When this clause was being considered in committee in this chamber, an amendment to it was moved. It was debated, and pushed to a division. In division, the honorable member for Bass voted against the amendment which sought to provide equal rates for men and women. He offered his views in a short speech on the 25th May, beginning at 2.50 p.m., and it will be found recorded in *Hansard*—I hope by some of his

electors—at page 2141. This is what he said—

The Minister for Post-war Reconstruction (Mr. Dedman) has effectively answered complaints that the proposed allowances will be inadequate by pointing out that it is not intended that they shall do more than tide people over periods of difficulty in transition from one job to another. Officers from New Zealand in evidence before the Social Security Committee said that unemployment allowances could not be high because that would deter people from seeking work.

Then there was an exchange of interjections, in which you, Mr. Chairman, took part, after which the honorable member for Bass resumed—

The Opposition is seeking to use this clause as a political stalking-horse to influence the electors. They will not be tricked. I agree with the Acting Prime Minister (Mr. Chifley) that differential rates of payment to men and women are not an innovation. They apply under the Superannuation Act and other legislation. I shall agree that differential rates should not be paid when there is absolute equality of the sexes and women receive the same wages as men. I have no apology for my support of this clause. I do not believe that it is the last word, because I believe that, if circumstances alter, it will be amended in consonance. I regard the clause as an excellent start. We shall see how it works. If it needs to be altered it will be altered in the light of experience.

Now the honorable member explains that he meant that it would be altered in the Senate, not in the light of experience.

Mr. BARNARD (Bass) [11.40].—If members of the Opposition make so much noise about things with which they agree, it would be hard to say how much noise they would make about things of which they disapprove. I do not know whether the Leader of the Opposition (Mr. Menzies) attempted to pay me a compliment, or the reverse, by quoting from *Hansard* of this session, which is against the Standing Orders. However, I shall let that pass. For what I said in the committee stage of this bill I make no apology. I imagine that the Leader of the Opposition does not apologize for having resigned the Prime Ministership—

The CHAIRMAN.—Order! The honorable member must discuss the motion before the Chair.

Mr. BARNARD.—The question of differential rates of pay to men and

women has been discussed for many years. As I pointed out when the bill was in committee, when we have reached the stage when recognition of the equality between the sexes is an accomplished fact, provision to that effect will be included in the legislation of this Parliament, and probably also in legislation passed by other parliaments. However, we have not reached that stage. What I said about the legislation in operation in New Zealand and of the experience of social security authorities in the sister dominion stands. I agree with my colleagues that the acceptance of this proposal, which was originally advanced by members of the Opposition in this chamber, will enable a trial to be made of the effect of giving equality of treatment to males and females in respect of benefits under this measure. My colleagues have agreed that that ought to be done, and as one who accepts majority decisions I not reluctantly agreed. I am prepared to accept the principle of equality of the sexes, and shall be interested to know whether honorable members opposite accept it. As the honorable member for Wilmot (Mr. Guy) has particularly referred to me in this connexion, I should like to know to what degree he accepted that principle in the past, before he finally departed from it. I welcome the change and shall be interested to see how it works out when we have accepted the principle of the equality of the sexes.

Question resolved in the affirmative.

Clause 81—

A re-employment allowance shall be paid, in such manner as the prescribed authority determines, to the person entitled thereto or to such other person as is approved by the prescribed authority.

Senate's amendment No. 4.—Leave out “or to such other person as is approved by the prescribed authority” insert “, but the prescribed authority may determine that the whole or part of the allowance shall be paid to such other person as the prescribed authority approves, in which case payment shall be made accordingly.”

Mr. DEDMAN (Corio—Minister for Post-war Reconstruction and Minister in charge of the Council for Scientific and Industrial Research) [11.45].—I move—

That the amendment be agreed to.

I have no desire to treat the committee with indifference, but I point out that the amendments made in the Senate have been circulated to honorable members.

Sir FREDERICK STEWART.—They were circulated only a few minutes before they were submitted for decision.

Mr. DEDMAN.—A period of a few minutes is all that is necessary to read and understand them. I agree that members of the Opposition are just as concerned to make this measure as good as is possible as are Government members. This amendment relates to clause 81, and will enable the administering authority to pay the whole or any part of the allowance to some person other than the claimant. Thus, a portion of an ex-serviceman's allowance might be paid to his wife and the remainder paid to the ex-serviceman himself. Without this amendment, only the whole of the allowance could be paid to a person other than a claimant.

Sir FREDERICK STEWART.—Must the serviceman be a party to the allotment, or can payment to some other person be made in defiance of his wishes?

Mr. DEDMAN.—That is a matter for the administering authority to decide. All that the amendment does is to ensure that if the administering authority decides to pay an allowance to some person other than a claimant, that authority shall be able to pay any part of the allowance to such person.

Question resolved in the affirmative.

Clause 90—

(2.) For the purposes of this Division, a person who, at the time of the occurrence of the event resulting in the death of a member of the Forces, was recognized as the wife of that person although not legally married to him, shall, if the prescribed authority is satisfied that that person was wholly or partly dependent upon the earnings of the member, be deemed to be the widow of that member and that member shall be deemed to have been her husband.

Senate's amendment No. 5.—At the end of sub-clause (2.) add “, but nothing in this subsection shall prevent the making of a loan under this division to the lawful widow of the member or the guaranteeing under this Division of repayment of a loan (including interest thereon) made, or to be made, to her.”

Mr. DEDMAN (Corio—Minister for Post-war Reconstruction and Minister in

charge of Scientific and Industrial Research) [11.48].—I move—

That the amendment be agreed to.

The purpose of this amendment is to make it quite clear that a grant to a person recognized as the wife does not in any way affect the claim of the lawful widow of a member of the forces to apply for a loan or guarantee under the division.

Mr. HARRISON (Wentworth) [11.49].—This is a most interesting amendment. In the committee stage of the bill honorable members had a good deal to say regarding clause 90, under which the Government endeavoured to place a *de facto* wife in a more favorable position than a wife. Opposition members pointed out that the Government was establishing a new ethical standard in the community, but the Minister refused to take any notice of their arguments. It would appear that since then the Minister has yielded to pressure brought to bear on him by some members of his own party who are opposed to the lowering of moral and ethical standards. I cannot conceive of any other Government or Minister at any time introducing a bill so loosely drafted that a preferred position is given to a *de facto* wife over a lawful wife. This amendment has been made by the Senate in order to restore decency, but if the Opposition had not drawn attention to the matter, the amendment would never have been made. The credit is due to the vigilance of the Opposition.

Mr. DEDMAN.—The honorable member is only concerned with establishing a claim to have done something.

Mr. HARRISON.—I am interested in establishing the right of a lawful widow to a preferential position over a *de facto* wife. We do not believe in encouraging adultery, but evidently the Minister has different ideas. In this case, at long last, he has repented in the interests of public morality.

Question resolved in the affirmative.

Clause 105—

(2.) Nothing in the last preceding subsection shall affect the operation of any order of a court made in pursuance of the previous Regulations, and, where leave has been given to any person under the previous Regulations to do, or to continue or complete the doing of,

any act, that person may, notwithstanding anything contained in this Part, do, or complete the doing of, that act accordingly.

Senate's amendment No. 6.—After sub-clause (2.) insert the following new sub-clause:—

“(2A.) Any consent given under or for the purposes of regulation fifteen A or regulation twenty-two A of the National Security (War Service Moratorium) Regulations (being Statutory Rules 1941, No. 61, as amended) shall have the same effect as if the consent had been given under or for the purposes of section one hundred and seventeen or one hundred and twenty-five of this Act.”

Mr. DEDMAN (Corio—Minister for Post-war Reconstruction and Minister in charge of the Council for Scientific and Industrial Research) [11.51].—I move—

That the amendment be agreed to.

The object of this amendment is to ensure that consents given to the acquisition of land under the War Service Moratorium Regulations shall have effect for the purposes of this act, thereby making it unnecessary to re-issue the certificates.

Question resolved in the affirmative.

Clause 125—

A person shall not take or continue against a partner who is a member of the Forces any proceedings or other action, whether in pursuance of a partnership agreement or otherwise, for the dissolution of any partnership or for the expulsion of that partner, or for the forfeiture of his share in the partnership, unless and until the Attorney-General or all the partners consent to the taking or continuance of the proceedings or other action.

Senate's amendment No. 7.—At the end of the clause add the following new sub-clause:—

“(2.) This section shall apply, in relation to a person who has been a member of the Forces, in the same manner as it applies in relation to a member of the Forces, for a period—

- (a) immediately following the date on which the member ceased or ceases to be engaged on war service equal to the period during which he was so engaged; or
- (b) of twelve months immediately following that date, whichever is the shorter.”.

Mr. DEDMAN (Corio—Minister for Post-war Reconstruction and Minister in charge of the Council for Scientific and Industrial Research) [11.53].—I move—

That the amendment be agreed to.

This amendment is to make provision in the proposed act similar to an amendment of the War Service Moratorium Regulations made since the bill was introduced. The protection given by clause 125 will, under the amendment, extend until twelve months after the soldier's

discharge. This is in consonance with other provisions of the bill. It is desirable to extend the protection given for a short time after discharge so that the ex-soldier may have time to consider and adjust his business affairs.

Question resolved in the affirmative.

Clause 136—

(1.) The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which are by this Act required or permitted to be prescribed, or which are necessary or convenient to be prescribed for carrying out or giving effect to this Act, and in particular for prescribing penalties not exceeding a fine of Fifty pounds for any offence against the regulations.

(2.) During the war, the regulations may provide for the repeal or amendment of, or the addition to, any of the provisions of this Act.

Senate's amendment No. 8.—Leave out sub-clause (2.), insert the following sub-clauses:—

“(2.) Regulations may be made providing for the repeal or amendment of, or the addition to, any of the provisions of this Act.

“(3.) Any regulations made in pursuance of the last preceding sub-section shall, by force of this sub-section, if not sooner repealed, be repealed at the termination of all the wars in which His Majesty was engaged at the date of commencement of this Part.

“(4.) Upon the repeal of regulations by virtue of the last preceding sub-section, the provisions of this Act shall have effect as if no regulation had been made in pursuance of sub-section (2.) of this section.”.

Mr. DEDMAN (Corio—Minister for Post-war Reconstruction and Minister in charge of the Council for Scientific and Industrial Research) [11.55].—I move—

That the amendment be agreed to.

The purpose of the amendment is to give effect, in a statutory form, to my assurance that any regulations made under the clause would go out of operation at the conclusion of the war, and that the Government would, before the termination of the war, bring down a bill to incorporate such amendments of the act as it wished to preserve. By virtue of the present amendment of the bill, any regulations, which are not so incorporated in the act, will cease to operate. As regards the clause as a whole, the view is taken that it is preferable, from the viewpoint of the Parliament, to modify the act, if necessary, by regulations under the act itself rather than to do so under the National Security Act. Many of the provisions of the bill are

completely new to Australia and it may be necessary to try them out and amend them if required during the war by regulation without cluttering up the business of the House with machinery and other minor amendments. The clause will be repealed as soon as the act has had a satisfactory trial.

Mr. MENZIES (Kooyong—Leader of the Opposition) [11.56].—It would not have come amiss if the Minister for Post-war Reconstruction (Mr. Dedman), in moving for the acceptance of the amendment, had also recalled that the amendment, in substance, with some slight variation in form, was put forward by me in committee on clause 136. It was debated, and upon it a division occurred, every member of the Government, including the Minister, voting against it. The amendment moved on that occasion was designed to produce in very largely similar language the result achieved by the amendment now before us. I merely recall those facts because the Minister seems to have become singularly unaware of them.

Mr. SPENDER (Warringah) [11.57].—The amendment in no way satisfies my approach to the problem dealt with by it. During the second-reading debate, I spoke about the extraordinary nature of sub-clause 2 of clause 136. In my opinion, it is characteristic of the continued decline of the authority of the Commonwealth Parliament. I have on more than one occasion expressed that view. Since the second reading, I have carefully read the bill, and I have been able to see no provision which ought to be altered or amended during the time of war without consulting this Parliament. This clause is characteristic of the legislation prepared by draftsmen which Ministers bring forward very frequently without having read it. There is no doubt whatever that some advisers of the Government take the view that they are much more qualified to deal with these matters than is the Parliament. One knows very well how such clauses come into bills. The draftsman, who is interpreting the views of the department, is frequently told to put such a clause into measures. I direct the attention of the committee to how

far this clause went and how far the amendment goes. The sub-clause that is to be superseded reads—

(2.) During the war, the regulations may provide for the repeal or amendment of or the addition to, any of the provisions of this Act.

That principle persists in the amendment. If that does not mean that the Parliament, during the war, in respect of a vital matter is to be completely disregarded, I do not know what language means. Once we concede this during the war we shall have advanced, as the next step, during peace the urgent need of the Department of Post-war Reconstruction to have power to amend, repeal or add to, as the case may be, this or any other legislation without consulting Parliament. This is the vital principle that this committee, which is dominated by the Government, is prepared to concede.

Mr. MENZIES.—The honorable member will recall that my first suggestion was that sub-clause 2 should be omitted. I am entirely in agreement with him.

Mr. SPENDER.—Yes; we sought to have the sub-clause excluded then. When it could not be excluded, the next step was to arrest the evil as best we could. One sees how difficult it is to resist the inherent evil in the sub-clause, because the framework enables regulations to be made during the war, all of which must be read with the act to make one whole. Some of those regulations will be made under this amendment and, at the termination of the war, all will be subtracted from the whole and the result may be that what is left is anomalous and unjust in many respects. Yet Parliament is to have no voice in the matter. The Minister for Post-war Reconstruction (Mr. Dedman) showed a strange solicitude for Parliament when he said that it was better from the point of view of the Parliament to have the regulations made under this measure than under the National Security Act. In neither circumstance has the Parliament any sufficient say, because the fact is that regulations are made without proper supervision over them. Experience is that regulations are in general terms. I have a very firm conviction that certain members of the Administration know that that

is how draftsmanship can confer wide powers on the Government. They hide their intentions in such a way that they can make far-reaching alterations without the Parliament ever having had the opportunity to discuss them and without it being apparent on the face of the regulations themselves when they are tabled. As one who has had some experience as a lawyer during the war, I say that that has been a characteristic of the drafting of regulations. I am not satisfied with the Senate's amendment. I agree with the Leader of the Opposition that all that we can do is to seek an amendment to arrest the evil inherent in the procedure proposed, but the degree to which we can arrest that evil is illusory.

[*Quorum formed.*]

Mr. MORGAN (Reid) [12.00].—It would be preferable to rely upon regulations made under the National Security legislation to meet any anomalies or special circumstances which might arise under the measure. I do not think that the Senate's amendment is sound in principle. However, the Minister for Post-war Reconstruction (Mr. Dedman) in his wisdom accepts it. At the same time, I hope that it will not be taken as a precedent. The Government should have recourse to regulations made under National Security legislation to deal with special circumstances because that is a more appropriate way, and such regulations would have the added advantage that they would remain in operation longer than any regulation made under the measure as amended.

Mr. SPENDER.—Does the honorable member agree that the Executive should have power by regulation to amend legislation passed by this Parliament?

Mr. MORGAN.—It is not sound in principle to pass regulations which override any act. Amendments of such a nature are solely a matter for the Parliament. I repeat that anomalies, or special circumstances, could be met better by regulations enacted under National Security legislation, and at the termination of hostilities an amending bill should be introduced if it be necessary to continue such amendments. But regulations made under the measure will

cease automatically at the end of the war. I take this opportunity to suggest that in respect of measures affecting the interests of particular sections of the community the Government would be wise to consult with the representatives of interested bodies. That procedure was adopted with respect to the Pharmaceutical Benefits Bill when the Treasurer (Mr. Chifley) conferred with pharmacists and friendly societies in order to ensure that their particular interests would be protected. Equal justification existed for following a similar course in respect of this measure. I can see no reason why the Government could not have consulted with representatives of returned soldier organizations on the matter. As the result of the debate on the measure I also believe that the Government might consider some alteration of Parliamentary procedure in order to discourage the intrusion of party political issues at the committee stage. Whilst such issues cannot be avoided in the second-reading debate, we should, at the committee stage, consider measures solely from a constructive point of view free from party political atmosphere. In that respect we could well follow the procedure adopted in the House of Commons.

Sir EARLE PAGE (Cowper) [12.4].—In view of the Senate's amendment, I do not think that any amendment made by Parliament to this measure will be worth very much because, under the amendment, the Government can repeal, or amend, the measure merely by regulation.

Mr. DEDMAN.—Such regulations can be challenged in Parliament.

Sir EARLE PAGE.—I have been endeavouring to challenge certain provisions in this chamber for the last three or four weeks, but without success.

Mr. DEDMAN.—That was because there was no substance in the right honorable gentleman's objections.

Sir EARLE PAGE.—The Government recognizes that my objections contained some substance, because it is now prepared to accept the Senate's hybrid amendment which no lawyer in this chamber, regardless of party affiliations, would dare to defend. In view of the Senate's amendment, what is the use of

discussing legislation in this chamber, or anywhere else? I raised this point during the second-reading debate. I pointed out how the clause rendered all discussion useless. So long as the Government has the power which is to be given to it under the Senate's amendment, it can only introduce any amending legislation with its tongue in its cheek, and, I might add, with its tongue poked out at ex-service personnel; because it can repeal or amend the measure in any respect without introducing amending legislation. It is to be given that power for so long as His Majesty is engaged in any war that is proceeding at the time this measure becomes law. On that point I should like to know what is meant by "the termination of all the wars in which His Majesty was engaged at the date of commencement of this Part". On previous occasions, the Attorney-General (Dr. Evatt) has shown how difficult it will be to determine the termination of such wars. It was not until four or five years after the war of 1914-18 that the final treaty with Turkey was ratified. I have no doubt that similar circumstances will arise after the present war, particularly in view of the fact that some governments in Europe are already beginning to totter. Consequently, it may be a long time before the final treaty is ratified. I fear that wars may not actually terminate until after the period of seven years expires, in which case the power to be given under the Senate's amendment will remain in the hands of the government of the day. The only justification for the Senate's amendment would be if ex-service personnel unanimously favoured the measure; but it is clear that that is not the case.

MR. SPENDER (Warringah) [12.8].—This matter is so important that I must again address myself to it. We have already agreed with a number of Senate amendments. It seems to me to be entirely unnecessary to discuss these amendments in view of the Senate's amendment to clause 136 by virtue of which the Government can effect whatever amendment it wishes. I draw attention to the vital difference between regulations for the purpose of carrying out an act and regulations which give power to repeal, or alter, an act solemnly enacted by Parliament. The latter ignore the authority of

Parliament; and in order to test whether this Government proposes to ignore Parliament altogether, as it has completely ignored the views expressed by the Opposition during the last three or four weeks, I propose to move for the insertion of an additional clause. I move—

That the Senate's amendment be amended by adding the following new sub-clause:—

"(5.) Any Regulation providing for the repeal or amendment of, or the addition to, any of the provisions of this Act shall cease to have effect unless approved by resolution of both Houses of Parliament at its next meeting or within fourteen days thereof."

If there be any need, in the Government's view, to bring down an urgent regulation to alter or repeal any provisions of the legislation, as a result of faults appearing in its practical application, this amendment will prevent such alterations becoming permanent unless Parliament confirms them within a reasonable period. Unless we, in this chamber, assert the rights of Parliament as I propose, the Parliament will be gradually bereft of its authority.

MR. ABBOTT (New England) [12.11].—I support the amendment moved by the honorable member for Warringah (Mr. Spender). I cannot believe that it will be unacceptable to the Government. The honorable gentleman has drawn a very clear distinction between regulations for administration and regulations for the amendment of this legislation. I agree with the honorable member for Warringah and the honorable member for Reid (Mr. Morgan) that it is improper to incorporate in legislation of such prime importance as this a clause which gives power to the Executive to rob the soldiers of their charter, as the bill has been described by the Minister for Post-war Reconstruction (Mr. Dedman). Many soldiers refer to the bill, not as a charter of soldiers' rights, but as a "barter of soldiers' rights", because their rights are being mercilessly sacrificed. It is of great importance that we should protect the rights and privileges of parliamentary institutions which have been won during 1,000 years of constant endeavour. Nevertheless, the Minister for Post-war Reconstruction and his subservient followers are willing to incorporate in this soldiers' charter a clause which will

nullify the whole of the work which Parliament has put into the bill. The honorable member for Warringah has not proposed any drastic amendment. All he asks is that, when any regulation amending the bill is promulgated, the provisions of that regulation be brought before Parliament for approval at its next sitting or within fourteen days of that date. If the Government will not agree to do this, it will be acting like a Fascist dictatorship and taking away from the Parliament its ancient rights and privileges.

Amendment of Senate's amendment negatived.

Original question resolved in the affirmative.

Resolutions reported; report adopted.

CHILD ENDOWMENT BILL 1945.

SECOND READING.

Debate resumed from the 13th June, (*vide* page 2951), on motion by Mr. HOLLOWAY—

That the bill be now read a second time.

Mr. HOLT (Fawkner) [12.15].—I have very happy recollections of the time when, as a member of the Menzies Government, I had the privilege of introducing the first child endowment legislation enacted by the Commonwealth Parliament. My recollections are made happier because, on that occasion, I received the assistance and co-operation of all members of the House in giving the bill a speedy passage. Therefore, now that I am sitting on the opposite side of the chamber, I am glad to be able to reciprocate the courtesy then extended to me. The Opposition supports this bill, which should be warmly received by every honorable member. I regret that the Minister did not take the opportunity in his second-reading speech to give a wider review and more comprehensive analysis of the events that have occurred since the first bill was implemented in March, 1941, than he did. Honorable members would have been interested to learn some of the results of the legislation. The Minister also should have given some indication of the changes which have taken place in the lives of the people during the war

years which may require us to take a new view of the whole problem of family allowances.

I shall give to the House some facts which will indicate the scope of the legislation now in force, and I shall express some views which may stimulate the Government's approach to this matter. At the 30th April this year, 514,538 Australian families were benefiting directly from child endowment. The number of children in respect of whom payments were being made was 935,411. In addition to those children, there were 18,119 children in institutions on behalf of whom child endowment was being paid. Although the total number of children entitled to child endowment is slightly less than 1,000,000, the number who share the benefits of endowment is greatly in excess of that figure. It is estimated that the total number of children in Australia under the age of sixteen years is 1,880,000. There are 435,000 single child families in Australia. Nearly all families eligible to claim child endowment have done so. This social service differs from others because it is given without regard to the means test, and is therefore a social service in the true sense. The estimated expenditure on child endowment for 1944-45 was £12,160,000. The purpose of the bill is to increase the weekly payment from 5s. a child to 7s. 6d. and the estimated expenditure for the year 1945-46 is £18,240,000. This increased expenditure of more than £6,000,000 a year on one social service, at a time when the country already is taxed almost to saturation point, should be scrutinized closely by this Parliament, but after a study of a number of factors affecting this matter, I am convinced that honorable members will be satisfied, not only that the increased expenditure is justified, but also we may question whether the Government is going far enough towards the provision of adequate family allowances. I shall deal with those factors later. First, I should like to quote to the House certain comments made by the Director-General of Social Services which give some indication of how the child endowment scheme has been working out. The latest printed report of the Director-General is that for the year ended the

30th June, 1943. Under the heading of Child Endowment, the Director-General makes this comment—

From the admittedly incomplete evidence it has been able to collect, the department believes that the majority of recipients make good use of child endowment and apply it for the purposes for which it is intended. Many expressions of gratitude have been received and it would appear that the increased family allowance has enabled many mothers to purchase nourishing food with a resultant improvement in the health of the children.

A child welfare officer, who has the care of some 450 orphan and destitute boys in four homes, has spoken of the assistance that child endowment has given toward providing better food and clothing for his charges, and has expressed the view that those under his care will be healthier and happier citizens through this grant, while the secretary of a children's protection society considers that the endowment has been of inestimable value to mothers in enabling them to provide additional nourishment for their children and that, while the credit cannot be entirely ascribed to endowment, there has been a marked improvement in the health of the children attending day nurseries under the society's control.

Then the Director-General refers to some interesting comments by the Commissioner for Native Affairs in one State, indicating that child endowment has been of substantial benefit to aborigines under his supervision, and expressing the opinion that these payments will be of inestimable value in the social uplift of native families. Administrators of native mission affairs have spoken in similar terms to the Director-General. The Director-General makes this concluding comment—

The evidence seems to justify the conclusion that child endowment in the main is being wisely used for the benefit of the children of this country.

When the child endowment legislation was first introduced, we did not expect that it would have any sensational effect on the birth rate of this country, but we believed that such effect as it might have, would be in the upward direction. Therefore, I do not attach any special significance because of child endowment payments, to the figures which I am about to quote to honorable members regarding births and marriages during the war years; but I think that the House will be interested to have placed before it, figures indicating the trend of

affairs during the war. The figures for marriages are as follows—

1939	64,249
1940	77,889
1941	75,148
1942	86,060
1943	67,673
1944	68,201

It is interesting to note that the peak figure of 86,060 was reached in 1942, and that the figures for the last two years represent a decline of about 18,000 marriages a year on that figure. Birth-rate figures show an interesting upward and very healthy trend. They are as follows—

1939	122,891
1940	126,347
1941	134,525
1942	136,708
1943	149,295
1944	153,345

The 1944 figure represents an increase of approximately 30,000 over the 1939 figure. I do not expect that the figure reached this year will be maintained, because it probably is a consequence of the high marriage rate in 1942; but the general trend is upward, and certainly the annual addition to our population of 30,000 immigrants of the best type—native-born Australians—is a matter of national importance.

Mr. HUGHES.—In which child endowment has been a factor!

Mr. HOLT.—I cannot claim that it has had any spectacular effect, but at least its influence has been encouraging.

Mr. HUGHES.—It has been a contributory factor.

Mr. HOLT.—Yes. I pass from that matter to the consideration of some of the factors which I think should interest us in supporting this legislation. The first of these is that although the amount of money involved is not very great, it is a recognition of the need to provide for the welfare of mothers and children in Australia, and is additional evidence of the regard that the Parliament has for the welfare of their citizens. That recognition is not before its time. In fact, if I might use an Irishism, it could be claimed that the "forgotten men of this war are the women", because one has only to consider for a moment the war-time difficulties of the women of

Australia, particularly housewives with young children, to realize that austerity has had a very real and sombre significance for them, and that the war organization of our population, in the main, has meant for them, domestic disorganization.

Mr. DALY.—What knowledge has the honorable member of family affairs?

Mr. HOLT.—Often a critic is able to see more of the play than the players themselves. Like my opposite number, the honorable member for Denison (Dr. Gaha), I may be able to take a wider interest in the problems of domestic life than those whose interest is necessarily confined to the one home. However, I hope that honorable members will not ask me to enlarge on that matter. Whilst I do not claim to speak with any great authority, I do claim that I have real interest in the matter, and I hope, a sympathetic understanding of it. Mothers have had to contend with not merely shortages of food, but also the almost complete absence of domestic help and the necessity to struggle, arms filled with parcels, and accompanied by small children, on trams and buses. Deprived as they have been of the assistance of their menfolk, who have had to work long hours in industry or have been absent on service, their lives have been extremely difficult. Therefore, this Parliament should be eager to alleviate difficulties so far as lies within its power.

This is the first increase of the child endowment rate since the legislation giving effect to it was introduced in March, 1941. In the interim, there has been a substantial depreciation of the purchasing power of money, which will be barely bridged by the addition of 2s. 6d. a week. The prices of the goods that the mother has to purchase for her children have increased more greatly than have those of the generality of goods that go to make up the purchasing power of money or constitute the basic wage regimen; they consist of fruit, vegetables, meat, poultry, clothing, boots and shoes and the like. Therefore, even with an endowment of 7s. 6d. a week, her purchases will probably be considerably less than she could make with the 5s. a week that she has received since March, 1941.

Mr. HOLLOWAY.—Then the honorable member is in favour of a higher basic wage?

Mr. HOLT.—I am approaching the consideration of that matter. The next factor is high taxation. A great deal of the benefit which normally would have accrued from the endowment has been offset by the considerable tax increase that has incurred since the endowment legislation was introduced. One of the prime reasons which influenced the introduction of a social measure of this kind in war-time was the recognition that increases of tax would fall most heavily on the family man. I repeat portion of a passage that I quoted on the 27th March, 1941, from the work by Lord Keynes. *How to Pay for the War*—

the burden of the rising cost of living depends very largely on the size of a man's family. At first sight it is paradoxical to propose in time of war an expensive social reform which we have not thought ourselves able to afford in time of peace. But in truth the need for this reform is so much greater in such times that it may provide the most appropriate occasion for it.

My forecast that the sacrifices being demanded were likely to grow as the war proceeded, and that consequently consideration of the most urgent needs of the community—the family needs—was imperative, has been borne out with almost tragic severity. Taxation has been increased so steeply that much of the benefit of child endowment has been offset by the decline of the family income on that account. But it has to be said on the other side that the policy of making the payment to the mother has proved sound in practice. All will agree that, in the main, Australian mothers are sounder suppliers of domestic needs than the male member of the family can be. Therefore, although at first sight it would appear that the children have been the sufferers as the result of tax increases, the probability is that fathers have had less spending money, whilst mothers have been able to use the endowment for family needs.

I turn to what I believe to be a deeper problem that will confront the Parliament; it is directly related to the matter of family allowances. In my view, there has been almost a revolutionary change of conditions, and this has affected

families during the war years. In most families, high taxes have been offset by two factors. The husband employed in industry has had full employment at a high rate of pay, and a substantial measure of overtime. In some degree, this has offset the domestic problem represented by the reduction of the family income by tax increases. Where the husband has been a member of a fighting service, there has been substantial family provision in the rates of pay and allotments. Most honorable members will agree that servicemen and their dependants are by no means overpaid. At the same time, they would be as surprised as I was to learn how substantial has been the provision for the wives and children of the men on service. The first instance that I bring to notice was given by the War Gratuities Committee, which pointed out that, because taxation did not operate on the pay of the soldier serving abroad, a private with a wife and one child was on the same basis in regard to income as an industrial worker earning £400 a year, because he had no taxes to pay. In addition, he was provided with food, clothing, certain medical and other benefits, and some entertainment. Therefore, the adjustment in civil life of the family man who is on service may be a severe process. I shall state the case of a private with a wife and four children. In both the Army and the Royal Australian Air Force the serviceman must allot from his pay 3s. 6d. a day to his wife, in order to be entitled to the additional allotments made by the Government. In the Royal Australian Navy, the amount is 1s. 2d. a day. Having made that allotment, these amounts are paid by the Government to the wives and children of men of all ranks not holding commissions: Wife, £1 11s. 6d. a week; £1 1s. for the first child, 14s. for the second child and 10s. 6d. for the third child, and all subsequent children. Thus the allotment of the wife of a private with four children is a net £5 12s. a week, in addition to which she receives child endowment. Not having to make provision for the feeding and clothing of the husband, that represents a substantial weekly income, judged by the standard of most industrial workers prior to the

war. But a real problem will arise in connexion with re-establishment, because it cannot be expected that the artificial conditions of the war period will continue indefinitely. Hundreds of thousands of Australian families have become accustomed to receiving into the home the weekly amounts I have mentioned. A fresh approach to the problem of family allowances will become necessary. It may involve a complete recasting of views traditionally held in respect of the basic wage. I believe that it will. We have never claimed that the amount payable for child endowment represents the full expense which the mother has to incur in the rearing of a child. But we must bear in mind that during the war years many mothers, whose husbands have been in the services, have received allotments that have sought largely to meet the actual expenses incurred in the maintenance of the endowed child. How can this problem best be met in the future, when the whole of the country is passing through an industrial and re-establishment conversion? It may be necessary to review the traditional conception of what the basic wage should represent.

Sitting suspended from 12.45 to 2.15 p.m.

Mr. HOLT.—The final matter to which I direct attention is the special problem of adjustment which will arise through the transition period for many young Australian families, not merely those whose men have been engaged in the fighting services, but also those who have experienced the abnormal conditions prevailing in industry during the war years. I have pointed out that, as the result of provisions already made by this Parliament, a substantial allotment has been made for the wives of men in the services in respect of children. For the first child 21s. has been provided, for the second child 14s., and for the third and all subsequent children 10s. 6d. a week. I said that a substantial net income had been coming into the homes of those people by contrast with that which would have been earned by an ordinary craft worker employed in industry at the usual award rates. As the War Gratuities Committee has pointed out

that the present payment, together with the allotment for the wife and child, to a private in the Army is equivalent to £400 a year in the hands of an industrial worker who would be meeting the appropriate rate of income tax, there will certainly be a difficult problem of adjustment in the domestic budgets of many Australian families whose men have been away in the fighting services.

In industry, too, there is a somewhat similar problem. Although civilians have been paid according to the prescribed rates during the war years, we have had a condition of full employment, and a considerable amount of overtime has been worked by most people in industry. The problem of family allowances, therefore, goes considerably further than the partial solution offered by this measure. I made a comment earlier that at this stage of our national history, when we are going through a reconversion from conditions of war to those of peace, when the whole of the community is in a state of flux and when hundreds of thousands of men in the services are to come back to industry in the next year or two, we might well review the whole incidence of the problem of family allowances. I think that we ought to accept it as a clear proposition that our people will expect, not a reduction of their domestic living standards, but a substantial increase of them. Yet, on the figures which I have given of domestic income, it is clear by comparison with the conditions obtaining before the war that a reversion to those conditions, even if full employment were available, would mean a decline in the budget available to the housewife for domestic purposes.

I confess that I have no clear solution in my mind as to how the problem could be solved. One consideration which must come under review is our present method of fixing the basic wage. That has been determined by various wage-fixing tribunals. In some instances it has been fixed to meet the needs of a man, his wife and two children, and in other cases to meet those of a man and his wife and three children. The Arbitration Court has departed from the latter basis in recent years and speaks of the highest award that industry can afford to pay. Although it speaks in

Mr. Holt.

those terms, we know that, when the wage is fixed, it has in mind the problem of family needs. The basic wage in many instances applies to single men, or to a man with a wife and no children, and it provides for them, perhaps, a higher rate than their needs suggest, whereas, for a man with a wife and several children, the basic wage, supplemented by the family allowances prescribed under this bill, would probably be inadequate for their needs. My own view is that we must fix the basic wage on the unit of a man and wife only, and then add, by government methods or out of a common pool, substantial allowances for each child which may come to that family. Our present basis is a false one. If we adopted the unit of a man and wife, and gave substantial loadings on top of that in respect of all children, we should go a long way towards meeting the needs of the situation. I admit that that immediately creates difficulties.

Whilst the basic wage must be adequate, it is affected by the capacity of the country to carry on trade and commerce and meet the normal competition that we must expect in post-war years. Therefore, it might be impracticable to impose upon industry itself the whole of the additional cost which an extra allowance would entail. The burden might have to be borne partly by industry and partly by general revenue. That, in practice, is what is happening under our child-endowment legislation at present. I do not attempt in this discussion to offer a complete solution of the problem. I have only tried to suggest to the House some considerations which I think present rather a different problem from that which we had before the war, and which calls for a further approach to the whole matter.

Mr. MULCAHY.—What about a bachelor tax?

Mr. HOLT.—I have never opposed that. If the honorable member had the most superficial knowledge of Commonwealth finance, he would know that such a tax now operates, because income tax concessions are granted in respect of wives and children. All that I have attempted to do has been to place before the House some facts which emerge from the brief history of our child-endowment:

legislation, and to pose a few questions for the thoughtful consideration of the House—questions which will demand solution in the years immediately ahead of us. I do not put these suggestions forward on purely party lines. This is a social problem of the highest order, which demands the best statesmanship which all sections of the House can muster. I and other members of the Opposition support the bill. However, welcome it may be because of the increased payment for which it provides, the Opposition regards it only as a partial solution of the general needs in respect of adequate family allowances. Our discussion of the bill should show a recognition that the larger task still lies ahead of us.

Mr. BARNARD (Bass) [2.25].—The honorable member for Fawkner (Mr. Holt) has informed us that the Opposition does not oppose this measure. I can understand that, because the principal act relating to child endowment was introduced by the Government of which he was a member. In fact, he himself brought the measure forward. The fact that child endowment was introduced at that time had an effect on the basic wage, and prevented a general increase of the wage for which strong claims were then made. Whatever merit there may be in the action taken by that Government, the fact remains that since that time a review of the basic wage which should have been made was not undertaken.

Mr. MULCAHY.—The principle of child endowment was accepted in New South Wales some years ago.

Mr. BARNARD.—That is so.

Mr. HOLT.—I hope that the honorable member is not trying to make a party issue of this matter.

Mr. BARNARD.—No, I am merely stating a fact. The honorable member has referred to the bill as merely removing to some degree an anomaly which has arisen over the years in respect of child endowment because of the increased cost of living. It is true that the cost of living has increased, and to that degree the payment of 5s. a week does not now afford the same purchasing power that it gave when the measure was passed. I am glad that the Government has submitted this bill. In a speech which I made in

the House several months ago I advocated an increase of child endowment, because I have been in contact with mothers and other members of the community who are interested in better provision for large families. These people have stressed that difficulty arises, not so much in respect of parents with one or no children, but rather in respect of families with a greater number of children. After all, it is for families of that kind that we should cater if we are to adhere to the principle of a White Australia. The time has passed for speaking of child endowment as an experiment. There are still some who say that the money paid in child endowment is wasted, but I refuse to believe this. It may be true in a few cases that the full benefit is not received by the children, but in the great majority of cases the money is spent for the purpose for which it is paid. That is my opinion, and also the opinion of the Social Security Committee, which has gone into the matter. As has been well said, Australia will be a great and prosperous nation to the extent that its family life is made secure. We should not be treated simply as economic units, not merely as men and women, or producers and consumers. Above all, we are fathers and mothers, husbands and wives, or children. To-day we are passing another milestone on the road which leads to a better state of affairs for mothers and their families. This bill will be of benefit to an ever-increasing number of people. An attempt should be made to provide competent help in the home for young mothers. This is an urgent matter, and something should be done to save the young mother from at least some of the drudgery. It is for that reason that I advocate the establishment of a ministry for motherhood, so that the problem can be examined by some one who has a sympathetic approach to the subject. Since Australia has introduced the system of child endowment, similar systems have been introduced in other countries, and the idea is increasing in popularity everywhere. The honorable member for Fawkner (Mr. Holt) expressed the fear that an economic problem would be created by the cumulative effect of the payment of service allotments, child

endowment, &c., and he wondered what would happen when the country returned to normal conditions after the war. There will, of course, have to be some readjustment, but I believe that things will sort themselves out without much trouble.

It is interesting to note what is being said and written on these subjects in other countries. In an article published by the Social Planning Committee in England, the following passage occurs:—

It has been argued that all rates of benefit and all scales of need should bear a logical relation to a National Minimum Needs Standard, which should also form the basis of minimum wage rates; and that such a completed income-maintenance system will not be possible without a scheme for general family endowment. The benefit of such a scheme should be granted in respect of all children, irrespective of the size of their parents' income and regardless whether or not their parents are in receipt of a "normal" income or a social service income. The benefits should be payable in respect of orphans as for all other children. But, where orphans are under the care of adopted parents or guardians, it might be advisable to pay a higher rate of benefit. Children's benefits—whether in cash or kind—would be administered by a department of the Social Security Office.

This committee advocates, not only the payment of cash allowances, but also the making of allowances in kind, such as the free transport of children to school, and the provision of milk for schoolchildren. In this they have been guided by experience during the war. There is a growing disposition among those who have studied the subject to favour the provision of benefits for children through the mother, rather than to increase the father's wage.

While I was in Canada last year, I discussed with those in charge of the Social Security Department the provision being made in that country for the payment of children's allowances. A bill was then being prepared for introduction to the House of Commons, and I had a long talk with the officer who was settling the details. In Canada, they have approached the matter in a somewhat different way, in that, whereas we pay the same rate for every child after the first, in Canada the payments are graduated throughout. They are—First child, 5 dollars a month; second child, 6 dollars a month; over 12 years, 7 dollars a month; 13 to 15 years, 8 dollars

a month, with a reduction of one dollar a month for over four children. In a report issued in Canada on social security, the matter is discussed in these terms—

The problem of the insufficiency of wages, in many instances, to meet the needs of families comprising several children may be approached in three ways. The first way is that of relief to families which are found to be in need. In practice, it is likely that the relief will be given only in cases of urgent necessity, and after the family has exhausted its resources. The second way is to provide extensive benefits in kind for children, in the form of scholarships, health services, school meals, &c. These services, however, although they justify a smaller cash allowance, do not eliminate the need for it altogether. The third method is to recognize children's allowances in forthright fashion as a specific social security measure justified on its own merits. What is envisaged in this report is a children's allowance system considered as a unit along with unemployment insurance, health insurance, disability insurance, and other measures in the social security system, but geared into them at every point where they belong.

Family security was also considered by the Australian Women's Conference in Sydney in 1943, and it recommended, as likely to promote a higher birth-rate—

1. Provision of day nurseries, nursery schools and supervised playgrounds in all residential areas.

2. Safeguarding maternal health.

3. The development of a baby nurses' scheme through baby clinics which would make casual nursing service available to parents of families.

So far, we have gone no further than the proposal to increase child endowment allowances by 50 per cent., but I hope that later we shall look at this matter more broadly. In some measure, I agree with the honorable member for Fawkner that the principle on which the basic wage is calculated should be reviewed in the light of the other provisions which are being made for family welfare. However, I do not say that the basic wage should be reduced. I think it is too low now. If industry is to be relieved of the requirement to pay a wage sufficient to maintain the worker and his family, and provision for the family is to be made in large measure out of a national pool by way of family allowances of various kinds, then industry will need to contribute a greater share than now to the national pool.

This measure will be welcomed by those whom it is designed to benefit, and it will relieve to some extent the financial anxieties of the mothers of families. I hope that this bill is only a forerunner of others to provide social benefits for the people and designed particularly to preserve the health of mothers and children. In addition to providing for child endowment, we must institute a system which will ease, if not remove, the drudgery associated with household duties by providing trained help in the home. I heartily support the bill.

Sir EARLE PAGE (Cowper) [2.46].—I am glad to have been associated with governments which have been interested in child endowment. In 1927 the Bruce-Page Government appointed an all-party royal commission to examine this problem when this Parliament's constitutional competence was in doubt. The present Prime Minister (Mr. Curtin) was a member of the commission, on which Mrs. Muscio represented the National Council of Women. That commission was asked to examine various matters; first, the best method of establishing child endowment; secondly, whether there should be a limitation of income to recipients of child endowment; and, thirdly, whether it was possible to make child endowment payments to persons whose income was not regulated by law. It was obviously necessary that the third class—persons who were self-employed or conducting farms and enterprises by themselves—should be given the same consideration as was given to persons in receipt of wages. A measure introduced in 1940 by the honorable member for Fawkner (Mr. Holt), who was a Minister in the Menzies Government, removed some of these difficulties by abolishing the income limit for child endowment and making the payments universal. That measure dealt effectively with problems which previously were thought to present extraordinary difficulties. Now, four years later, the time has come to examine the result of that experiment in social legislation. I was, indeed, pleased to hear figures given to-day which showed an increase of the number of marriages and of births, the latter last year being about 30,000 more than in the last pre-war year. I hope

that that increase will continue year by year. The present Government deems it necessary to raise child endowment payments by 50 per cent. I support the increase, because I believe that child endowment is one of the wisest of the social service provisions that have been introduced into any Australian Parliament. But when the amount necessary to provide these payments rises steeply from £12,000,000 to £18,000,000 a year, the time has come for us to examine the underlying factors associated with child endowment and other social services in order that we may be assured that industry can meet the additional payments. After all, whether these amounts be paid or not will depend ultimately on the capacity of the community to finance them. I welcome the suggestion of the honorable member for Fawkner that one of the matters that should be examined is that of the data on which the basic wage is fixed. Before the royal commission to which I have referred it was argued that the bringing down of the basic wage to the needs of a man and his wife would almost undoubtedly follow the introduction of child endowment. If that were done, it would enable the community to meet some of the difficulties which will ultimately arise. That is a matter for discussion; at the moment I have no fixed ideas concerning it. I am concerned, not as to whether the amount shall be paid by employers on an overall basis—although that is something which should be examined in order to determine whether more should come from taxation rather than from special industries, because of the danger of the impost being discriminatory—as with comparing the basis of this social service with that of others. I put it to the Government that if at any time it is necessary to subtract from any of the advantages that have been given, the subtraction should be at the expense, not of child endowment, but of other social service payments. I take it that the main reason for the introduction of social service legislation is to ensure that the health and nutritional standards of the people of Australia shall be maintained at the highest level possible, especially in respect of children and women bearing children. The question arises as to

whether that can be done best by increasing the amount of money paid to the mother, or whether there are other ways of ensuring that the children will benefit. Improved health and nutritional standards may result from better housing, or better food, or by providing help for the mother, especially when there is more than one child in the home. I believe that of those three ways the most important is the provision of proper food, especially those highly nourishing foods which are rich in vitamins. Such food should be made available to mothers and children. Next in importance I place better help for the mother and, last, better housing.

In Great Britain during the war a great experiment was conducted. The bombing of Great Britain destroyed hundreds of thousands of homes; yet, because of the sound food policy of that country, and notwithstanding that the housing conditions were worse than previously, the result of regular supplies of whole milk to children in greater quantity than ever before and also of special fruit juices on which the health and rationing authorities insisted, as well as the inclusion of certain vitamins in bread, boys of five years of age in Glasgow to-day are half an inch taller and 1 lb. heavier than were boys of the same age in the last year before the war. Girls of the same age were one-third of an inch taller and 1 lb. heavier than in 1939. Boys of thirteen years of age were 1 inch taller than boys of the same age in 1939, and their weight 2.6 lb. heavier on the average. The tests were made towards the end of 1942, after nearly three years of heavy bombing. Many thousands of children were examined. When we remember that those improvements took place despite the fact that housing conditions were worse than before the war, we are forced to the conclusion that food is more important than housing. I am in favour of an increased monetary grant to assist mothers, but alongside that policy there must be a sound policy of nutrition. We must ensure that the diet of growing children and of pregnant women shall include whole milk, special fruit juices, eggs, and fresh vegetables. It is better to have an extra burden on the budget to subsidize the provision of proper food,

than to pay heavier health bills in other directions, such as payments in respect of invalidity, chronic inability to work, and so on. The improved diet of the people of Great Britain during the war caused a decrease of the number of children suffering from rickets from five out of every ten children to one in ten. And so I repeat that in considering an increased child endowment payment we must also insist on proper food and sanitary conditions in the community. When I was in Great Britain I discussed these matters with Mr. Ernest Bevin, who was Minister for Labour and National Service, and also with Lord Woolton, the Food Controller, and they told me that the loss represented by the number of working days lost in the war-time factories of Britain was equivalent to what the country was paying in food subsidies to maintain the health of the people. A great part of that loss was due to the heavy malnutrition during the war of 1914-18 when provisions like this did not operate. Already we can see the results of the programme. Besides other social service measures, we should ensure the availability of plenty of cheap and nutritious food. Eggs and oranges at 1d. each sell more readily than at 3d. and 6d. respectively. Prices always influence purchasers. Hence Great Britain provides milk free to children and at 2d. a pint to women. The three main causes of malnutrition are infection, bad selection and preparation of food, and poverty with lack of food. Poverty and lack of food and bad selection of food can be overcome to a degree by the Government making the right foods available at cheap prices, not by starving the producers, because there will be plenty of food only if it commands a payable price, but by subsidizing the growers. Such subsidies should not be regarded as a "hand out", but as an aid to improving the health of Australia. We are fortunate in our open spaces and the large quantities of food we produce, and our health ranks third or fourth in the world, but, if Australia is to become more industrialized, which is essential if our ideal of a greater population is to be realized, it is most important that the national health shall be safeguarded at the base by ensuring that the food of the

people shall be of the right kind and quality and cheap. About the only merit I can find in taxation is that it enables the stimulation of worthwhile industries either by direct remissions or by subsidies. Australians annually eat an average of 102 eggs and 104 lb. of fresh fruit, but Americans eat 170 eggs and 172 lb. of fresh fruit. We are also behind America in the consumption of milk. We should not lag behind other nations in respect of health and social services. I urge that the Government keep what I have said in mind when dealing with social service matters.

Mr. HAYLEN (Parkes) [3.5].—This bill is welcome, not only because it provides for a small but important increase of child endowment, but also because it is a further indication that, although at war, the Commonwealth Government has not lost sight of the welfare of the people. I am glad that the pernicious means test does not apply to child endowment. The influence of child endowment on the birth-rate has been debated by other speakers. The honorable member for Bass (Mr. Barnard) scored a good point when he said that men and women must be regarded by the economic planners in the preparation of social legislation, not just as economic units but as human beings. We must not look so much at the hard cash side as at the human side, and we must regard men and women as flesh and blood capable of suffering and sacrifice. In that respect we must award the palm to our women. In the pioneering of Australia, the women have been martyrs. Lacking comfort, cultural amenities and sufficient money, they bore the full brunt of rearing young Australians, but responded so magnificently that families of ten or more were not uncommon, and families of eight about the average. The story of their suffering has never been sufficiently told. They had no social legislation to assist them. What happened to their children after they were born depended on the vagaries of the then extremely narrow capitalistic set-up. The humane principles of the honorable member for Bass and, I think, the other members of the Social Security Com-

mittee, of which he is chairman, who regard people not as mere financial units but as flesh and blood, lead us to expect a more rapid development of understanding of what social justice means. Child endowment is popular on both sides of the House. But for the fact that it is such a popular measure that most of us like to say so, it would have been passed by now. The honorable member for Fawkner (Mr. Holt) referred to the added burdens placed on women in war-time. Added to the normal difficulties of women in running the home are war-time regulations that impinge upon almost all their day-to-day activities. In most cases the wife is the economic master of the household and the nutritional expert. When sources of supply fail she has to try to keep the economic unit, which is her home, in a flourishing condition by all the means that she can devise. Up hill and down dale every day she, camel-like, has to carry home the day's provisions because war-time restrictions have suspended deliveries. The right honorable member for Cowper (Sir Earle Page) gave an interesting disquisition on nutrition, but I think he entirely missed the point when he ascribed the better physique of the children of Great Britain to-day to the dietary scale imposed by the British Government. I think it is due to the fact that the British Government took action to ensure that everybody, regardless of his position, should be adequately fed. For the first time in history, hundreds of thousands of British youngsters were properly fed, because previously widespread poverty had prevented the parents from giving the children sufficient to eat. I think the real nutritional expert is the mother, who will ensure that her children shall have good and plenty, provided she has the money to buy it. It is a much simpler proposition than the economical planners would make out. I believe that the rise of the birth-rate, despite the hazards of war, is due to the fact that there is more money in the homes. With that stabilizing influence behind them, the workers willingly carry out their national duty by having more children. Throughout history the women of the working class have been those who have had the biggest

families. They deserve the highest tribute.

Mr. WHITE.—Why discriminate? Why not pay tribute to all women?

Mr. HAYLEN.—Even honorable gentlemen opposite sprang from working-class stock. The revived Liberal party cannot claim to be members of the aristocracy. Ninety per cent. of the people of Australia are proud to be designated as workers. The other 10 per cent. are anglicized snobs. It has been demonstrated by the right honorable member for Cowper (Sir Earle Page) that, even in war-time, with proper feeding, children can be developed into healthy units of the community and that, with a little more money available in the home, the birth-rate will increase by 25 per cent., even in adverse circumstances. After having praised the general principle of child endowment, Opposition members one by one have asked, "Where is the money to come from?" They refer to the fact that years ago so many millions of pounds were required for social services, and that to-day a much higher sum is needed, and they predict that our future commitments will be colossal. They seek to imply that our standard of social security cannot be maintained. In order to answer their arguments, I shall quote one of the best radical economists of the day, Stuart Chase. He shows where the money will come from and how it can be used to good purpose in time of peace, as well as in time of war, to prevent a return to the disastrous capitalist economy of "boom and bust". In his book, *Where's the Money Coming From?*, Mr. Chase stated—

In 1925, Russia had been through a devastating war and a violent internal revolution. Her currency had been destroyed in a runaway price inflation, she was the world's worst financial risk abroad, and she had very little gold. Yet by the end of the first Five Year Plan, in 1933, Russia had invested some 60 billion rubles in factories, new cities, hydro-electric developments, armaments, houses, schools. There stood the new plant, ugly and solid. Without it Russia could never have met the onslaught of Hitler's armies.

Where did the money come from?

In 1933 it was freely prophesied that Italy could not invade Ethiopia. She had no credit abroad and almost no gold. The effort would bankrupt her. Italy went ahead, conquered Ethiopia, and emerged without financial collapse.

Where did the money come from?

Hitler took over a Germany which was technically bankrupt. It had defaulted on its foreign obligations. When he proposed to build a powerful army, together with all kinds of grandiose public works, he was laughed at in London and New York. Germany was insolvent, and the whole idea was preposterous. The nations of Europe which have trembled under the thunder of panzer divisions know that Hitler built even more terribly than he promised.

Where did the money come from?

When Japan began to rattle her sword in the direction of Indo-China and challenge the United States and the British Empire, wiseacres said it was a bluff. The long years of the war in China had reduced the Japanese economy to a bag of bones. She was bankrupt and could not sustain a real fight. Yet she opened a new attack with devastating fury, and with military equipment in planes, tanks, artillery, ships, that was as excellent as it was unexpected.

Where did the money come from?

Mr. WHITE.—Mr. Speaker, has this dissertation on finance in Germany, Italy and Russia anything to do with the measure before the House?

Mr. SPEAKER (Hon. J. S. Rosevear).—The honorable member made it clear before he commenced to read the quotation that he was endeavouring to answer the arguments of Opposition members concerning the availability of money to finance social benefits. He is illustrating where the money can be obtained, according to some theories. His purpose is to prove that the necessary money can be found.

Mr. HAYLEN.—I made the quotation in order to disprove the contention that we cannot carry out bigger and better social security schemes than in the past. The honorable member for Balaclava has raised his voice, in chorus with other honorable members opposite, to assert that what can be done in war-time can also be done in peace-time. I am trying to establish that very proposition in relation to the financial aspect of social security. There is something more potent than money, and that is human energy and the goods which it produces. If members of the Opposition, despite the tremendous onslaught made on them at the last elections, have not yet realized that the old order has gone for ever and that there are new trends of thought in the community, they had better think seriously about the matter before the next

elections. This country must progress, but we must ensure that it progresses along the humanitarian lines which have always been advocated by the great Australian Labour party. We do not wish to progress through the sufferings of the workers. As our standards of living increase, we must make corresponding improvements in our social services. Should there be any feeling that my contentions are too dramatic, I remind honorable gentlemen opposite that there could be an even more dramatic proposition. If some sections of the community are without even the most elementary items of comfort, we can take steps to secure control of the aggregations of money in the community in order to improve their way of life. It is not beyond the limits of possibility to implement a scheme whereby the Commonwealth Government would take partnerships in such cartels as the iron and steel, brewing industries, and other monopolies. Despite the fact that Australia is supposed to be a poor country, the balance-sheets of these organizations are glowing features of the *Sydney Morning Herald*, the *Melbourne Herald* and other prosperous newspapers. Under a form of socialism, the Government could buy partnerships in these firms, if it could not manage them alone, and thus secure some of their profits for the benefit of the community. These towering monopolies have used the people of this country for 150 years, and it is time that we used them and their profits in order to provide social benefits for the working people. I congratulate the Government on sticking to its guns and promising those who fear that we are spending too much on social services that we shall spend more and more until we have lifted the blight of poverty and the inequality of class distinction from the people of Australia.

Mr. DALY (Martin) [3.23].—I commend the Government for its decisions to increase the rate of child endowment by 25 per cent. As the honorable member for Parkes (Mr. Haylen) has said, this is a notable achievement. This bill shows that the Government realizes the importance of family life, which is the core of our national being. Every measure to

promote the health and general welfare of Australian children is a definite contribution to the future stability of our national structure. Therefore, anything that we can give by way of benefits to the mothers and children of Australia represents a progressive step in the development of the country. In considering social services, we must pay attention not only to the aged and infirm but also to our young people. We must try to make the lives of young married people and children free from financial worry and distress. They should be saved from the necessity to struggle against financial difficulties, so that they may bear their full share of responsibility as citizens of a young and progressive nation.

A very satisfactory feature of the child endowment legislation is that applicants are not required to submit to a means test. Every family in the community of appropriate size is entitled to the benefits of child endowment, irrespective of income. Every honorable member must agree that the means test is objectionable.

Mr. WHITE.—Would the honorable member approve of the Government abolishing the means test for dependants of servicemen?

Mr. DALY.—The means test ought to be abolished completely, but it is not possible to do so at one stroke. It will have to be removed gradually over an extended period. The fact that it is not applied in respect of child endowment is a progressive step. It is interesting to note that Sir William Beveridge, referring to child endowment in his book, *Social Insurance*, stated—

It is not likely that allowances for children or any other economic incentives will, by themselves, provide that means and lead parents who do not desire children to rear children for gain. But children's allowances can help to restore the birth-rate, both by making it possible for parents who desire more children to bring them into the world without damaging the chances of those already born, and as a signal of the national interest in children, setting the tone of public opinion. As regards care of children, whatever possibilities the future may hold of larger families than now, the small families of to-day make it necessary that every living child should receive the best care that can be given to it. The foundations of a healthy life must be laid in childhood. Children's allowances should be regarded as a

help to parents in meeting their responsibilities, and as an acceptance of new responsibilities by the community.

That clearly summarizes the value of child endowment. Although this service may not actually stimulate the birth-rate, it at least gives to large families a degree of financial assistance which helps them to overcome many of the greater disabilities which they suffer in comparison with or smaller family units. It is generally agreed that the large family is at a disadvantage in comparison with the small family. The Government should endeavour, by increasing social benefits, to compensate for increases of the cost of living. To provide young children with the necessities of life alone demands a great deal of expenditure, and we must keep that fact in mind in endeavouring to encourage larger families as a part of a progressive national policy.

I come now to some of the statements made by the honorable member for Fawkner (Mr. Holt). The honorable gentleman was the Minister who introduced the original Child Endowment Act, and in his speech to-day he covered old ground. He said that the 2s. 6d. a week increase of the endowment rate to 7s. 6d. would be absorbed by the cost of living which has increased by 50 per cent., according to his figures. The honorable gentleman's statement was not quite fair, because the cost of living, according to the latest figures that I have been able to obtain, has increased by approximately 22 per cent., whereas the child endowment payments are being increased by 50 per cent. Thus there will be some additional assistance over and above the higher cost of living. Another point to be considered is the increase of wages.

Another factor that must be remembered in relation to child endowment is that when periods of unemployment overtake the bread-winner, the family will still have some income by reason of these payments. We all remember that not long before the war about 250,000 people in Australia, not counting dependants and children, were unemployed. In that situation, some money would have been available through

Mr. Daly.

child endowment to provide foodstuffs for the families involved. It is interesting to know that since this social service first became operative in this country, in 1941, payments amounting to about £48,000,000 have been made in respect of endowed children. The number of claims now totals 510,000 in respect of 930,000 children. The average is nearly two endowed children in each family. As the honorable member for Parkes (Mr. Haylen) observed, in considering a subject of this description it is necessary to pay attention to the human factor as well as to finance. It is not only a matter of paying out £12,000,000 or £16,000,000 a year in social services. Regard must be had also to the material benefits of this legislation in the lives of many families. Through this legislation, children and parents alike have been able to enjoy amenities which would not otherwise have been available to them.

I agree with the honorable member for Parkes that the nation owes a great deal to its citizens who rear families, and our social services in respect of them should be as liberal as possible. We should do everything we can to encourage people to rear families, and I believe that the payment of child endowment is an effective contribution to that end. It is essential, as we all know, to increase the population of Australia. I congratulate the Government and the Minister for Social Services on this progressive step, which, I am sure, will be greatly appreciated by the general public. I hope that in the days to come, child endowment payments will be made at an even more liberal rate and that they will apply to the first child of the family as well as to subsequent children.

Mr. MORGAN (Reid) [3.35].—The Government is to be congratulated upon having introduced this bill, the passage of which will undoubtedly add to the prestige of the Ministry. I am glad that it has been possible to proceed with a social security programme in spite of war conditions. This substantial increase of 50 per cent. in the rate of child endowment payments will bring the total disbursement under this heading to

about £18,000,000 per annum. The Government has displayed vision in taking this step. We all agree that both economic and defence considerations make it essential for Australia to have a larger population than at present. We cannot be forgetful of the fact that just to the north of our shores are countries teeming with millions of people, many of whom must often cast longing eyes towards this fair land. This increase in the rate of child endowment is also commendable because of national debt considerations. The national debt of the Commonwealth is now approaching £3,000,000,000, which is equivalent to about £400 for every man, woman and child in the community. The payment of 7s. 6d. a week as child endowment will amount, in respect of children who receive it during all the years for which they are eligible, to about £300 *per capita*. The Government therefore will still show £100 on the right side of the ledger, having in mind national debt considerations.

I hope that the time is not distant when it will be possible to provide a scheme of marriage loans. An announcement has been made by the Government that as soon as the war ends a comprehensive housing programme will be put in hand, but young people who desire to marry need help in the acquirement of furniture as well as in the purchase of a home. Many young people postpone marriage because they have not sufficient money to purchase the furniture that they need. A system of marriage loans to assist in the purchase of furniture would be a good move. Provision could be made for the repayment of such amounts to be spread over a reasonable period, but I hope that any such scheme will include a provision for the writing off of a proportion of the amount loaned with the birth of each child of a family. I hope, also, that consideration will be given by the Government to the extension of endowment payments for the first child as a married man with one child is at a disadvantage in regard to the basic wage, as against a single man or a married man without children.

[Quorum formed.]

Dr. GAHA (Denison) [3.41].—My friend the honorable member for Fawkner (Mr. Holt) is an extremely fortunate but very rare man—a bachelor who has been able to bring forth a legal child! I do not know how he has done it, but I congratulate him on his effort. If anything of that nature should occur to me in the course of my lifetime—well there are words that would describe it!

A great deal has been said in this House in the last few years on certain aspects of Australia's population problems. This measure may be considered, first, as a plan to encourage family life and so assist in meeting our population problem internally and, secondly, as a measure to meet economic necessity. Social security measures, of course, are not new to the Commonwealth. When, in 1911, our predecessors in this Parliament took steps to provide some measure of social security for the people it was said that the results would be deplorable and disastrous. To-day, however, honorable members of all parties favour social security legislation of one kind or another. Some reference has been made to the basic wage. I do not consider that this measure is of much importance in that regard. The tendency over a great many years has been for the purchasing power of money to fall even in relation to an increasing basic wage. I believe that that is still happening. As to whether this measure will result in an increase of the size of families, I point out that in Australia in 1890 the average size of the family was 6.2, whereas to-day it is only two. I consider that we should provide a basic wage which would be adequate to enable families to enjoy the amenities of life. Many things that are to-day regarded as fundamental to the welfare of people were not known years ago, and they are not taken into consideration even in these days when the basic wage is being fixed. It is necessary, therefore, in my opinion, if the people are to enjoy a higher standard of living, for the basic wage to be fixed on data different from and more comprehensive than that which is taken into account to-day. Orthodox methods of the past should not be regarded as adequate

for to-day's needs. If the slogan "business as usual" is put into practice after the war, it is quite conceivable that this increase of 50 per cent. in the rate of child endowment will soon cease to have any real value for the people who receive it. Finally, of course, the money for this purpose has to be obtained from the taxpayers. For that reason I consider it to be essential to discover some method of providing real advantages for people without increasing the burden of the general taxpayers. Theoretically, so much can be devoted to the consuming end and so little to the producing end that the shifts of capital cause inflation. Consequently, regard must be paid not merely to one aspect, but also to the whole proposition as it is reflected in our social life. Remedies must be sought in the great changes that are occurring in the social order. I heard in this House only yesterday an attack upon communism. I am not competent to say what growth has been achieved by communism in this country. The remedy is not to set up a legal machine to crush communism—that would be the best way to stimulate it—but to provide such stability and security in the social structure that there will be no room in it for the growth of spurious political systems. Any attempt to destroy it legally would prove hopeless. The community must be ennobled, stabilized, and encouraged to develop the family unit. At all times in the past, the stabilization of the social structure has offset any attempt to establish a wild system in the body politic. I am sure that my friends who sit opposite are earnest in their intentions. If they wish to apply themselves to the problem seriously, they can help the whole of Australian life by assisting to provide a better social system. I have been most impressed recently by social welfare measures which industry, of its own volition—very late in the day, I admit—has applied to its workers. I refer particularly to better food, housing, superannuation schemes, medical services, and so on. It should be possible for industries to discharge many of the functions which to-day have to be undertaken by the State, simply because in the past industry has been too apathetic,

indifferent, and inexperienced to undertake them. It is interesting to note the degree to which industry has gone, particularly in America, towards meeting many of the social obligations which now devolve upon the central authority and thus place a tax upon the community and burden industrial development.

From child endowment, we must march into a wider field. I recognize that the whole of the social system cannot be disturbed overnight; progress must be made by gradual evolution. If child endowment be the first step and housing the second step, we should endeavour to ennable the people by the wider use of those agencies. I believe that a great deal could be achieved if we were prepared to embark upon a pure housing scheme in the first instance, a pure child endowment scheme in the second instance, and then a combination of both. A person with five children who is so fortunate as to own his own home, surely is entitled to the full benefits of child endowment, even though he is more fortunate than his brother who does not own his own home. But there is no reason why we should not help the man who is without a home to obtain one, if he is prepared to undertake the responsibilities of a large family. No one will deny that, having a stake in the country, he would become politically a stable entity. So we have to cast round to determine the point that can be reached with child endowment or housing schemes, or a combination of both. There is an interesting point; I do not know whether honorable members opposite have given consideration to it. At the present time, if there are five children in a family, four of them are endowable; in other words, under this proposal of the Government 30s. a week, or £78 a year of endowment, will go into the home. By means of orthodox finance, namely, the use of savings bank deposits at an interest rate of $2\frac{1}{2}$ per cent., with charges of 1 per cent. for administration and $\frac{1}{2}$ per cent. for redemption, the cost to the Government of providing for a man with five children a house costing £1,000, rent free, would be only £40 a year, compared with the £78 a year that is

to be paid in child endowment, but with the difference that eventually the cost of living will catch up with child endowment. Which would be of greater advantage to the individual? When the first child had reached 16, 17 or 18 years of age, the parent could be told "that child is now able to support itself partially". A commencement could then be made with the payment of rent, which could be raised as each child reached the age fixed: There would be sufficient time to purchase the home between the conclusion of the rearing of the family and the reaching of the pensionable age by the parent. Under the present system, a man with five children has to carry a burden that is not imposed on one who has no family, and the natural reaction has been the limitation of families. We have to encourage, first, early marriages, secondly, child endowment, and, thirdly, the private ownership of homes. When those three great principles have been applied to the whole of our economy, there will be a stable community life, an increase of the family unit, and so on. I have already said in this chamber that we are prepared to spend millions of pounds on bringing population from elsewhere. The cost of their education has to be defrayed by the State, and much expense is incurred in having them Australianized. Why not begin at home, and see how far we can develop Australian life within a decade?

Mr. HUGHES.—The best migrant is the child who is Australian born.

Dr. GAHA.—No one has pushed this matter harder than my friend who has just interjected. I do not want to begin a revolutionary discussion. We have to evolve gradually. I hope that the Government will devote itself to the task of enhancing still further its contribution to family life, by applying itself to schemes with a wider horizon, on the basis of private ownership. As a Minister, I had some experience of a housing scheme. Only four of the first 1,000 persons who took up houses under it, defaulted. We had the extraordinary spectacle of people vastly improving their environment, responding to their new responsibilities, and becoming enabled by private ownership. There

were no examples of damage to property, because the occupants of the houses were told that eventually they would be the owners of them. Thrift was encouraged, a higher standard of family life was developed, and the results all round were a great improvement on what had gone before. I hope that the Government will apply itself to a really effective housing scheme which will contribute towards implementing fully the new rate of child endowment. If I know the Government, that will be its policy.

If I may epitomize: The combination of child endowment and a housing scheme, would encourage earlier marriages. The extra money would enable people to own their homes eventually; therefore, in a sense it would be family endowment. The basic wage would be made more effective at a time when money is most needed. The private ownership and care of property would be encouraged. There would be an insurance against old age. If people were assisted to own homes while they were rearing their families, their pensions in old age would be really effective. It would be another form of national insurance, because it would encourage people to be thrifty. It would be an antidote to disruptive communism, and a stimulus to progressive, stable government. I shall never be convinced that communism can be wiped out by legalistic methods; the only remedy for it is better social progress. The plan I propose would not cause too steep a rise of the cost of living. It would be a means of using residual money and obtaining a fair return from it. It would increase the consuming power of the people, because the additional money would enable them to consume within reasonably safe limits. It would also increase industrial production. Lastly, it would be a useful means for the investment of war gratuities. There will be a good deal of black marketing if, at the end of the war, commodities are in short supply and there is a large amount of purchasing power in the community.

I regret that I have had to depart somewhat from the subject of child endowment. I have tried to link it with

housing, in order to show that a combination of the two would make a real contribution to the social betterment of the country. I believe that the Government is prepared to undertake what I have suggested, and that it would have the help of an intelligent Opposition, which would recognize the stability that would be given to the social structure, and the expansion that would result in our industrial and commercial life. The proposal has a great deal to commend it. I trust that it will be the first of many reforms that will contribute to the new social order.

Mr. HUTCHINSON (Deakin) [4.0].—I should like the Minister to tell us whether, in the opinion of the Government, child endowment is to be regarded purely as a social service, or whether it should be related to industry. Ever since the making of the Harvester Award, the basic wage has been fixed to meet the needs of a man, his wife and two children. The problem of the larger family was not tackled until the Menzies Government brought in a system of child endowment, one of the most important pieces of social legislation introduced for many years. Prior to that, those with large families scraped along as best they could. When child endowment was introduced, it was related to industry which was required to pay a part of the cost. It was found that certain small firms were unable to meet the extra cost, and so the wages tax was levied only on employers whose wage bill amounted to £1,000 a year or more. The balance of the money required to pay child endowment came from general revenue, and that principle is maintained under this new bill. Parliament must make up its mind as to whether child endowment will continue to be related to industry in this way. To-day, industry is taxed for this service without any regard to ability to pay. For instance, before the war, many quite small industries were earning large incomes, but they made no contribution to child endowment, while others, which were making small profits, but employed a considerable number of persons, were required to make large contributions. That system must be altered. Sooner or later, there must be a complete review of the basic wage.

Child endowment should be treated as a social service, and all the money required for it should come from general revenue, which is collected according to the ability of the individual to pay. Under the present system, one social service is sometimes taxed to provide money for another. An example of this is the wages tax paid by bush nursing hospitals.

Mr. WHITE (Balaclava) [4.4].—We all support the proposal to increase the rate of child endowment, but it is a pity that an adjustment of this kind cannot be related to a definite base. Some years ago, the Invalid and Old-age Pensions Act was amended to provide that pension rates should vary in direct relation to variations of the cost of commodities, and I believe that all benefits under social services should be regulated in the same way. It is wrong that such benefits should depend on the goodwill of any political party. It cannot be denied that there is a disposition to increase benefits as an election approaches, the increase being in the nature—I was going to say of a bribe, but, at any rate, of a benefaction to one section of the people. It might be better to appoint a board, presided over by the Commonwealth Statistician, to recommend variations of benefits from time to time, these variations to operate automatically. As social services are improved, payments of this kind will increase, and proposals for variations should not be brought before Parliament. The first thing, of course, is to agree upon a suitable base. I should like to hear the opinion of the Minister on this subject.

Mr. HOLLOWAY (Melbourne Ports—Minister for Labour and National Service) [4.7].—*in reply*—I said when I introduced this bill that the Government proposed to bring down a bill to consolidate our social service legislation, and that on it honorable members would have an opportunity to fully debate the subject. However, they have seen fit to debate the matter seriously in this bill, and I am glad that they did so. The honorable member for Fawkner (Mr. Holt) can be justly proud of the fact that he was the Minister in charge of the legislation which first provided for the payment of child endowment by the

Commonwealth. This afternoon, he made a brief review of the history of the scheme, and expressed some opinions as to what ought to be its future, and I was very interested to hear him.

Child endowment has been very widely availed of by the people. There is no means test, and the figures show that practically every child in Australia who is eligible has been endowed. There are about 1,900,000 children under the age of sixteen, and 1,400,000 have been endowed. There are 400,000 one-child families, which makes it clear that nearly every child, in every section of the community, has been endowed—rightly so, I think.

The next point to consider is how the money is spent—a very important consideration. I have tried to obtain some facts through an examination of banking deposits, and by the issue of questionnaires. The information thus obtained shows that 25 per cent. of the people who draw child endowment bank the money in the name of their children, generally with the idea of paying for their public school or university education. In another 25 per cent. of the cases, the mother spends the money for the benefit of the children alone. In the remaining 50 per cent. of cases, the money is merely added to the family income, and helps every member of the family. The reason, obviously, is that the family income is no more than sufficient, if it is sufficient, to meet the legitimate requirements of the whole family, and the endowment represents just a small addition to the family's spending power.

I was very interested in the child endowment legislation when it was first introduced, because at that time I was trying to have the basic wage increased, and to combat the idea that it was sufficient to meet the needs of a family unit of four or five persons. Chief Judge Beeby for the first time stated from the bench that the basic wage was only enough to maintain in decency and comfort a family unit of three—a man, his wife and one child. Influenced by that pronouncement, the framers of the child endowment legislation excluded the first child from the benefit of endowment. The benefit has now been extended to another 20,000 children, including the first child

of a widow, and the first child of an invalid pensioner, or of a person in receipt of an allowance for looking after an invalid.

When assessing the value of a scheme of this kind we must recognize that it rests upon an economic base. If, by increasing child endowment, we prevent a legitimate increase of the basic wage, we are, in effect, taking money out of one pocket and putting it into another. I am sure that when child endowment was first granted it had the effect of preventing an increase of the basic wage by 5s. a week, so that it has not benefited the recipients so very much, except in the case of large families. The honorable member for Fawkner suggested that the scope of family allowances should be widened, and that the rates should be fixed on a sliding scale to meet the needs of large families. I too should like to see that done. The honorable member also implied that, after the war, ex-servicemen would demand a continuance of the regular incomes which they received during their period of service.

Mr. HOLT.—My point was that it might be difficult, under peace-time conditions, to sustain the income which servicemen and their families are now receiving, and that they would, therefore, be dissatisfied.

Mr. HOLLOWAY.—And we shall have to face that problem?

Mr. HOLT.—Yes.

Mr. HOLLOWAY.—The inference is that we must be prepared to face a demand for a higher standard of living. I agree. We should be burying our heads in the sand if we did not anticipate that. My point is that when the Arbitration Court judges fixed the basic wage after carefully weighing the limited statistics available at the time—the statistics have improved since then—they fixed the lowest possible amount needed to keep people in some kind of comfort. I am sure that Mr. Justice Higgins and those who preceded and followed him meant that the basic wage should be a regular weekly income all the year round. It could not be otherwise if £5 a week is only sufficient to keep a family unit of three in comfort for a week. That is where the basic wage cheats. The workers have never had a constant basic wage all the year

round except in war-time. The right honorable member for Cowper (Sir Earle Page) referred to the ricketts that the children of Great Britain suffered in and after the war of 1914-18. He considers that now parents spend their money on more nourishing food than they bought then. His solution of malnutrition is a better selection of food. I point out to the right honorable gentleman that during the war of 1914-18 women in Great Britain went into industry as they have done in this war, although not in such great numbers. During that period British industry employed women and children to a greater degree than ever before in history, modern history at any rate. Women were employed in heavy industry—in engineering shops. Professor Osborne and his wife, Dr. Ethel Osborne, went to England, at the invitation of the British authorities, to study, as members of a special advisory committee, the effect of heavy work on women. It was in the nature of an insurance against wearing them out. Week by week the women were examined to ascertain how they were standing up to the strain. Examination disclosed that, in spite of their heavy and unusual work, the women were in better condition than before the war. Rather than wearing out, they were improving in health and in efficiency. On his return to Australia I heard Professor Osborne, in a report to the Melbourne University, say that, although he did not like making the admission, he had to state that the advisory board, of which he had been a member, had come to the conclusion that, for the first time in their lives, the women had been regularly fed and warmly sheltered.

Mr. WHITE.—In this war the calorific content of food has been determined and it has been distributed accordingly.

Mr. HOLLOWAY.—That is so. It all comes back, however, to the economic basis. Unless we are prepared to look at that we cannot achieve a great deal. The debate this afternoon has been very helpful. I am sorry that we do not have more debates of a similar kind. There will be a demand for a higher basic wage. I think that it should be readjusted scientifically and that family allowances should be fitted into it. The basic wage

should not be taken away as the result of payment of family allowances.

Mr. HOLT.—Does the Minister think that the basic wage should apply to a unit of a man and his wife?

Mr. HOLLOWAY.—I believe that will be the basis on which the Arbitration Court judges and any others who attend the conference that will need to be held will examine the basic wage. We have never been able to find a formula whereby differential rates can be paid to single and married workers. The Leader of the Opposition (Mr. Menzies), who has a lot of experience of this matter, will endorse that statement. Differential rates of pay under which single men would be paid less than married men would open the door to unscrupulous employers to employ the cheaper labour to the exclusion of the married men. That is the great difficulty. In France, 40 or 50 years ago, private corporations, not the nation, introduced systems of family allowances, but gradually a tendency developed to favour in employment those not entitled to the allowances. I repeat my pleasure that we have had this debate, which, as the result of the matters mentioned by the honorable member for Fawkner (Mr. Holt), covered a wider range than I expected.

Mr. WHITE.—What about the automatic adjustment that I suggested to keep the adjustment out of the field of politics?

Mr. HOLLOWAY.—That will be done. No one can be absolutely certain, but I am confident that there will be an investigation of the basic wage. Whoever makes the investigation must take family allowances into consideration. The honorable member for Deakin (Mr. Hutchinson) referred to the charge on industry.

Mr. HOLT.—The payment is made partly from general revenue and partly from the pay-roll tax. That is what the honorable gentleman for Deakin referred to.

Mr. HOLLOWAY.—At present all social service payments are financed from Consolidated Revenue, because that is the cheapest and easiest administrative method, especially when it relates to child endowment, which is enjoyed by every section of the population. The cost is spread over the whole community. In

my opinion, you cannot make any one thoroughly healthy or safe in every way unless every one is on the same footing. It is to the advantage of every one to help those not able to look after themselves. This comes back to the fundamentals of economics and is associated with the power of the people to consume goods and services. If people have no income and cannot spend, they cannot consume, and are liabilities instead of assets. The only way in which to make all these services cheap is by ensuring a regular income all the year round to everybody. Child endowment is not of much use if the father is out of work for three or four months of the year. As the honorable member for Fawkner said, the real problem will arise if the boom bursts. The problem will be to ensure the prosperity of every one by fixing a basic wage, which will ensure a decent standard of living, and shorter working hours to make up for the time-saving appliances that have been introduced during the war. These standards will be necessary if we are to avoid another depression after the boom.

Question resolved in the affirmative.

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

Message recommending appropriation reported.

In committee (Consideration of Governor-General's message):

Motion (by Mr. HOLLOWAY) agreed to—

That it is expedient that an appropriation of revenue be made for the purposes of a bill for an act to amend the Child Endowment Act 1941-42.

Resolution reported and—*by leave*—adopted.

In committee: Consideration resumed.

Bill agreed to and reported from committee without amendment or debate; report adopted.

Bill—*by leave*—read a third time.

BANKING BILL 1945.

SECOND READING.

Debate resumed from the 9th March (*vide* page 558), on motion by Mr. CHIFLEY—

That the bill be now read a second time.

Mr. MENZIES (Kooyong—Leader of the Opposition) [4.39].—This is the second of two important banking bills

presented to Parliament this session. The first was the Commonwealth Bank Bill with which we have dealt, and this is the Banking Bill which imposes, or, more particularly, continues certain regulations upon the trading banks and the trading bank system. The bill is described as “a bill to regulate banking, to make provision for the protection of the currency and of the public credit of the Commonwealth”. As the bill is designed to deal with the currency and public credit, it seems desirable that I should say something at this stage about a statement, which has very wide currency in Australia, which I have occasionally heard in this House, and which seems to me to be an extremely dangerous fallacy. That statement is put in various ways at various times. In its most common form it is put in this way: “If we can raise all these hundreds of millions of pounds for the war, then we can raise just as many hundreds of millions of pounds for peace”.

Mr. CALWELL.—Hear, hear! Quite right.

Mr. MENZIES.—I knew that there was somebody in the House who subscribed to that view; I am glad to have him identified so quickly. It is put in another way by people who say that, if we can spend £700,000,000 a year on destruction, then we can equally readily spend £700,000,000 a year on construction. Those statements have an attractive, superficial quality, but, as the Treasurer (Mr. Chifley) will doubtless agree, they are quite misleading, and therefore it is desirable that I should say something about them. They will be bitterly misleading, unless we examine them and look at the real facts. I shall not endeavour to establish that, in the days of peace after this war, the total expenditure in Australia will go back to the figure at which it stood before the war. I do not believe that, and I do not look for it. It is not only inevitable but also entirely just that government expenditure after the war should be on a higher level than before the war, for a great number of social and industrial reasons which I need not discuss. If we are under the impression that we can just as readily provide

through the government as many hundreds of millions of pounds for peace as we have provided for war we shall be most gravely in error, and the ultimate disappointment and shock to the public mind will be extremely serious. In the past few years we have added to our treasury-bill issue; that is to say, we have added between £300,000,000 and £400,000,000 to our unfunded short-term debt. In the past twelve months we have expended an amount, which I dare say nobody can state with precision, but which is somewhere between £650,000,000 and £700,000,000. How have we put ourselves in a position to expend such a vast sum of money when we remember that the budget produced by myself at about May, 1939, was the first budget of £100,000,000 in the history of the Commonwealth? The answer to that, in general terms, is that in time of war we incur expenditure amounting to hundreds of millions of pounds and then proceed to withdraw from the public a large proportion of the purchasing power that is being created by that expenditure. We withdraw that vast amount of purchasing power so that the amount left in the hands of the people will not exercise undue pressure on price levels, having regard to the shortage of civil goods, and therefore will not exercise undue pressure on the value of money, or, in broad terms, on the stability of the currency. It is basically the task to which every war-time Treasurer applies himself.

How has that worked out during the last few years? Take any one of the last two or three years as an example. We have expended about £600,000,000, £650,000,000 or £700,000,000. We have raised over £200,000,000 by direct taxation, and about £100,000,000 by indirect taxation. In other words, our taxation in time of war produces about £300,000,000 annually, or three times the total revenue of the budget before the war. We have borrowed from the people under the stimulus of war-time patriotism, and partly as the result of preventing expenditure of money in other ways. In the last twelve months, we have raised over £300,000,000 by public borrowing. Therefore, from these three sources—direct taxation, indirect taxation, and

public borrowing—we have obtained something like £650,000,000 a year. Even this picture will not be true unless we realize that these sources would be nothing like so productive of revenue for the Crown if it were not for rationing, prices control, investment control, building control, import control, and all the other economic restrictions which are designed to prevent the expenditure of money by private persons and to transfer purchasing power from them to the State. In brief, the price that we pay for an enormous war effort, expressed in terms of money, is that we forgo the right to expend a large proportion of our own earnings and hand that proportion to the Government. We accept restrictions of all kinds in time of war for this purpose. If we remember these facts and how they have an interplay among themselves, we realize that, when somebody says that the Government can spend as many millions on peace as on war, he must be assumed to anticipate that all the economic and social conditions which produced that revenue in time of war can and will be continued in time of peace. But is that a realistic approach to the problem? I shall say something about that. Take taxation, as an example. Over £200,000,000 a year is raised from direct taxation, and approximately £100,000,000 from indirect taxation. Can we maintain those rates of tax indefinitely? If our current rates of income tax—the largest direct tax—are to be projected indefinitely into the years of peace, the first effect will be, to put it very mildly, a retarding of development, but, to put it much more accurately, a grave recession in business, a slump, a damping down of the very kind of enterprise that we shall need if we are to produce more and more wealth for a better and better living standard. So, I do not believe that we can contemplate the indefinite continuance of the taxes which we are now paying. I am not one of those light-headed people who believe that tax rates will go back to pre-war levels immediately after the war. I do not believe that, and I do not want it. However, I do believe that tax rates must come down progressively from the levels at which they now stand.

Now consider the second element—that of public borrowing. Does anybody in this House suppose that, when the war is over, with all its urgencies and all its intangible pressures removed, we shall raise £300,000,000 a year by public borrowing? If we try to maintain every restriction which exists to-day, if we prevent people from spending their money in other ways, we may still continue to raise large sums by public borrowing. But the Treasurer will agree with me that it is utterly unrealistic to suppose that two, three or four years after the war has finished we shall be able to raise £300,000,000 a year from the public by subscriptions to loans. A few years before the war, the normal total of public loan raising in Australia was about £30,000,000 a year. We should do very well if we raised twice that sum from the public in time of peace. Nevertheless, if we are to continue to expend £650,000,000 a year, it is elementary that we must continue to raise £300,000,000 a year by public subscriptions to loans. No person looking at the matter realistically will suppose for a moment that we shall get any sum remotely approaching that amount from loans when the war is over.

Now, let us consider the third element of rationing and the other controls and restrictions which at present help to canalize the people's earnings and direct them into the public treasury. What is the likelihood of the indefinite extension of such controls? I am not speaking in terms of political theory or of constitutional controversy; I approach this subject purely as a real problem of fact which we can all solve in accordance with our knowledge of the public mind. Does any honorable member really suppose that, when the war has been won and hundreds of thousands of people are once more back in civil life with the world in front of them and a future to make—a task which for many of them has been deferred for a long time—there will not be a sharply rising public demand for the modification of controls—the abolition of some, and the reduction of others?

I frequently think of the simplest case, that of clothes rationing. I have never believed that clothes rationing ought to be on the basis of scarcity of material, although, unfortunately, it has been put

on that basis too often. The whole essence of such controls is that they are designed to prevent people from spending money on civil purposes which do not assist in the progress of the war. Scarcity is a very trifling element in that problem. The real problem in economic controls in time of war is to prevent people from spending money on goods and services which would compete with war production and war services. When the war is over and it is known all over Australia that woollen mills which have been making clothing material for the armed forces now desire to make it for civilians, and that the great weaving and spinning trades in Great Britain are once more looking for a world market in order to restore the prosperity of the country which is the centre of our Empire, does anybody suppose that there will not be a rising and insistent demand for the modification of clothes rationing? What applies in this respect will apply to a dozen other controls in Australia. As these controls diminish, the expenditure of the citizens on civil purposes will increase. What we have to remember all the time, because it is basic, is that we cannot have private and public expenditure of the same sums of money. As demands for civil goods and services which have been damned up in Australia for years increase, the capacity to maintain controls will diminish. As the capacity to raise public loans diminishes, so, obviously, will the capacity of the Treasurer to spend hundreds of millions of pounds also diminish. To put the matter in summary form, let me say it is only upon the conditions which attach to war-time finance that war-time finance can be continued into the years of peace. If these conditions either disappear or are modified, our financial capacity to raise and spend the money will disappear in exactly the same proportion.

There is another feature of this important subject which demands attention. During war-time we do three things in particular. First, we mortgage the future for an immediate and necessary purpose. All will agree that the mass of war-time finance and policy consists in mortgaging the future for an immediate and necessary purpose. Secondly, we postpone civil capital expenditure of all kinds,

including a good deal of capital replacement and repairs. There is hardly an honorable member of the House who could not give instances of such happenings. We think quite readily of manufacturing and rural industries which, owing to war conditions, have had to postpone expenditure on capital replacements and repairs. That is done because in the time of war all are conscious of the need to concentrate upon the one great end, winning of the war. There occurs, therefore, an accumulating demand for such work which, ultimately, cannot be ignored. Thirdly, we go without a mass of consumable civil goods, our demand for which does not disappear but is postponed.

Mr. HOLT.—Civil services also.

Mr. MENZIES.—I am indebted to my honorable friend. I had in mind both civil goods and civil services. It would be folly to believe that the mortgaging of the future, the postponement of civil capital expenditure, and the foregoing of consumable civil goods and civil services can continue indefinitely. Such things cannot be done in a workaday world. If they cannot be continued indefinitely it follows, first, that the restrictions upon normal financial liberty must be progressively removed; secondly, that taxation must be progressively reduced; and, thirdly, that more money must be left in private hands for the satisfaction of private needs, which will be enormously increased when the war ends and, particularly, after our forces have been demobilized. When that time arrives hundreds of thousands of our citizens now engaged upon duties which are paid for from public sources will require private employment and will wish to spend their money to meet private needs. Governments therefore, whatever their theory may be, will be compelled to raise and spend a distinctly smaller proportion of the national income than they have raised and expended during the war. What I have said is, no doubt, in accord with the views of members of all parties. My remarks have consisted of a number of truisms for the utterance of which I apologize to honorable members. I have stated them, however, because nothing disturbs me more than to observe the readiness with which otherwise thought-

ful, earnest and anxious people subscribe to the proposition, which they seem to regard as a masterpiece of logic, that if a government has been able to obtain and spend £600,000,000 a year on war projects, it should be able to obtain and expend a similar amount on peace projects. I have endeavoured not to be controversial on this point. I believe that the broad analysis that I have made of the problem might have been made by any honorable member of any party who has had to carry responsibility for war-time finance.

I turn now to the bill itself. The measure has been introduced as, in some respects, an urgent one. I do not consider that there is anything urgent about it, for it deals almost entirely with post-war matters. It is fundamentally a post-war measure designed, as I have said, to protect the currency and the public credit. I shall not go into detail on these matters at the moment, and I do not desire to repeat what I said in my second-reading speech on the Commonwealth Bank Bill, but I undertake to show quite briefly that this measure, considered in conjunction with the Commonwealth Bank Bill, so far from protecting the currency will weaken it and lead, in fact, to a dissipation of public credit. At best this legislation will restrict the development of the trading banks and limit the services they render to their customers, and at worst it will crush the trading banks out of existence altogether and thus bring about an acquisition of their property, but not on just terms.

I propose to discuss the measure under seven headings. The first relates to the authority to issue licences which is set out in Division 1, Part II. I desire to make it clear that I have no inherent objection to a licensing system. I point out, however, that clause 6 provides—

Subject to this act, a person other than a body corporate shall not, at any time after the expiration of six months from the commencement of this Part, carry on any banking business in Australia.

That provision must materially affect some institutions in the Commonwealth that are not thought of as banks, such as the great pastoral finance companies which are a feature of Australian rural financial practice. These pastoral finance

companies, as the Royal Commission on Monetary and Banking Systems pointed out, lend money and, at 1936 had amounts outstanding which totalled between £25,000,000 and £26,000,000. They are an important feature of our general rural credit structure. The banking institutions are referred to by name in the schedule to the bill, but these pastoral finance companies are not so referred to. Clause 7 of the bill provides—

Subject to this act, a body corporate shall not, at any time after the expiration of six months from the commencement of this Part, carry on any banking business in Australia unless the body corporate is in possession of an authority in writing granted by the Governor-General under this Part to carry on banking business.

Later in the measure conditions are attached to the granting of such licences. The expression "any banking business" is used, but clause 10 uses a slightly different expression, namely, "the general business of banking". It provides—

(1) Where any person desires to carry on any banking business in Australia but does not desire to carry on the general business of banking, the Treasurer may, by order published in the *Gazette*, exempt those persons from compliance with such of the provisions of the act as are specified in the order.

There can be no doubt that the pastoral finance companies carry on banking business, but not the general business of banking. These companies, as honorable members are aware, not only advance money but also make advances on day-to-day balances.

Mr. CHIFLEY.—And many of them accept deposits.

Mr. MENZIES.—That is so. They provide what is equivalent to a cheque service by orders drawn upon them, and they fall within the provisions of this part. I gather from his interjection that the Treasurer agrees with me on this point. If, therefore, clause 7 is agreed to in its present form such companies will be able to obtain a licence only at the discretion of the Treasurer of the day. They will not be entitled to one automatically, as will the trading banks mentioned in the schedule, but will be subject to prescribed conditions. In other words, they will be under the control of the Executive.

The next feature to which I shall refer relates to the taking over of a trading bank by the Commonwealth Bank, which is provided for in clause 13. Broadly speaking, this is a new power which is to operate in the post-war days. I make it clear that I have no intrinsic objection to the Commonwealth Bank taking over a trading bank which is either unable to meet its obligations or is likely to become unable to meet them. I consider that it should be one of the functions of the Central Bank to protect depositors with trading banks in that manner, and I do not quarrel with the provision. The real danger does not arise from the power to take over the trading bank; it arises from the fact that the taking over may be done, not according to the independent judgment of the Commonwealth Bank, but according to the direction of its political controller for the time being, the Treasurer of the day—not, let me say, the benign Treasurer who now sits at the table, but some other Treasurer.

Mr. WHITE.—The present Treasurer is not as tame as he looks.

Mr. MENZIES.—I said "benign", not "tame". The authority of the Commonwealth Bank has been taken away from the bank in the bill, which we passed last week, and given to the political head of the institution, the Treasurer.

The third matter to which I refer relates to special accounts, and it is dealt with in clauses 16 to 23 of the bill. I had a little to say in my second-reading speech on the Commonwealth Bank Bill regarding the functions of the Central Bank and I desire to say a little more on that subject now. Broadly speaking, the effect of this clause will be, not only that the trading banks will make large special deposits with the Commonwealth Bank, but also that every increase of the assets of a trading bank since 1939 will go into the special account of that bank with the Commonwealth Bank, if the Commonwealth Bank so directs. Therefore, the assets of the trading bank may be pegged, according to the judgment of the Commonwealth Bank, as at 1939. In other words, advances by the trading banks—and, after all, the advances made by the trading banks are their principal assets—cannot be extended beyond the level reached in

1939, except with the permission of the Commonwealth Bank. At the same time, the Commonwealth Bank, by the Commonwealth Bank Bill, is ordered to increase its own assets by extending its trading business. That is the first feature of this scheme. It is extremely unjust, as honorable members will see upon reflection; because the value of money has fallen by, say, 25 per cent. during the war, and, consequently, when the trading banks are held to their pre-war figures, they will be cut back in real terms by 25 per cent. That is to take place at a time when post-war reconstruction and expansion inevitably will mean an increased demand for banking services.

The next feature is this: No sums can be withdrawn from the special accounts except with the consent of the Commonwealth Bank. That is to say, the depositors with the trading banks, who are the creditors in relation to those deposits, are not protected, in spite of the fact that clause 11 rather piously says—

It shall be the duty of the Commonwealth Bank to exercise its powers and functions under this Division for the protection of the depositors of the several banks.

The moment the bill gets to the infighting in relation to those deposits, it at once declares that a sum which now runs literally into hundreds of millions of pounds, belonging to the depositors in the trading banks and to no one else, shall be frozen in the hands of the Commonwealth Bank, and that the advances to be made by the trading banks shall be held to the 1939 figure.

I direct the sympathetic interest of my friend the Minister assisting the Treasurer (Mr. Lazzarini) to the last feature. It is, that the rate of interest on these special accounts is pegged by clause 22. It will be remembered that the honorable gentleman claimed that rates of interest are not mentioned in legislation. Clause 22 reads—

The Commonwealth Bank shall pay interest, at half-yearly intervals, to each bank on the daily balance of that bank's Special Account at a rate, not exceeding seventeen shillings and sixpence per centum per annum. . . .

There was no prescription of a rate of interest, that I have been able to discover, in the National Security (Wartime Banking Control) Regulations, which are, in effect, to be incorporated in

Mr. Menzies.

this legislation. The rate is fixed at a figure which, if applied—as it well might be as this matter develops—to a large proportion of a bank's funds, might very well make the whole of the operations of the bank unprofitable. It is all very well to say that the 17s. 6d. per cent. is on a certain number of millions of pounds. As the bank's business grows, and it makes more and more special deposits—as it will be due to make under this legislation—ultimately such a proportion of its nominal assets may be earning a low rate of interest, that the whole of its structure will be imperilled.

Having pointed out those features, I want to say a few words about the use of these special accounts or deposits, as a protection against what has been described as secondary inflation; because it was to avoid secondary inflation that the device was first put into operation under the regulations. As a protection against inflation the device—as the Treasurer, I am sure, will agree—is far from perfect. We need to look at it a little cautiously; because, after all, the Commonwealth Bank uses the money that is put into these special accounts, and, consequently it goes into circulation, the material difference being that, under this scheme, it will be expended by the Government, whereas in the normal course of events it would form a basis for bank advances. The Treasurer will recall that one of the earliest justifications put forward for the use of this system of deposits by trading banks with the central reserve banks was that it would provide the central reserve bank with funds with which to operate.

The second comment that I make upon this practice as a means of controlling inflation is that it is a very dangerous doctrine for the Government to consider that the results of unlimited or excessive bank credit can be guarded against by freezing trading bank deposits to a prescribed percentage. Indeed, it is a dangerous doctrine not only for the Government, but also for the people, because it will give rise to an extremely muddled belief that you can go on creating central bank credit to your heart's content and that all that you have to do is to keep freezing a proportion of the deposits of the trading

banks, and you will be protected against the consequences of your folly. That can easily be tested. Are these deposits to be frozen for ever? If they are, it looks to me suspiciously like some form of discriminating capital levy. If, on the other hand, they are not to be frozen for ever, then at some stage they will exercise an influence upon purchasing power. As they are thawed out, the purchasing power will run back into the banks, advance policies and the general purchasing power of the community being affected. Therefore, I point out that if the contemplation is that these deposits are to be thawed out at some time, then the thawing-out process will need to be conducted with very great skill and judgment if this accumulation of purchasing power is not to have a sudden and unexpected effect.

There is another feature to which I draw attention. This use of variable minimum deposits as a means of credit control is a very crude weapon. I believe that I used that expression in my speech on the Commonwealth Bank Bill; if so, I repeat it. The best way to prove that is by a modern instance. Honorable members will recall that, in the United States of America, there was a very acute depression, which reached its climax about 1933—a depression which was associated with much closing of banks and other financial institutions in America, a general slump of the price levels, and a tragic rise of unemployment. From 1933 onward there was a process of recovery. By 1937—at which time, this system of variable deposits by the trading banks with the Federal Reserve Bank was operating—those who were in charge of the Federal Reserve Bank and were, therefore, operating the monetary machine, became nervous of the development of boom conditions. They, therefore, decided to alter the amount of the deposits, by calling in a greater proportion of them, in order to damp down the boom. That is what might have been a classic example of a central bank operating a variable minimum deposit system, in order to withdraw money from the market; taking money out of the trading banks and placing it in the custody of the Federal Reserve Bank. So, in 1937, they increased

the minimum deposits. And the very announcement of the increase gave rise to a prompt apprehension of deflation all over the United States of America. The result was that there was a halt in business. The moment that halt occurred, anxiety was caused, there was a sharp contraction, and a recession in business conditions which has been described by one or two writers as being almost equal in intensity to that of 1933. Before very long, the reserve bank, which had increased its own cash holdings by raising the minimum deposits demanded from the trading banks, actually had to go into the market with this very money, and buy in order to put money back into the banking system.

Mr. LAZZARINI.—These private concerns seem to have made a lot of blunders.

Mr. MENZIES.—I was talking, not about a private concern, but about the Federal Reserve Bank of the United States of America. That bank, armed with all authority, had called for the deposits, increased them, made blunders, and then endeavoured to correct those blunders by going into the market, many thousands of people having suffered in the meantime.

So that I may continue to add to the store of knowledge of my friend, the Minister assisting the Treasurer, I shall quote to him a short passage from a book by Sir Charles Morgan-Webb—*Monetary Management*. In chapter 7, Sir Charles described the technical steps that had been taken in the United States of America in 1937, and then said—

These were some of the measures taken to guard against a possible inflationary boom, as mentioned in the initial quotation heading this chapter. Their effect was far greater than was anticipated. They not only guarded against an inflationary boom; they created an intense deflationary depression. The recession of 1937 was as precipitous in its decline, and almost as great in its magnitude, as the depression of 1933. So violent was the reaction of industry to the methods of monetary management adopted that it was found necessary to go to the other extreme and make, to use the words of our introduction, "the biggest credit expansion gesture ever made". The methods adopted to cure the recession of 1937 are as violent as the measures which produced it . . .

The depression of 1937-38 was undoubtedly caused by the monetary management of the

United States authorities in adopting violent deflationary measures in a period of industrial recovery

The failure of this contemporary experiment in monetary management and the widespread depression and unemployment resulting from such failure demonstrate the complexity of the task of managing money.

The fourth element in the bill about which I want to say a few words, is to be found in clause 23. This clause deals with the mobilization of foreign currency and, without labouring the matter, I merely point out that one cannot find in that clause, or in those that follow it, any guarantee that the trading banks will be able to get foreign exchange for their trading purposes. It is of the first importance in a community with a large trading bank system heavily involved in the financing of international trade, that those banks shall at all time be sure of being able to get the foreign exchange which they legitimately need for permitted trade purposes.

The fifth element is to be found in clause 27. The policy of the trading banks in regard to advances will be completely controlled by the central bank. Sub-clause 2 of clause 27 states—

Without limiting the generality of the last preceding sub-section, the Commonwealth Bank may give directions as to the classes of purposes for which advances may or may not be made by banks and each bank shall comply with any directions so given.

Then the same division of the bill, warming to its work, and having first of all established complete control over the trading banks, goes on to do something very curious. Clause 28 contains a provision that a bank shall not, without the consent in writing of the Governor of the Commonwealth Bank, purchase securities of the Commonwealth or of a State, or of any local governing body in Australia or securities listed on a stock exchange. Honorable members will be, therefore, interested to know that, as a result of this bill, combined with the other banking legislation recently passed by this chamber, the trading banks are to be excluded from any possibility of buying securities and shares unless the Commonwealth Bank agrees; but the Industrial Finance Department of the Commonwealth Bank is set up apparently for the express pur-

pose of buying and selling shares and securities of any kind.

The sixth point has to do with clause 39, which provides—

(1) The Commonwealth Bank may, with the approval of the Treasurer, make regulations—

- (a) making provision for and in relation to the control of rates of interest payable to or by banks, or to or by other persons in the course of any banking business carried on by them;

This gives the power to a politically controlled Commonwealth Bank to say, at its own sweet will, to a trading bank—"This is the rate of interest which you shall pay, and this is the rate of interest which you shall receive". Therefore, it will be the complete master of the business of that trading bank, and this fact, coupled with its control of advances, will enable it, either to make that bank its servant or, if it so desires, steadily to drive the business of that bank down and down until the bank can be absorbed without any great financial outlay. Those questions of control would be probably quite theoretical if we had an independent central bank. I am in favour of a strong, independent central bank, but these questions of control arise very sharply and very practically when we have a central bank which is not independent but, on the contrary, is placed under the immediate control of a political head.

I come now to the seventh point. Clause 48 reads—

(1.) Except with the consent in writing of the Treasurer, a bank shall not conduct any banking business for a State or for any authority of a State, including a local governing authority.

That is a very dangerous provision. It is unfair to the local authorities concerned, many of which have written letters to me about it. Many of them have had long and extremely satisfactory relations with trading banks. The provision is also grossly unjust to the banks. I admit that, when I first heard that the Commonwealth was going to prescribe that State local authorities had to do their banking with the Commonwealth Bank, I wondered in my now rather remote capacity as a lawyer, how it was going to be done. However, this is the way of it: We are not compelling the

local authority, which was set up under State law, to refrain from banking with a trading bank. We are merely prohibiting the trading bank from doing business with the local authority. Of course, the result is exactly the same. In due course, the business of these local authorities will be swung away from the trading banks, and transferred to the Commonwealth Bank.

All these features fit in with the general scheme of this bill. In the seven particulars which I have mentioned, and, no doubt, in dozens of others which other honorable members will mention, such a control over the trading banks will be set up—not during the war, but permanently and indefinitely after the war—that their business can be hampered, and, indeed, literally destroyed. Of course, the policy of the Government is to nationalize banking. I do not mean to say that this bill is labelled "A bill for the nationalization of banking". On the contrary, we will be told by government spokesmen that they desire private banking to continue. All they desire is to assert the proper authority of the community, and to avoid the possibility of disaster to private citizens. However, the truth was exposed by the Minister assisting the Treasurer (Mr. Lazzarini) in his brochure, to which reference has been made in this House. The whole plan is not to nationalize banking by buying out the banks, but to do it by the process of first exhausting them, and then absorbing them. There is to be, not compulsory acquisition and full compensation, but a slower process of cutting down the business of the trading banks step by step until, in the course of time, they can be taken over for very little.

When the Treasurer replies to this debate, I am quite sure that he will, in his best manner—and his best manner is very good—tell us that, of course, all these things are possible, but that nothing is further from his own mind than that they should be done. When he says that, I advise him to look in this direction—not at the Minister assisting the Treasurer nor at the honorable member for Swan (Mr. Mountjoy), nor at a good many other honorable members who support the Government, or he will find that

what he may not have in his mind, they jolly well have in their minds, and this bill will enable it to be done.

Mr. BURKE (Perth) [5.22].—There are two general theories in regard to the monetary system. One favours a controlled system of private banking, and the other holds, having regard to the importance of the monetary system and its effect on the lives and welfare of the people, that banking should be a State-owned instrumentality. The Leader of the Opposition (Mr. Menzies) would appear to subscribe to neither of those propositions, but rather to hold the view that the banks of this country, and, perhaps, of the whole world, should be entirely free from any legal control. His theories do not find acceptance in any other country because, almost without exception, other countries have enacted long and involved banking codes, the purpose of which is to protect the currency and the interests of the depositors, and, generally, to safeguard the nation from those booms and slumps which have characterized the history of modern commerce. This legislation organizes the issue of currency, defines the rights and responsibilities of the banks, and restricts their power and influence. The country which has done the least in the way of banking regulation is, of course, Great Britain. It is significant, however, that those who control the banking and monetary system of Great Britain are themselves willing to bow to the opinions of the Government, so that a system of control does, in fact, exist, though it is not defined by law. Mr. Montagu Norman, the Governor of the Bank of England, speaking at a bankers' dinner in London, said—

I assure Ministers that if they will make known through the appropriate channels what they wish to do in furtherance of their policies they will at all times find us willing, with goodwill and loyalty to do what they direct as though we were under legal compulsion.

Mr. Reginald McKenna, Chairman of Directors of the Midlands Bank, speaking on the same occasion, said—

We recognize in the Treasury and the Bank of England . . . the monetary authorities who have left the pound sterling on a steady course through all the drifts, currents and storms of foreign exchanges. We welcome them as cordially as we bow willingly to their authority.

Therefore, I advance the proposition that in practically every country in the world the banking systems are, in fact, controlled by the Government, either directly by law, or in some indirect manner. The present banking legislation before the Commonwealth Parliament owes its origin directly to the fact that previous Commonwealth Governments found that, in times of crisis, they were unable to enforce their will on those who control Australia's banking system. If the British system operated in this country, it is highly probable that instead of now being written in a statute, the power that the Commonwealth Government must necessarily possess would be held in reserve in the Commonwealth Parliament, as in the British Parliament.

The Leader of the Opposition (Mr. Menzies) dealt at great length in the early parts of his speech with the development of finance in this war. He placed emphasis on the volume of income brought into the Treasury by taxes and loans and stressed the control exercised by the Government over spending. He endeavoured to relate that to the post-war income and liabilities of the nation. I believe that he was propounding a fallacy in trying to relate to that future situation, which will be quite different, the facts of the situation to-day. It is necessary now to bring to the Treasury a large volume of money in order, on the one hand, as the right honorable gentleman said, to pay the cost of both war and civil services, and, on the other, to lessen the ability of the people to make calls upon the production and services of industry. But, as the volume of income is measured by those two factors, so is expenditure conditioned by the need to provide for the large numbers in the armed forces of this country, and the subsidiary organizations for war and the allied services, and it is a false analogy, in my opinion, to compare that with the position that will obtain after the war when, as he suggested, money must be left in private hands in order that the members of the forces and munitions workers may be absorbed in peace-time industry. There is no relation between the factors of to-day and the problems of war finance, on the one hand, and the factors that will obtain in the post-war period on the other hand.

Mr. Burke.

His argument was much more academic when it dealt with the problem of whether we can utilize the men and materials of the community in peace as in war. The only difference is that those re-absorbed in civil industry, as against those in the employ of the government, can be taken up by the ordinary systems of government finance in the post-war years. Therefore, the greatest part of his dissertation on rationing and canalization of the ordinary expenditure of the people was beside the point and redundant to the issue at stake. He said that the legislation would restrict development and limit the capacity of the banks. For reasons that I shall give later, I do not think that it will have that immediate effect. He said later that the probable alternative was to smash out of existence the private banking institutions. I firmly believe that that will not be the result. I believe that they will be controlled in the general good. They will continue to function. They may not develop as they might have without this control, but, certainly, although they will not have, as in the past, periods of vast profits, they will be insured by the directors of the banking system against unwise banking, and, consequently, will not experience periods of depression with lowering of their profits. My view is that they will be stabilized and that their profits, rather than rising with good periods and falling with slumps or depressions, will be stabilized throughout the year. I said earlier that, with the one exception I mentioned, all countries have established elaborate codes of banking laws. The one of most immediate interest is the system recently introduced in the Dominion of Canada. Until recently Canada had no central bank. There are still, of course, several chartered banks with note issuing powers, but, in recent years, there has been a tremendous growth of governmental control of the private banks. The control that exists to-day is probably greater than in any other country, even its neighbour the United States of America, where great control is exercised over a multiplicity of private banks and financial institutions. Recently, an inspector-general of banks was appointed. His function is to examine, once every

twelve months, the banking systems of all the banks registered in Canada under the act. He is to report to the Minister for Finance and through him the Treasury Board upon the state of each bank as and when he examines it. He is given the widest powers necessary to ensure the obtaining of the fullest information. The Minister for Finance is empowered to take any steps he wishes, even before any suggestion is made of a cessation of payment, to ensure protection of depositors and the public generally. In addition, under that code, provision is made for returns to be made by the banks making up the system. That ensures to the Bank of Canada and, through it the Treasury Board and the Minister for Finance, the fullest information on, and the widest facts of, the operation of the banking system in Canada. A similar system exists, though not to the same degree, in the United States of America.

The right honorable gentleman also made some comment on the dangers inherent in a managed system. There are undoubtedly dangers in a managed system, but the dangers are far less in a planned system than in a system which operates according to the dictates and whims of gentlemen who, for the time being, are directors of the individual companies. The Macmillan report has something to say about banking systems, especially the British system. Mr. Reginald MacKenna and Lord Keynes, a member of the board of the Bank of England and a great economist, were members of the Macmillan Commission which reported—

The monetary system of this country must be a managed system. It is not advisable, or indeed practicable, to regard our monetary system as an automatic system, grinding out the right result by the operation of natural forces, aided by a few maxims of general application and some well-worn rules of thumb. Therefore, although there are some dangers, we must admit, in any system that cannot, in its final analysis, be a scientific one, we can assume that by far the greatest dangers exist in a system operated without knowledge of the facts and statistics upon which we are able to plan a monetary system which appears to be the most appropriate to meet general

conditions and promote the development of industry. There are different schools of thought as to which is the more important—the internal value of the currency or its value in regard to external commitments. Which should the monetary system endeavour to accomplish? It has been generally believed that we cannot affect the general internal level of prices as they are conditioned by the external value of currency and transactions as between country and country. I have always believed that the government of a country, if it has full control of all factors within the nation, can cushion the internal policy against shocks of booms and slumps on overseas markets. I find that Professor Cassel, who is renowned throughout the world as an economist, holds that view, and on the 16th June, 1942, before the Institute for International Affairs, London, he said—

This whole business has drawn the attention of the nation far too much towards the external value of your currency, and the infinitely more important question of the internal value of the currency has been neglected.

People have said that to regulate the internal value of the pound sterling is a very difficult matter, that you cannot be master of the internal value. But if that is really the position of your monetary authorities, how can they believe that they can master the foreign exchange, the relative value between the currencies of this country and other countries? You have gone off the gold standard but you have not yet gone off the gold mentality—you continue to think in terms of gold, particularly the Bank of England.

I believe, therefore, that the internal value of the currency is of vital interest to the people of this nation. There are factors, of course, which influence its value as between nations, but they are factors over which we have no control. It is possible to regulate the value of the internal currency. I regard as one of the prime functions of government that it must be able to regulate things to produce a stable currency as against the fluctuating currency that we have had. That is the purpose of this legislation. The Commonwealth Bank Bill establishes, with appropriate powers, the Commonwealth Bank as the central bank. It gives it the powers and authority without which a central bank cannot operate and fulfil its functions.

Central banks lacking those powers have not been able to exert the influence expected from them or to achieve the results that a central bank is supposed to achieve. Taken together, the Commonwealth Bank Bill and the Banking Bill will give more power, in actual law, to the central bank to achieve its purposes than any other banking system has achieved, but perhaps not more than has been achieved in Great Britain by implication or the reserve power of the Parliament. No harm will be done because, at the outset, provision is made to license all the existing institutions. The Leader of the Opposition mentioned pastoral finance companies and said that they might be debarred. I do not know that that is an argument against this bill. In all countries where there has been a multiplicity of banks established they have been a weakness rather than a source of strength in the internal life of the community; so whether they continue as pastoral finance companies or just revert to the marketing of products—their proper function—does not affect the general argument. This bill purports to protect the depositors and provides that assets shall be available in Australia sufficient to meet liabilities in Australia. It may be considered that these things are not of very great importance, but it has been found, at times, that banks have not been able to meet their obligations. Though special emphasis has been placed on governmental institutions in that respect, private banks have got into difficulties and have not been able to meet their obligations. This has not occurred frequently in the immediate past, because the banks have developed from individual institutions into a well-knit group of powerful bodies. Not long ago, however, a primary producers' bank in Western Australia found itself in difficulties, and, as the result, could pay only a very small proportion of its liabilities to depositors and creditors. Therefore, it is vital that there be regulations to ensure that the public shall be protected against such losses of money.

The Leader of the Opposition laid emphasis on the special accounts provided for in this bill, and suggested that

the provision would cripple the private banking institutions. The Royal Commission on Monetary and Banking Systems recommended that "a percentage of the total deposits" of the private banks should be lodged with the Commonwealth Bank subject to the consent of the Treasurer. If that had been implemented, it would have been possible for 100 per cent. of the deposits in the trading banks to have been called in by the Commonwealth Bank. No definite percentage was stipulated. The provision in this bill is much more satisfactory. War-time deposits have been built up with the trading banks through the operation of the special financial practices which the right honorable gentleman mentioned. The Government has issued additional treasury-bills, and the extra funds have found their way to the private banks, which have built up a huge total of war-time deposits which would not have come into existence otherwise. It is reasonable that these vast deposits should be held, in the first place, as the Leader of the Opposition implied, as an immediate check on secondary inflation in the post-war years, and, in the second place, as a means by which, in pursuance of ordinary central banking functions, the Commonwealth Bank may influence the lending powers and interest rates of the private banks. There is another factor to be considered. In ordinary banking practice, the most important consideration for the banks is the liquid condition of their accounts. The amount which they hold in cash to meet current requirements is relatively small. They then have a secondary reserve of liquid assets, all of which can be cashed on comparatively short notice. These are available in the event of special calls to meet the needs of depositors. Under this bill the banks will not need to hold these secondary assets, and will be able to lend money on longer terms, because they will have a vast amount of funds deposited with the Commonwealth Bank, upon which they can call in an emergency. The Leader of the Opposition also said that under this bill the Commonwealth Bank might call up, in addition to special war-time deposits, all increases of the private banks' assets from time to time. That is a possibility and, indeed, that may be the intention of the Government.

However, it is far more probable that this power will be used as an additional weapon to deliver control of banking generally to the central bank, a power which every central bank throughout the world has struggled unsuccessfully to establish. Referring to rates of interest, the Leader of the Opposition said that the low rates provided might force the private banks out of existence. It is a cardinal principle of central bank functions that interest should not be payable upon deposits lodged with them by private banks. Every book on central banking practice stresses that fact. The function of the deposits is to bolster up the private banks by serving as a reserve against possible demands arising from unusual circumstances. The Bank of England does not pay interest on deposits lodged with it. It is wrong, therefore, for the Leader of the Opposition to claim that this provision is a means of driving the private banks out of existence. Lord Keynes emphasizes the necessity for the central bank to have complete control over the monetary system. In his publication *A Treatise on Money*, he states—

The first necessity of a central bank, charged with a responsibility for the management of the monetary system, is to make sure that it has an unchallengeable control over the total volume of bank money created by its member banks.

The Leader of the Opposition also dealt with the power given to the Commonwealth Bank to influence advances and dictate the form that they should take. This was advised by the Royal Commission on Monetary and Banking Systems, which was appointed by a previous government. I consider this aspect of the bill to be of fundamental importance. The ordinary methods of varying the rate of interest or discounting and open market operations involve making demands upon a section of the community, which should not be required to disgorge credit or money to build up the reserves of the private banks. I refer to the basic industries, the monetary return from which is small. It is necessary, in the interests of good government, for the Commonwealth Bank to be able to direct in a general way the welfare of these industries. This aspect of banking was dealt with by the

royal commission, and the provision contained in the bill coincides largely with the recommendation made by the commission. The commission reported as follows:—

It (the Commonwealth Bank) should be in a position to advise the trading banks as to the manner in which it is desirable in the national interest that advances should be made. It should be in a position to indicate industries which should be encouraged to expand, and others which should not.

We do not suggest that the Commonwealth Bank should interfere in any way with the granting of particular advances by trading banks, but rather that it should advise as to the general direction of advances.

This power is vital to the proper functioning of the banking system and also to the general welfare of the community. Similar provisions in relation to interest rates are a feature of banking legislation in other parts of the world. The Banking Act of Canada provides a maximum rate of interest of 6 per cent. In some other countries it is provided that interest shall not be paid upon current deposits. The provision relating to statistics is one of the most important features of the bill. In the past, our banking system has been conducted by a number of different institutions. Although, in the main, they have acted in concert they have been ignorant of the exact position of each bank, and so have been unable to employ their assets effectively in the interests of the country. Banking is an art, and if any government wishes to employ the resources of the country to full advantage, it must be in possession of all available statistics so as to be able to estimate, with some degree of certainty, the probable outcome of a determined policy. The new Canadian Banking Act contains elaborate requirements for the provision of statistics. The MacMillan report, dealing with this matter in connexion with British banking systems, stated—

Exact quantitative knowledge concerning the chief elements of the monetary and financial system is, we consider, of the utmost importance, both to provide the necessary data on which to base the management of the system, and also for the purpose of making gradually possible a more definitely scientific treatment of these problems than the existing state of our knowledge of the facts allows.

There are, however, many matters of importance, which are now the subject of controversy yet need not be so, if they could be put to a statistical test.

This bill provides a framework upon monetary systems, which will enable it to which the Government can erect an effective system of control of the banking and influence the development of the economic resources of the nation.

I now direct my attention to the provisions which prevent the private banks from handling the finances of State government and semi-government organizations. There is nothing wrong with this provision. In fact, it is of vital importance that when money is advanced to a business, by overdraft or otherwise, the accounts of that business shall be operated by the bank which extends the accommodation. From time to time it is necessary for the Commonwealth Bank to lend money to government instrumentalities, such as municipalities, shires and States. It is reasonable that these accounts should be handled by the institution which makes the advances. The Commonwealth Bank is the property of the people of Australia. These governmental institutions are an integral part of the system of government of the nation. Therefore, it is proper that they should conduct their banking business with the Commonwealth Bank.

Sitting suspended from 6 to 8 p.m.

Mr. BURKE.—Before the suspension of the sitting I was dealing with the provision of the bill which required the accounts of certain government and semi-governmental and municipal authorities to be placed with the Commonwealth Bank. I regard that, in principle, as a requirement that allied public institutions shall keep their business among themselves. It is only reasonable that these institutions, which in a real sense are public bodies, should deal with other public bodies.

I was surprised at the inverted reasoning of the Leader of the Opposition on the subject of the control of foreign currencies and exchanges. The right honorable gentleman appeared to be worried lest the private banks should be denied the use of foreign currencies and exchanges in certain circumstances. I consider that it would be far more serious if the National Government were denied the use of foreign currencies and exchanges in order to meet the nation's

overseas commitments. It is much more vital that this aspect of the subject should be considered than that the wishes of the private banks should be met. We should not allow our financial reserves overseas to be impaired in order that the private banks may be able to meet requirements in regard to, let us say, particular imports for their customers. The Leader of the Opposition seemed completely to lose sight of that important factor.

No doubt honorable gentlemen opposite will say that this measure is a dose of socialism which will result in confiscation with consequent inflation. I do not consider that they will be able to mislead the Australian public into believing anything of the kind. If, in this great democracy, we are to avoid, in the future, a succession of booms and slumps, and cycles of prosperity and depression, the Government must have control of our financial machinery. We cannot afford to risk a return of the widespread unemployment which marked the dark days of the last depression. I do not believe that the passage of this bill will tend in any way to inflate the currency, nor do I think that it will result in confiscation. Rather will it make an important contribution to the stability of the currency and the avoidance of depression.

The Leader of the Opposition voiced antagonism to managed finance, but all honorable members who have studied the economic history of various countries of the world must admit that managed finance is essential to reasonable prosperity. The right honorable gentleman referred to the experience of the Federal Reserve Bank in 1937, as an example of the breakdown of a managed system. In my opinion the activities of that institution indicated the need for management in order to avoid inefficiency and the inevitable disasters that must follow haphazard financial operations. Its operations, imperfect as they were, undoubtedly revealed the need for management to overcome serious fluctuations in the value of the currency. The old system of trial and error must go by the board. I have not the slightest doubt that if it had not been for the operations of the federal reserve system, there would not have been even the degree of relaxation

that then occurred. The right honorable gentleman's arguments against a managed system of currency were, in my opinion, illogical. Statistics prove that managed systems of currency are more effective than uncontrolled systems. Honorable gentleman opposite may say that this measure provides for the socialization of banking, but I do not accept that view. I have always been an advocate of the nationalization of banking, which, I believe, must come if we are to avoid serious economic disasters such as have been experienced in the past. A recurrence of them may cause a breakdown of our whole system of society with consequent revolution, which would bring misery and disaster to the whole community. This should be avoided. This measure will not tend in any sense to weaken the currency. Rather will it stabilize the currency. It is reasonable that the power control should reside in the National Government. I do not say that banking reform in itself can assure the country of prosperity, but without the control of banking, no government would be capable of applying a policy which would avoid depressions. Without that power governments have always been forced to conform to the wishes of vested interests. I do not believe that any government will dare to repeal this legislation after the country has had a reasonable experience of the effects of its operation. The old methods of a stab in the dark, or trial and error, in relation to finance must be superseded. We must be sure that in the post-war years, our National Government shall have the power to exercise a wise control over banking and over private financial institutions. This will tend to national prosperity and to the well-being of all individuals in the community. It will also make possible the development of the latent resources of the country.

Mr. SPENDER (Warringah) [8.8].—The speeches of the Leader of the Opposition (Mr. Menzies) and the honorable member for Perth (Mr. Burke) have considerably limited the opportunities of other honorable members to introduce new matter into this debate. I do not desire to repeat what has already been said. I listened to the honorable member for Perth with interest, as I always

do, although I am often in disagreement with his views. I realize that he works hard at his duties as a responsible member of the House, and expresses his views clearly. It is becoming more and more important that all honorable members of this Parliament should do likewise.

In approaching the problems raised in the bill, I ask myself: What is the real issue before us? The remarks of the honorable member for Perth lead me to say that on several important principles there seems to be little disagreement between the Government and the Opposition. The honorable member in fact appeared to set up a number of "Aunt Sallys" in order to knock them down. What are the functions of this House in regard to legislation of this description? I do not think that honorable members should rely on what is said in the second-reading speech of a Minister as to the purposes and powers of any particular piece of legislation. It is our duty to scrutinize carefully the measures submitted to us in order that we may determine precisely what power is being provided, on whom it is being conferred, and what consequences it is likely to have. We should not accept the word of the Treasurer, for example, that the Government does not propose to use certain powers in a certain way. We all are well aware that powers which have been granted for a certain purpose have frequently been used for quite a different purpose. The outstanding example that occurs to me at the moment is the power to fix prices. We know that it is now being used to limit profits. In connexion with finance generally, the Treasurer holds a certain view which is at variance with that held by the Minister who is at present assisting him (Mr. Lazzarini). The Minister for Labour and National Service (Mr. Holloway) may hold a view different from that of either of his colleagues, and the Minister for Information, as we know, does hold views entirely different from those of the Treasurer. It will be realized, therefore, that it would be unwise for us to accept the word of any Minister that, notwithstanding what a certain bill may provide, the power will be used only in a certain direction. We must ask

ourselves whether this legislation is really intended to give effect to the financial philosophy of the Labour party.

I intend to examine certain provisions of the bill. The first relates to special deposits. I do not think that any honorable member on this side of the chamber would say that special deposits are not necessary. Honorable gentlemen opposite have said the same thing, though with quite a different emphasis. The private banks would not object to special deposits under reasonable conditions. When the previous Government was in office and the Leader of the Australian Country party (Mr. Fadden) was Treasurer, arrangements were being made for the private banks to lodge excess deposits with the central bank in order that there should be no room for secondary inflation. All students of finance realize the necessity for such action, and we support the principle. Every one acknowledges the danger of the damming back of the huge spending power of the community in savings banks and other financial institutions. The release of this vast accumulation of spending power could easily have explosive effects, and it must therefore be controlled. That has been admitted again and again by honorable members on both sides of the House. The questions we have to answer are: What type of control shall we approve? For what purposes shall the control be exercised?

I come now to the matter of foreign currencies and exchanges. No honorable member would deny the need, in the circumstances of this country, for a proper control of foreign currencies and exchanges in order that the financial commitments of the country may be met.

Mr. HOLT.—But it may be dangerous.

Mr. SPENDER.—No one will deny that there are dangers in it. Here again the question is: In whom shall the control reside? I speak with some knowledge of this subject when I say that controls in reserve at least must be available. The overriding issue between Government supporters and honorable members of the Opposition is as to who shall exercise the controls. My next point touches the question of the relations between the central bank and the private banks.

Undeniably, the operations of the private banks must be dovetailed into those of the central bank. Indeed, I know from the experience that I gained as Treasurer that the trading banks acknowledge that, in their own interests, there must be dovetailing of the policies of the central bank and the trading banks. But the paramount considerations are first, what is meant by policy; and, secondly, how is that dovetailing to be achieved? The memorandum that accompanies this bill reveals that it was found in England that the banks worked in conjunction with the Bank of England which propounded policy, and there was no conflict between them. But assuming that there is need for the vesting of a reserve power in some authority, the question is, in whom should it be vested, and to what degree and in what circumstances should it be exercised? I know too that it is necessary that interest rates should be integrated, in some sense, with the general financial policy of the country; I have said so on more than one occasion. While I was Treasurer, and under the Leader of the Australian Country party who succeeded me, one policy was implemented very largely in order to maintain low interest rates in a time of crisis. I believe that I can claim to have been primarily responsible for the establishment of low interest rates. Consequently, I realize the need for having interest rates integrated with the general financial policy.

I come to the final and only other subject—statistics. The Government of which I was a member had not reached the stage of compelling the supply of statistics, but both the Leader of the Australian Country party and I had details prepared for the purpose of obtaining statistics from time to time as they were required. I required some statistics to be supplied, and so did my successor. Therefore, I do not deny that one must have the facts before a general policy in relation to finance can be achieved.

In respect of the five essential subject-matters, I agree with much that the honorable member for Perth has said. But in whom is the power to be vested? In my judgment, this bill is of far more significance than

the Commonwealth Bank Bill, which in substance vests in the Treasurer, and thus in the Executive, complete control of the policy of the Commonwealth Bank, whereas this measure encroaches on entirely different fields. By virtue of clause 9 of the Commonwealth Bank Bill and clause 27 of this measure, the Executive will have the most complete power to control in every detail the policy of the trading banks. When I am asked to support any bill, or the clause of any bill, I have the obligation of granting only so much power as may be required. It is essential to determine how far the powers go, and whether they exceed the purpose disclosed. Having before our minds the philosophy of the Labour party, we must conclude that the issue in this bill is not between the trading banks and the Commonwealth Bank, but is much larger and involves the regimentation of the people through indirect means, as well as individual liberty and freedom of movement. I agree that there cannot be complete freedom of movement in any country. But there must be as much freedom as is practicable; that is the life-blood of a democracy.

The bill can be considered only in relation to the terms of the Government's full employment policy; consequently, I must survey generally what is involved in that policy. The Government says that it has promised full employment for the people. I take the view that full employment in any real sense—unless this is purely a political concept—can be achieved only by regimentation. I make it clear that that does not mean that there cannot be a high level of employment; indeed, that is the term used by the economic adviser to the Prime Minister, who is not foolish enough to speak about full employment in an absolute economic sense, without the knowledge that there must be regimentation of labour if it is to be achieved. I am a great believer in the principle that those who are unemployed should be properly and fully maintained if they are prepared to accept employment and it cannot be provided for them. The Government's policy of full employment depends upon boosting up or reducing, according to circumstances, the consumption power of the community

in terms of money. In general terms I agree with that. My aim is to limit the issue of this debate. The White Paper states that full employment depends very largely, and almost solely, upon these factors: The amount of public capital expenditure, public current expenditure, private capital expenditure and private current expenditure, in each year, and the foreign exchange, which is dependent upon the balance of trade. They are the five factors which are inherent in any approach to this matter. The Government says, and we agree, that in providing employment the principal factor is private enterprise. On that point there is and should be no issue between us. Therefore, in considering this legislation it is important to determine how it is likely to impinge upon private enterprise, and to what degree the Government's objective of full or maximum employment is likely to be impeded. I want to examine the honesty of the White Paper on employment.

Mr. SPEAKER (Hon. J. S. Rosevear).—The honorable gentleman may not anticipate debate on a matter that is on the notice-paper.

Mr. SPENDER.—I want to quote only one extract, in order to show what small likelihood there is of the objective being achieved under these proposals. The statement is this—

Except in abnormal circumstances, it will be impossible to achieve these aims of full employment without the Government having to control private transactions. At certain times, however, when a specially critical situation has to be met it may be necessary for governments to exercise some degree of direct control in order to avoid inflation. A clear example of such a critical situation is a period of transition from peace to war which is dealt with in another part.

No one denies that there must be some control over materials, prices and capital investments during such a period. The whole issue is, the degree of control, and through whom, and in what circumstances it shall be exercised. Although the Government say that it does not propose to regiment labour, I contend that labour will be regimented by it indirectly. Its real approach to the matter of employment is through capital issues and man-power, the one being supplementary

to the other. If this or that investment is prohibited, people cannot be employed in that way; and, to the degree to which that is done, the labourer, the artisan, or any other member of the community is denied complete or reasonable freedom of choice. Clause 27 provides—

(1.) Where the Commonwealth Bank is satisfied that it is necessary or expedient to do so in the public interest, the Commonwealth Bank may determine the policy in relation to advances to be followed by banks and each bank shall follow the policy so determined.

It is well that we should see the parallel between this bill and the Commonwealth Bank Bill. The latter bill provides that where there is a difference between the Treasurer and the Governor of the bank in respect of policy, the Treasurer shall say: "This is the policy; you shall carry it out", and it then becomes obligatory on the Governor to carry it out. As the bank has not a body to be kicked or a soul to be damned, the direction to carry out policy will be to the Governor. The Commonwealth Bank may determine the policy in relation to advances, that shall be followed by the trading banks, and each trading bank will be obliged to follow the policy so determined. Therefore, the Treasurer, through the agency of the Governor of the bank, will be able to tell each trading bank the precise policy in relation to advances which it shall carry out. That power will relate to vital and far-reaching matters, touching every avenue of the domestic, industrial and economic life of the community, without one word being said to this Parliament in regard to it. What is policy? It is impossible to define. Therefore, it will be impossible to place any limit on the powers which the Treasurer will have vested in him to issue directions to the trading banks. I am not so much concerned with the trading banks as such, but I am concerned with the industrial development of this country, and am wholly opposed to the dead hand of government being placed upon business in this country. I do not believe that to be a function of government, nor do I consider that it is capable of giving that degree of efficiency in the industrial life of the community which can be given by the men who are trained in it. What will this bill permit? The

Treasurer has denied that the Government proposes to do what has been alleged. I am seeking to point out what can be done, and the public can judge whether or not it is likely to be done. I do not believe that the Government will do very much between now and the next elections; but, if it is returned to power, it will do a great deal. Under the extraordinary powers given by this legislation, it could revolutionize in a very short space of time the society in which we live, without one word being said in this Parliament about what it was doing. This House has always claimed to be democratic. I have always asserted, to the best of my ability, that the Parliament must be held to be supreme if democracy is to survive. Time after time, the Labour Government has sponsored legislation, the effect of which is to place power in the hands of the Executive, and to rob Parliament of vital powers which it should exercise. Clause 27 provides that the Commonwealth Bank may determine the policy in relation to advances to be followed by the banks, and no limitation is placed upon the word "policy". Clause 9 of the Commonwealth Bank Bill gives the Treasurer power to direct the policy of the Commonwealth Bank, and clause 27 of this bill gives power to the Commonwealth Bank to direct the policy of the private banks. Thus, the Government, through the Treasurer, will have absolute power to determine which businesses shall progress, or commence or be expanded, and which shall not. When it is proposed to establish a new business or to extend an existing one, the undertaking is usually financed by an advance from one of the trading banks. Thus, when a man, perhaps a returned soldier, approaches a private bank for an overdraft after this bill becomes law, the bank manager may have to say to him, "we are very sorry, but the Government says that you cannot engage in that business".

Mr. FULLER.—Why should he go to a private bank?

Mr. SPENDER.—Surely it is not suggested that the Commonwealth Bank is to be allowed to advance money for a specific purpose while the private banks are not. If the Government lays down

a policy, it must be applied by both the Commonwealth Bank and the trading banks. It is provided in clause 40 of the bill that the banks must record in schedule form a statement of loans, advances, bills discounted, rates of interest, &c., and—this is most important for the purpose of my argument—the industry in which the borrower is engaged. It is obvious that the purpose of this provision is to make possible the very thing which is denied in the White Paper, namely, the permanent control of industry by the Government. How absurd it is to imagine that we can develop Australia adequately if the clammy hand of officialdom is to remain over all our industries. Apparently, it is proposed that taxation rates shall remain at their present high level for a considerable time to come. A young man will accordingly have no chance to accumulate money with which to make a start in industry. The Government is playing into the hands of established institutions which are living on their own fat, and which have internal reserves upon which they can call, as against the little man. But a person who might wish to compete with them will not be able to do so because of the difficulties placed in the way of obtaining financial accommodation. This is a more far reaching provision than anything contained in the Commonwealth Bank Bill. The only safeguard provided in clause 27 is to be found in sub-clause 3, which reads—

Nothing in this section shall—

- (a) authorize the Commonwealth Bank to make any determination or give any direction with respect to an advance made, or proposed to be made, to any particular person;

It is obvious that the power provided in clause 27 can be abused.

Mr. FULLER.—You can give a man a gun to shoot crows with, but you cannot stop him from shooting his wife with it if he wants to.

Mr. SPENDER.—It is not usual to give a man a 25-pounder field gun with which to shoot sparrows, and it is equally unusual for a government to take power far in excess of anything which it says that it proposes to exercise. The limitation in sub-clause 3 shows the extent of the general power which clause

27 confers. It is provided that the Commonwealth Bank may not say to a trading bank, " You shall not advance money to Mr. A or Mr. B ", but that is about the only thing that it cannot do. Actually, the safeguard is not worth a snap of the fingers, and it is obvious that the Government can use this provision to obtain a stranglehold over industry, because this power is to be exercised, not by Parliament, but by the Executive. It is nothing to the point to say that it is not intended to exercise this power. It is the function of this Parliament to accept or reject the general principle behind the bill when the vote on the motion for the second reading is taken. If it accepts the general principle, it is then the function of Parliament to limit the powers of the Executive to what it thinks reasonable. Much depends upon the person who is to exercise the power, and the purposes for which it is to be exercised. In clause 27 there should be included a proviso that no exercise of discretion or of power under clause 9 of the Commonwealth Bank Bill shall have any application to the power exercised under clause 27 of this bill. It should not be left to the Treasurer, acting behind the back of Parliament, and without any obligation to tell Parliament what he has done, or even to make any record of what he has done, to tell the trading banks to what classes of persons and to what industries advances may be made.

Mr. LAZZARINI.—The clause says that the Commonwealth Bank may give directions as to the classes of purposes for which advances may be made, not the classes of persons to whom they may be made.

Mr. SPENDER.—There is no real difference, because classes of persons can be defined only by reference to the activities in which they are engaged. Parliament should make a stand now in order to preserve some semblance of authority. It should insist that any exercise of power under this provision shall be brought before Parliament for review. I oppose backstairs methods of determining the financial policy of the country. This is one of the most vital powers ever vested in a sovereign Parliament, but it is, apparently, Labour's

intention that the powers of Parliament shall be wrested from it.

Mr. CALWELL.—Rubbish! The honorable member is merely putting up a defence of the private banks.

Mr. SPENDER.—The Minister for information may keep on repeating that as much as he likes, but he will convince no one.

Mr. CALWELL.—The honorable gentleman has been given a brief by them.

Mr. SPENDER.—The Minister for Information is one of those who have been influenced by the people in whose philosophies they claim not to believe, the Communists. He says one thing in Parliament and does another outside. It is that duplicity that I resist to the best of my ability in this Parliament. An extraordinary clause is clause 28 which specifies that the private banks shall not, except with the consent of the Commonwealth Bank, purchase or subscribe to various securities. From time to time the private banks have been asked by the Commonwealth Bank as a central bank not to buy or sell government securities, but I know of no instances in which they have not complied. Why is it that trading banks must be prohibited from buying shares whilst the Industrial Finance Department of the Commonwealth Bank is given power to do exactly that thing.

Mr. CALWELL.—That is all right.

Mr. SPENDER.—Of course it is in the honorable gentleman's philosophy. I have no doubt, whatever may be said by the Treasurer, that, ultimately, the purpose of these powers, if the militant section of the Labour movement gets control of the Parliament, as it seems very close to doing, will be along these lines: First, the Government will limit the amount that the trading banks can advance by stabilizing their available funds at the pre-war level, indeed, at 20 per cent. in real money of the pre-war level. Secondly, it will prevent certain big depositors from trading with the private banks. Thirdly, it will tell the trading banks that they must not invest money in certain ways. Fourthly, it will force business away from the private banks by offering better terms through the Commonwealth Bank. Fifthly, it will control the whole policy of the trad-

ing banks in the interest of the Commonwealth Bank. All those things will be done, and the Government will achieve exactly what it wants to achieve, but has not the courage to state in public, namely, the nationalization of the trading banks and the spoliation of their shareholders, without paying one penny in compensation.

Mr. FULLER.—Does the honorable member object to the people being given better terms?

Mr. SPENDER.—Not at all. The honorable member fails to see my point.

Mr. CALWELL.—Does the honorable member object to nationalization?

Mr. SPENDER.—Yes. That is a fetish which, if accomplished, will reduce the people to regimentation. It is no use talking about socialization unless you understand what it means. I understand that it means complete public ownership of the means of production, distribution and exchange. I do not know how the Government in those circumstances could keep people in full employment except by telling them where and under what conditions to work. No one with any sense would think otherwise. This bill is most vital and should not be allowed to pass without full debate. It is of even more consequence than the Commonwealth Bank Bill, and unless limitations are placed on the powers proposed to be taken by the Government under it, there will be serious results to the country.

Mr. SHEEHY (Boothby) [8.50].—Since 1932, when I was one of the unemployed and unwanted of this country, I have awaited for the fulfilment of the vow that I made then that I would enter this Parliament as the only means of attaining my purpose to improve the lot of the masses by altering the banking structure that had brought about their degradation in those days. In the many years in which I have been a member of the Australian Labour party I have held almost every office in the movement but the crowning award for my devotion to Labour's cause was my selection to contest and win the seat of Boothby. By that success, I have the proud honour of being a parliamentary supporter of the Curtin Government, which, in the Commonwealth Bank Bill and the Banking Bill, has

brought down legislation surpassing in importance even that by which an earlier great Labour government, led by the late Mr. Andrew Fisher, founded the Commonwealth Bank. The honorable member for Warringah (Mr. Spender) declared that private enterprise would be left no initiative under the policy of this Government to employ more people. I do not think it has ever had initiative in that direction. Its initiative has been rather in the opposite direction of reducing its pay-roll by superseding workers with machines. One private company, controlled by captains of industry, was so proud of new machinery that it invited the State Governor to press the button that set it in motion. That machine needed the services of two men and displaced ten others. So I have never witnessed any desire on the part of private enterprise to provide employment for the masses. The honorable member said that the powers contained in the bill are unnecessary and that they were capable of abuse. They may be, but no government which abused them would survive the next general elections. To show how necessary banking reform is, I need only cite the experience of one man who got into the hands of a private bank. He established himself in business and worked day and night, as the saying is, to prosper: Then he was encouraged to add to the building that he had erected by the sweat of his brow. But when the depression occurred little time elapsed before the bank at which he had an overdraft—it had advanced him money to enable him to enlarge his factory—saw fit to tell him to reduce it and he reverted to the basis on which he had been operating before the bank lent him the money. Ever since the depression that man's energies have been expended in the interests of the bank to which he put himself in pawn. This measure and the Commonwealth Bank Bill will go a long way to curb that sort of thing. There is in this country a conservative element which has always been hostile to any proposition of a Labour government. We realize that we shall always have to contend with that, but we know that whatever measure of social or financial reform has been necessary has always had to be instituted by the party that represents the

masses. The Leader of the Opposition (Mr. Menzies), according to *Hansard*, said that these measures were the most reactionary ever brought before Parliament. We consider that it is progressive legislation which will be of assistance to the people of this country.

The speech of the Leader of the Australian Country party (Mr. Fadden) was in absolute contrast to that of the Leader of the Opposition, because he said that this was the most revolutionary legislation that had ever come before Parliament. Honorable gentlemen opposite, who continually allege that the Labour party intends to regiment the banks and the people, are not even united in their outlook in regard to these bills. But they have claimed, with a great degree of unanimity, throughout the banking debate, that we have not the power to do what we desire, because the "powers" referendum was defeated. This Parliament has always had the power to legislate in respect of the banking structure of the Commonwealth. Honorable gentlemen opposite know the policy of the Labour party as well as I do, and as well as the people should do. I, at any rate, at the general elections, left no doubt in the minds of the audiences of the 41 meetings that I addressed as to where my vote would go when I was called upon to consider banking legislation in this House. I believe that the Commonwealth Bank should be used in the interests of the people. I do not believe that the government of the day, whatever party be in power, should be subservient to the Commonwealth Bank or any other bank. The Government, which is the servant of the people, should have the right to employ the Commonwealth Bank in its masters' interests. When the right honorable member for Yarra (Mr. Scullin) was Prime Minister, he sought to obtain authority for a fiduciary note issue of £18,000,000 in order to give relief to farmers and the masses of men who were unemployed during the worst depression that Australia ever experienced, but his proposal was thrown out by the Senate, in which the Opposition then had a majority. The Government, by using the nation's credit through the Commonwealth Bank, will be able in future to

create a buffer against depressions which start outside the Commonwealth. When private enterprise is unable to provide full employment, the Government will be able to undertake major works, such as railway construction and standardization, water schemes, home building and afforestation, in order to provide employment. In this way, the bank can be used to maintain economic stability in Australia, even when depressions occur overseas. I say to the bank employees of Australia that in the post-war era, industry will develop greatly, more employment will be provided, and banking facilities will have to be increased as a result. Therefore, I do not fear for the welfare of bank employees. They will be able to carry on in the work for which they have been trained.

In order to illustrate how banks can interfere with the work of governments, I refer to the treatment of the Government of New Zealand by the British banks just prior to the outbreak of war. The *Adelaide Advertiser* of the 19th June, 1939, published a report to the effect that the British banks refused to provide funds for the New Zealand Government, unless it first made certain economies. What economies did the banks demand? The reduction of the rate of old-age pensions and of the scale of unemployment benefits. That demand was made merely because a Labour government was seeking to improve the conditions of the New Zealand people. The newspaper report was as follows:—

Suggesting that the New Zealand Finance Minister (Mr. Nash) and the Chancellor of the Exchequer (Sir John Simon) should come to terms on a guaranteed loan to New Zealand on the lines of those given to Rumania and Turkey, the city editor of the *Daily Herald* says that the Governor of the Bank of England (Mr. Montague Norman) and other bankers told Mr. Nash that he could not at the moment raise £16,000,000 for defence.

On the eve of a world war, when the Government of our sister dominion was seeking to raise funds for defence purposes, the banks tried to blackmail it into curtailing social services, although, at the same time, they were making loans to Turkey and Rumania. The report continued—

The city's reply to the New Zealand Finance Minister (Mr. Nash), who is in London to negotiate the conversion of loans totalling

Mr. Sheehy.

£17,000,000, has been a definite refusal to enter into negotiations until New Zealand abandons or modifies her social reform legislation, reduces her security programme by cutting pensions, unemployment allowances and works schemes, and accepts control of the banks in financial dealings.

I have listened to most of the speeches made by honorable members opposite on this bill. The thing that riled me most was their frequently repeated statement that, although the Treasurer was a good and moderate man, they feared what would happen to the Commonwealth Bank under his control because he himself was controlled by caucus, which was controlled by the Australasian Council of Trade Unions, which, in turn, was controlled by the Communists. I am sick and tired of these accusations of Communist influence in the Labour party. I have fought communism whenever I have been called upon to do so.

Mr. SPENDER.—The honorable member does not like the truth.

Mr. SHEEHY.—The honorable member spoke at the right time. We shall see how much he likes the truth. When I was in Adelaide a fortnight ago, I had the opportunity to learn who controls honorable members who sit in opposition. I read a letter bearing the signature, P. McBride, a name which is familiar to honorable members. A circular letter was being sent to big and small industries throughout South Australia referring to the fact that they had supported the Liberal party's campaign in the past and appealing for further help. The letter which I saw set out the amount which a certain industrial concern had to subscribe to campaign funds for the next elections in an endeavour to enable the Opposition parties to secure control of the country. That shows how honorable members opposite are controlled. The Liberal party is already canvassing for funds to conduct a campaign to disgrace the Government. The Leader of the Opposition has stated that, when he is returned to power, he will remove from the statute-book the banking legislation placed upon it by this Government. Obviously, the right honorable gentleman and his supporters are prepared to go to great lengths in an effort to displace this Government, which was elected because, when they were in office, they failed

dismally whenever the nation was faced with a crisis. They speak cynically of the welfare of the workers. I came straight from the work-bench to my seat in this House, and I claim therefore to be a true representative of the workers. Honorable members have promised to institute a new order when the war is finished. I know well that, if the people of the Commonwealth ever have the misfortune to be governed by another non-Labour government, the banking legislation will be repealed and there will be no new order for the worker. There was a time when I would have welcomed an opportunity to take up a job, and there were, at the same time, thousands of other men as much in need of work as myself. However, when the war started I, who had been one of the unemployed and unwanted citizens of the Commonwealth for many years, was paid £13 a week to do a job for which I had the required skill. But there was no work for skilled men in the years 1931, 1932, and 1933. I warn the workers that they must stand behind the Government which has stood behind the nation. The first Curtin Government had to administer the affairs of the country in time of war with a minority in both Houses of Parliament; yet it saved the people from the Japanese enemy. The present Government has the courage to protect our fighting men when they return, as well as our civilians. I am proud to support a government that is resolved to enact banking legislation which will emancipate the people of Australia.

MR. FADDEN (Darling Downs — Leader of the Australian Country party) [9.13].—I agree with the remarks made by the honorable member for Warringah (Mr. Spender) in his able address. He said that the bill was as important and required at least as much examination as its twin brother, the Commonwealth Bank Bill. Leading socialists have asserted from time to time that, in order to carry out the policy of socialisation, or, as honorable members opposite call it, nationalization of the means of production, distribution, and exchange, it is necessary to gain control of the monetary and banking systems. They

have said that socialization is a citadel, and that the banking system is the key to the citadel. This bill is the key to the back door of socialization in Australia. We must consider this bill with a clear appreciation of the provisions of its twin brother, the Commonwealth Bank Bill. We must not forget that this legislation will place the control of the monetary and economic systems of the nation in the hands of the Treasurer (Mr. Chifley), who is directed by caucus, which in turn is directed by the union dictators outside of Parliament. The Commonwealth Bank Board is to be abolished, and full control of the bank is to be placed in the hands of the Treasurer. Obviously, this will mean political control of the bank by whatever party is in power. My references to the Treasurer are not intended to have any personal significance; I refer merely to the office of Treasurer and the power that will be bestowed upon the holder of that office by this legislation. The bill contains many obnoxious clauses. We shall endeavour to amend some of them for the purposes of clarification, and others for the purpose of protecting the financial structure of the nation. While the Commonwealth Bank Bill was at the committee stage honorable members on this side of the chamber moved 33 amendments, only one of which, and that of a minor character, was adopted.

I direct attention first to the provisions of clause 8, under which the Treasurer will be given control of banking in this country. Incidentally, the bill does not contain a definition of "banking" and that, in itself, must lead to misunderstanding and may cause chaos. No appeal is provided in clause 8 against decisions of the Treasurer, who will be able to grant licences conditionally or unconditionally. In effect, the Government will be able to put all our financial institutions into a strait-jacket. In particular, our great pastoral finance companies, which are operating in Queensland and the other States, will be at a grave disadvantage. In 1939 the Forgan-Smith Labour government of Queensland appointed a commission, under the chairmanship of Mr. William Payne, president of the Land Court, to inquire into

the economic condition of the wool industry in Queensland. The report contained the following observations concerning the pastoral finance companies:—

The woolbrokers also act as bankers for their grazier clients. Liberal financial accommodation is granted on the security of holdings and current advances are made on stock mortgages and wool liens. The woolbrokers thus share with the banks the financing of the Queensland wool industry.

The business morality of the woolbrokers of Queensland is of the highest order. This estimable quality, operating in conjunction with their other services, has contributed much to the development of the industry.

Under this bill the pastoral finance companies will be under the complete control of the Treasurer, and that, to my mind, is a most unsatisfactory state of affairs. Building societies, friendly societies, and even hire-purchase organizations, may also be involved. The provisions of the bill in this respect call loudly for clarification.

I turn now to the clauses which provide for the protection of depositors with the banks. It is most important, of course, that the money which citizens deposit with banks shall be protected. Depositors should be assured that, at all times, the banks with which they trade will be able to meet their commitments. In this connexion I point out that since 1893 there have been only two private bank failures in Australia, both of which were relatively insignificant. One other bank which failed was the Government Savings Bank of New South Wales. The safety of money which citizens deposit with banks must depend ultimately upon the integrity, experience and management of the institutions. It is necessary that the people shall have complete confidence in our banking system. I do not consider that this legislation can do other than withdraw confidence from the banks, because it is obvious that the door will be open for a great deal of political interference which will not safeguard the interests of depositors. In order to show the stability of the Australian banking system, in comparison with that of the United States of America, I shall direct the attention of honorable members to certain statistics. But, first, I invite honorable gentlemen to consider the following comment, in paragraph 362 of

the report of the Royal Commission on Monetary and Banking Systems, on the failure of the Primary Producers Bank of Australia Limited:—

The circumstances of this liquidation show that, if a bank has to be liquidated, it is desirable, in the interest both of the depositors and of the shareholders, that there should be an orderly realization under the direction of the Commonwealth Bank.

The total deposit with that bank at the time of the liquidation was £1,230,000, whereas the total deposits with all Australian banks was £258,000,000. Figures which I have obtained from the *Federal Reserve Bulletin* of the United States of America show that in 1930, 1,345 American banks suspended payment. Of these 187 were in the Federal Reserve System. In 1931 there were 2,298 suspensions, 517 of which concerned banks in the Federal Reserve System. In 1932 there were 1,456 suspensions, of which 331 affected banks in the Federal Reserve System. For the three years, therefore, 5,099 banks suspended payment, and of that number 1,035 were in the Federal Reserve System. The number of banks which re-opened was as follows:—1930, 147; 1931, 276; 1932, 290. Of the 5,099 failures only 730 re-opened for business. Those figures, when set against our three failures since 1893, speak eloquently of the stability and integrity of the Australian banks.

I refer now to the provisions of the bill which authorize the Commonwealth Bank to intervene in the affairs of banks which have failed, or may fail, to meet their obligations. The Treasurer will be authorized, by this legislation, to direct the Commonwealth Bank to investigate the affairs of banks, and no brake is put on his activities in this regard. Banks which are subject to an order of this description will have to submit to it, for no provision is made for an appeal, however unreasonable the Treasurer's action may be. A competent tribunal, such as the High Court, should be available to banks which wish to appeal against any such order by the Treasurer. We shall deal with this point further at the committee stage.

The most objectionable clauses of the bill, in my opinion, are those which appear in Part II. of Division 3,

"Special Accounts", under which the Treasurer may freeze the operations of private enterprise. As the honorable member for Warringah has said, these clauses really provide for the socialization of industry. They are the key to the citadel of socialization. Under them the private banking system of this country will not even remain static at the 1939 level; it must inevitably deteriorate, and may cease to be of substantial value in the economic fabric of the nation. The Commonwealth Bank is to be given full power to regulate the operations of the private banks, and for this reason they may be able to make only a very small contribution to the stability of the currency. It will be remembered that while I was Treasurer, in the early days of the war, arrangements were made in a time of great national emergency for the trading banks to lodge their surplus deposits with the Commonwealth Bank in order to guard against secondary inflation. The amount at present so lodged with the Commonwealth Bank is £240,000,000, consisting of the money of depositors with the trading banks. That money has been invested by the Commonwealth Bank in such securities as have been available from time to time. However, if the private banks are to be compelled to leave the whole of their special deposits with the Commonwealth Bank, and to lodge with it the whole of the money subsequently given into their care as special deposits, there is obviously no limit to the manner in which the Commonwealth Bank may curtail the operations of the private banks. In view of the fact that price levels have declined since 1939 by 25 per cent. the resources of the private banks are now less, not only by the amount of the special deposits that they have been obliged to lodge in the Commonwealth Bank, but also by the 25 per cent. reduction in the value of the currency on the degree of inflation which has occurred since that time. Bearing in mind the degree to which business activities are likely to increase, the brake that will be put on the banking system in connexion with special accounts is obvious. This is the most effective way in which private enterprise can be curbed, and the banks can be strangled

and nationalized without proper regard for constitutional requirements in relation to the payment of just compensation upon the acquisition of private property. The trading banks, by being limited to the 1939 level minus 25 per cent., will not be able to meet the expanding economic conditions due to a revival of trade in the days of peace. The Commonwealth Bank, by diverting the increased business in the trading banks to its own activities, for use according to its own judgment, will place the trading banking system in an economic strait-jacket, with the result that private enterprise and all for which it stands will be most effectively shackled. The Government will be able to socialize industries of all kinds by this cheapest of all means—the control of the banking system.

Clause 22 deals with the interest that is to be paid on special accounts. The rate proposed is price-fixing with a vengeance. The arbitrary rate of 17s. 6d. per cent. has no regard to the general structure of interest rates, or the rising price levels. Obviously, this is another method of strangling the trading banks. A government which believes in socialization will have in its hands an important weapon, in the fixed deposits of £240,000,000, plus the amount that is bound to accrue from the increasing business of the industrial community.

One of the most important features of the measure is that which relates to the mobilization of foreign currency. The Treasurer has claimed that in this connexion the recommendation of the royal commission has been followed. It has not. The provisions relating to the transfer of foreign currency to the Commonwealth Bank have been designed to continue the National Security (Exchange Control) Regulations. The commission recommended an extension of the mobilization agreement. In paragraph 597, it said—

We recommend—

- (12) A new Exchange Mobilization Agreement on the lines suggested, binding for a period of years, should be entered into between the Commonwealth Bank and the trading banks.

Mr. Abbott and Professor Mills dissented, because they considered that even that

was not necessary. In paragraph 115, the commission said—

In August, 1930, in order to ensure that the requirements of governments and local government bodies for the payment of overseas interest would be met, a voluntary exchange mobilization pool was established by agreement between the Governments, the Commonwealth Bank, and the trading banks. For this purpose, each trading bank undertook to hand over, month by month, to the Commonwealth Bank, at slightly less than the published rate, a proportion of its gross cash receipts in London. The Commonwealth Bank also contributed to the pool on the same basis as the trading banks.

The continuation of that agreement was recommended. That proposal was entirely different from what is provided for in this measure.

In clause 26 there is a piece of bad drafting, which should be corrected. The clause contains a definition of the term "excess receipts of foreign currency". Obviously, the reference should be to "excess balance of foreign currency". The whole of the division is radically different from the agreements that were contemplated by the commission. The Exchange Mobilization Agreement was much better, and the commission recommended its retention, but that recommendation has been departed from. Yet the House and the people have been told that the recommendations of the commission form the basis of this legislation.

Clause 27, which is very important, was expounded very ably by the honorable member for Warringah. The commission visualized a banking system under which the Commonwealth Bank and the trading banks would co-operate in the distribution of credit, the Commonwealth Bank to control only the total volume of credit; in other words, the central bank should regulate the volume of credit, with some regard to its distribution, and the trading banks should be responsible for regulating the distribution in different channels. Dealing with the nationalization of banking, the commission said in paragraph 669—

the most desirable banking system in the present circumstances of Australia is one which includes privately owned trading banks. The system which we contemplate is one in which a strong central bank regulates the volume of credit, and pays some attention to its distribution. We are satisfied to leave the distribution of credit to privately-

owned trading banks, working for profit, but regulated in the manner already indicated.

That was a majority recommendation, from which Mr. Chifley dissented.

The advance policy of a bank is a very important matter. The Treasurer is to be empowered to prescribe advance policy and, indeed, the class of industrial or commercial activity that should be financed. It will be within the competency of the Government to divert the credit system of the nation to the activity that it most favours. That is quite contrary to what the commission had to say, in paragraph 620—

We do not suggest that the Commonwealth Bank should interfere in any way with the granting of particular advances by trading banks, but rather that it should advise as to the general direction of advances.

The reason for that statement is obvious. The volume of advances is an entirely different matter from the class or the categories to which the volume should be directed. In this respect, the bill is obnoxious and dangerous, and this responsible House should not agree to it.

Another important matter is the sale of foreign currency by the Commonwealth Bank, which is dealt with in clause 25. The Commonwealth Bank is to be under no obligation to sell foreign currency to the trading banks, in return for its right to acquire foreign currency from them; in other words, there is to be no obligation to allow two-way traffic. What a powerful instrument this will be in the hands of a politically controlled central bank must be patent. A free market in respect of foreign exchange in this country could easily be destroyed. This provision in the bill could, and no doubt will, be used by the Government to ration imports. If we enforce control of this kind, other countries will be entitled to act similarly, and ration their imports of the primary products that we have to export. As the Leader of the Australian Country party, I state emphatically that we must maintain a free exchange market, because no country can expect to have one-way traffic. We cannot expect to sell our surplus products on the open markets of the world unless we are prepared to import also. This provision could be

far more destructive than a prohibitive Customs tariff. It could be a powerful instrument in the hands of a government whose only consideration was the development of secondary industries, possibly at the expense of export industries. Because of the circumstances in which we shall continue to find ourselves when the war is over, there must be a sensible balance between our import and our export trade, so far as that is possible without doing detriment to any internal activity. Our overseas markets are far too valuable to be jeopardized by action of the kind I have indicated. We shall find enough obstacles in overseas markets, and our international commitments, without erecting other hurdles. The placing of a vicious dictatorial power in the hands of the Government is entirely opposed to the Atlantic Charter. Clause 29 provides—

Where the Governor-General is satisfied that it is expedient so to do for the protection of the currency or of the public credit of the Commonwealth, or in order to conserve, in the national interests, the foreign exchange resources of the Commonwealth, he may make regulations, not inconsistent with this Act, making provision for and in relation to the control of foreign exchange, and, in particular, but without limiting the generality of the foregoing, for or in relation to—

- (f) the prohibition of the importation or exportation of goods unless a licence under the regulations to import or export the goods is in force;

Such a provision should never be included in a general banking bill. Its implications are far too wide, because it can be used to destroy the export industries of Australia. The Government should, if it wishes to take such drastic power as this, bring down a special measure for the purpose, so that the whole issue may be fully debated on its merits.

Except for the purposes of the war, there can be no reason for the Government taking to itself such vast powers, which should be conceded by Parliament to the Executive only in time of crisis, and then for a limited period only. As the honorable member for Warringah (Mr. Spender) pointed out, the tendency of this Government is to seize more and more power, and to exercise it to the exclusion of parliamentary control.

This afternoon, the Leader of the Opposition (Mr. Menzies) combated the suggestion that if money can be found for war it can be found in equal amounts for peace. During the war, the Government had to spend money quickly and in large amounts in order to make a maximum war effort. It had to convert Australia from a peace-time to a war-time footing. It was necessary to raise large amounts of money by taxation, and by loan from the people, including the taking over of the special reserves of £240,000,000. Even then there was a gap between expenditure and the amount raised by taxation and by loan, and this gap was filled by the Central Bank issuing credit to the amount of about £400,000,000. Still this was not enough, and so the Government found it necessary to control prices, and to impose restrictions of various kinds.

These measures served to check inflation, though they did not prevent it altogether. Inflationary methods of finance had to be resorted to, but these of themselves could not win the war. Wars are won, not with money, but by physical effort and sacrifice. The real cost of the war, apart from the money cost, must be reckoned in the reduced standard of living, and in the sacrifices which the people have ungrudgingly made. There is a further factor to be considered also. Owing to the demands of the war, the capital structure of the country has been undermined. Plant and equipment have not been replaced. Much machinery has worn out, maintenance has been postponed, vehicles have been wearing out, furniture and clothing have not been replaced. Building, including the construction of houses, has been neglected—another form of capital replacement which has gone by the board. The failure to build houses strikes the popular imagination because of the effect which it has on the comfort of the people themselves. Production, generally, has declined. Every honorable member who represents a rural constituency knows how fences have been neglected, and how improvements have been allowed to deteriorate. All these things are the result of the conversion of our economy from a peace-time to a war-time basis. After the war,

we shall have to reverse the process. Of course, the Government could continue to impose high taxation. It could continue to raise loans, to expand credit, and to maintain high expenditure. However, if it does these things, replacements and repairs cannot be effected, and the productive capacity of the country will further decline. Let us not forget that production is the basis of all wealth. If the productive capacity of the nation declines our standard of living must decline also. The Government can continue to expand credit, but only at the expense of living standards. If the Government proposes to maintain the wartime rate of expenditure after the war is over, it must curb private expenditure and private enterprise in order to divert spending power to itself. This must result ultimately in currency inflation. The Government has chosen to check private enterprise, and at the same time has taken power to expand bank credit and the note issue. The result of this must be a failure to replace capital equipment, and this will, in turn, result in unemployment and economic depression.

The Government's referendum proposals were defeated, but it is seeking by means of the legislation now before Parliament, and by the exercise of its treaty-making rights under the Constitution, to obtain in another way the power which it wants. The danger with which we are confronted is not a shortage of money, but a shortage of the things that money can buy. If the special deposits to which I have referred remain at the disposal of the Government, they will enable it to compete for the limited quantity of goods that will be available for purchase. The Government is availing itself of this method of control because it fears the vigorous competition of private enterprise. Money cannot be spent unless there is something on which to spend it. People will demand the return of peacetime conditions, and the things which they have had to forgo during the war.

Mr. SPEAKER (Hon. J. S. Rosevear).—The right honorable member's time has expired.

Mr. WARD (East Sydney—Minister for Transport and Minister for External

Territories) [9.57].—The Leader of the Australian Country party (Mr. Fadden) has made it very evident that he is handling a brief on behalf of the private banks. He began by making some of the time-worn charges against the Labour party—that it favours a policy of nationalization, and that it is controlled by caucus. I deny neither charge. At the beginning of my speech on the Commonwealth Bank Bill, I said that I was disappointed because I had hoped that the Government would make banking in Australia a government monopoly; but that, failing the setting up of a complete government monopoly, the necessity arose for assuming control over the private banks in the interests of the people. The two banking bills will give the Commonwealth Government power effectively to control banking operations, and to organize the economy of the nation in the interests of the public. Members of the Opposition have repeatedly declared that they are not interested in the shareholders of the private banks, that their main concern is for the depositors and the public. If that were really so, they should have devoted more time to discussing the effect which this legislation is likely to have on the lives of the people, and less time to the effect which it might have on the private banks themselves.

I propose to complete the story of a case which I mentioned in my speech on the Commonwealth Bank Bill. The gentleman to whom I now refer is dead, but he was a member of the Country party, a supporter of Mr. Bruxner, in the Parliament of New South Wales, and it was only in the evening of his life, after he had become disillusioned, that he made alarming disclosures about his treatment by the private banks. I propose to summarize what I said on a former occasion about his misfortunes.

The late Lieutenant Gordon Wilkins, member of the Legislative Assembly for Bathurst, received a pension of £2. 10s. a week on account of his having lost a leg at the war. By hard work he built up a garage business in Wellington. In 1930, his assets were worth approximately £30,000 and his liabilities £14,000. He had a comfortable home on property valued at £5 10s. an acre. In 1930, he

had a bank overdraft of £2,500, which was well covered by assets. Then the depression came and sales fell off. He realized on everything, and reduced his overdraft to £2,066. The security was a mortgage on the land and buildings supported by two guarantors being jointly and severally liable for £1,000. It was a personal covenant. In 1931, the moratorium was introduced under which the bank was unable to foreclose or to call up the security. That did away with the personal covenant and freed the co-guarantor and himself. He kept the interest payments going. Being a Country party member of the Legislative Assembly, he did not want to take advantage of the moratorium. He went into voluntary liquidation in February, 1942. The bank took possession of the land and buildings under the mortgage. He lost his business, but the £1,000 guarantee under the personal covenant still remained. In the middle of 1932 the Stevens-Bruxner Government brought down a bill to amend the Moratorium Act. He did not want to support it, but he was assured by the Minister of Justice, Mr. Martin, that guarantors would suffer no hardship under the bill. On that assurance, he voted for the bill. However, when it became operative, he and the co-guarantor received notices from the bank calling up the guarantee. He went to the Minister of Justice, who said that he would see the representatives of the bank. Later, he was advised that both guarantors were liable under the guarantee. He agreed to pay £100 a year off the guarantee and also current interest on the balance, a total of £255 a year. From the beginning of 1934 the bank collected his war pension of £5 1s. a fortnight.

That was when the right honorable member for North Sydney (Mr. Hughes) was Minister for Repatriation in an anti-Labour Government. That is the summary of the facts that I related in my earlier address. I shall now read the concluding parts of the late Lieutenant Wilkins's statement on the matter, because it exhibits the role that the Country party has played in this country on behalf of reactionaries against the community interest. He said—

It was not till I was defeated, however, that I found to what extent the bank was

really prepared to go. Letters of demand commenced to be sent to me and my co-guarantor, asking us to satisfy their demands under the "personal covenant". Mr. Martin wrote to me, "I will, of course, do anything in my power to help you". I pointed out to the Minister that the bank had collected my pension and was obtaining the rent on the property. He promised to keep the bank at bay while I tried to raise the money. They want full payment of the guarantee, plus interest.

My co-guarantor received a writ for £1,730, representing £1,000 guarantee and compound interest. I had paid off £398 through the surrender of my war pension and other amounts which I had managed to save. My co-guarantor, an old man of 80, paid £500 immediately to the bank and appealed for time to pay the remainder. The debt had almost doubled itself in the short period of eight and a half years. The bank then wrote and said that they would accept £100 a month, while the debt would still carry on at compound interest. We were in a vicious circle and the bank was putting in the boot. So much for the promise made on behalf of the associated banks to the Minister of Justice.

So much for the promises made by the banks of what they would do for Australians who went over to the other side to risk their life and limb in order to protect them. They made the profits. We were doing the suffering. This bank that I was dealing with had been declaring dividends of 15 per cent. At the end of last year I offered to pay the bank 5½ per cent. on the balance from December, 1934, to December, 1936, which would amount to approximately £150, but the bank, still after its pound of flesh, refused. On 1st December I instructed the Pensions Officer to cancel the authority given to the bank for the collection of my military pension, as the bank then had £1,000 from my co-guarantor and myself, and actually only the interest was still in dispute. I wrote to Mr. Martin conveying the offer, and I told him that I had paid the money-mongers over £1,200 interest, much of it in the time the account was in liquidation. I further told him that I only wanted a little time to clear things up for my wife and boy.

On Anzac eve, I received advice from my solicitors to say that there was no possible redress. They wrote me as follows:—

"We have consulted all relative authorities available to us, and we are forced to the conclusion that section 41 of the *Moratorium Act* 1932, in its practical operation, withdraws the protection afforded by the previous moratorium legislation from any mortgage in which the guaranteee is involved. We cannot see any way of defending the action or of attacking the bank's position as regards the law."

The legislation brought in by the Country party Government, of which I was a member, had sacrificed me to the banks. The Country party, of which I have been a member ever since the war, has had its opportunity to help

me. Instead, it handed me—one of its trusted members—over to the banks, bound hand and foot, so that they could put the boot into me. I realize that the banks are still in a position where they can take everything from me. I was crushed for one reason only—because the banks and financial interests are to-day the real governors of this country. A Country party member, such as I was, goes into Parliament and is forced to vote for bills which are drafted by the banks.

That statement was made by a man who was a member of the Country party and a supporter of the Government in which that party shared. He lost his leg as a soldier in the last war in which he had a distinguished record. Yet honorable gentlemen opposite talk about preference to returned soldiers! When it comes to an issue between a returned soldier and a private bank there is no doubt as to where their loyalty lies. The right honorable member for Cowper (Sir Earle Page) poses to-day as a champion of the Commonwealth Bank, but an examination of the records will show that he has done everything possible to assist the private banks and hinder the development of the Commonwealth Bank. Honorable gentlemen opposite claim that what we aim at is the destruction of an efficient machine against the best interests of the people. To show that this is not so, it is only necessary to disclose how the banks plundered the people in the financing of the last war. They were given the right to draw Australian notes without depositing either gold or any security. For all notes drawn the banks had to pay interest varying between 3 and 4 per cent. For the soldiers gratuity scheme £6,000,000 had to be found in cash. The private banks had an arrangement with the Government whereby they would make those payments. The banks could have then drawn the equivalent in Australian notes upon which they paid 4 per cent. interest. But the banks did not draw the notes. They had no need to. They traded on their "right to draw". So long as they had the right to draw Australian notes should the need arise, they could make the advances by the expansion of bank credit on which they drew 5½ per cent. interest, whereas it was intended that they should draw only the difference between the 5½ per cent. and the 4 per cent. charged by the Commonwealth Bank. A demand was made upon them to exer-

cise their "right to draw" but they refused. The then chairman of the Commonwealth Bank Board, Mr. John Garvan, said that these rights were equivalent to an issue of notes to the banks without interest. He described the proposition as "madness". The Commonwealth Treasurer agreed with the view. I take it that at that time the right honorable member for Cowper was Treasurer. But the banks' demand was conceded. The banks made successive demands for an increase of their "right to draw". Late in 1924 a demand for an increase of the "right to draw" by £5,000,000 was made upon the Government by the private banks. The Government would not agree. Thereupon the private banks which honorable gentlemen opposite claim act in the public interest and not for personal gain pulled in overdrafts, restricted credits, increased charges upon exports, and placed a boycott on industrial and commercial expansion, and caused a general slowing down of the economic machinery. Unemployment doubled. In August, 1924, the associated banks notified the Australian Wool Council that impending sales would not be financed. The Government capitulated. Despite this back-down on the part of the Government, of which the right honorable member for Cowper was a Minister, the private banks continued the pressure. The newspapers announced that at the Adelaide sales—

The price of wool dropped because buyers could not obtain bank credits, no matter on what security.

The Sydney *Daily Telegraph* described the situation as "A Financial Hold-up". The private banks responded by making a demand for a further increase of their 'Right to Draw' by £10,000,000. The Bank Board, the associated banks and the Bruce-Page Government went into secret session.

A few days later, on the 4th October, the newspapers announced that the associated banks had delivered their "ultimatum" and had won on every point. The terms imposed by the banks were—

- (a) Associated banks to have the "Right to Draw" an additional £10,000,000;

- (b) No interest to be paid for the "Right to Draw", 4 per cent. interest to be paid on notes actually drawn.

I remind honorable gentlemen of this because the charge has been levelled against this Government that it has the audacity to confer with its own supporters, elected by the people, on measures to be introduced in this Parliament. What have they to say of the secret conferences held between the anti-Labour Government, the Commonwealth Bank Board, which is supposed to be an independent body, and the representatives of the associated banks?

On the same day the Melbourne *Herald* stated that borrowers were "unable to obtain credit on the most adequate security, at any rate of interest". On the following day the Associated Banks increased their rates by $\frac{1}{2}$ per cent. This meant an additional levy on Australian exports of £750,000. The *Industrial Australian* of the 20th November, 1924, reported—

The primary producers for a long time past have been, and still are being mercilessly exploited, to the extent of millions sterling.

That was during the period when the right honorable member for Cowper was Treasurer. Mr. L. J. McConnan, chief manager of the Bank of Australasia, in an advertisement under the heading "The Meaning of Political Control of Banking", published in the press since this campaign against the Government commenced, said—

It seems clear that the Government is determined to take the control of the people's bank out of the hands of the people.

After the war no one will be able to borrow from the banks unless he or she has the permission of the Government.

The old democratic freedom of being able to borrow from your bank for any purpose whatever is to be destroyed.

How Mr. McConnan has the audacity to make such a statement, in view of what happened to the late Lieutenant Wilkins at the hands of the Associated Banks, is beyond my comprehension. If we are to maintain Australia as a democratic country, with the right to elect freely our representatives to Parliament, and the right to have the nation's financial policy approved by the people, the Government

must become the real government by assuming responsibility for financial policy. I am sure that eventually the Labour Government will find it necessary to make banking in this country a complete government monopoly. Already we hear talk of proposed international monetary agreements which, if agreed to, will give to the international financial ring complete control and domination over this and other countries. It would be a tragic mistake for the Australian community if, under any agreement, we should allow the right to determine our domestic policy to be taken from the National Parliament and placed in the hands of anybody outside this country. This is what the American *Banker's Magazine*, dated the 26th August, 1934, said—

Capital must protect itself in every possible manner by combination and legislation. Debts must be collected, bonds and mortgages must be foreclosed as rapidly as possible. When through the process of the law the common people lose their homes, they will become more docile and more easily governed.

By dividing the voters, by the political party system, we can get them to expend their energies in fighting over questions of no importance. Thus, by discreet action, we can secure for ourselves what has been well planned and so successfully accomplished.

The right honorable member for Cowper had something to say about the private banks during the last war. He said: "Mindful of their own interests they have no such regard for the public welfare as is undoubtedly required". Yet, I have no doubt that when the right honorable gentleman speaks in this debate he will attempt to protect his political backers, the private banks, against what he will claim to be an unwarranted attack on them. The present financial system is the world's greatest confidence trick. Professor Soddy described the private bankers' monopoly of credit as "the science of swindling". Daniel Webster, the famous American statesman, said—

There never has been devised by man a plan more specious by which labour could be robbed of the fruits of toil than the banking system.

Thus, we see the necessity for government control of financial policy and financial machinery. It is necessary in order that there shall be stable currency.

The Labour movement has long since learned that unless we are able to establish a stable currency, the workers will in vain expend their energies and the funds of their organizations in fighting for increased wages and improved working conditions, for while private financial interests have the power to depreciate the currency, they can quietly, and without being noticed, deprive the workers of the benefits they have won, only after long years of hard struggle. Thus, the obligation rests upon a Labour Government to establish a stable currency in this country. But no government can maintain a stable currency unless it controls the supply of money in all its forms. Under our present system, we lack scientific regulation of the supply of money, and, therefore, of the value of money. Mr. E. J. Kelliher, who for six years was a director of the Bank of New Zealand, said—

It is absurd to think that groups of financial magnates should control the money which reflects the value of the goods which human hands and skill and sweat produced.

And Mr. McConnan, chairman of the Associated Banks in Victoria, in a speech delivered on the 21st June, 1943, said—

The cheque system is simply indispensable in the carrying on of our daily affairs. It provides 80 per cent. of the currency.

Thus, overnight, by an inflation of the currency, these gentlemen can take away from the workers the benefits to which they are entitled as the result of their toil.

I shall now refer to the profits of the private banks, because that subject has been a feature of the debate, and a feature of anti-Labour Government propaganda outside Parliament. If investments in private banks are unprofitable, one would assume that the investors concerned would be anxious to obtain the release of that money in order to invest it elsewhere at a higher rate of profit. But what do we find? Instead of those investors saying that they would like the Government to take over private banks and compensate them, as it is obliged to do to a reasonable degree under the Constitution, they rush to spend thousands upon thousands of pounds on propaganda in order to defend the private banks against the proposals

Mr. Ward.

of the Government. The *Sydney Daily Telegraph* on the 14th March last said—

The banks have not occupied themselves exclusively in making vast profits. Of all companies in the Commonwealth, banks are the smallest profit-earners.

I think that the Leader of the Opposition quoted these profits. He said that the rate of bank profits in 1943 averaged 3.6 per cent. and that in 1939 the average rate was only 4.2 per cent. I do not admit that the balance-sheets published by private banking companies, or any other private companies, clearly disclose their actual profits. There are such things as hidden reserves; the retention of profits for the extension of the plant; the writing down of assets, and so on; but I know that despite the claim that investments in private banks are unprofitable, investors concerned are desperately fighting with every means at their disposal to prevent the Government from obtaining control of the banking machinery. It is very obvious that such investments are not so poor as their balance-sheets may make them appear. Further, the control of the great private banking institutions, through the interlocking of industry with the private banks, gives power to the monopolies to destroy trade competitors. Many men who have struggled to establish industries in this country have been destroyed because they attempted to enter a field already occupied by industries controlled by the same interests as control the private banking machinery in this country. Looking at the Stock Exchange quotations published daily in the press, it is interesting to note that whilst almost every morning quotations for buyers appear, there are no sellers of bank shares. Anybody who had investments in private banks would be quite ready to sell if such investments were unprofitable, as is claimed by the protagonists of the private banks.

Let us now examine the problem of the national debt. If we are to have any new order in this, or in any other country where a similar banking system operates, radical changes must be made. Consider, for instance, the position of Great Britain. The workers of Great Britain are in the same predicament and are

facing the same dismal future as are Australian workers unless the Labour party in that country becomes the Government and makes the same radical changes as we hope to make in Australia. I take the following from the *Daily Telegraph* of the 30th October, 1944:—

Britain's debt per head of population in 1914 was £17, now it is £500.

The national debt has risen from £8,000,000,000 in 1938 to £21,000,000,000 in 1944.

Experts believe it may well be in the neighbourhood of £30,000,000,000 by the time the far-eastern war is settled.

The cost of meeting interest on the national debt at the commencement of the war represented one-third of the total national revenue.

When it comes to the post-war debt, Britain will be paying far more in interest than she will be spending on running the whole country—Navy, Army and Air Force—and all of the costly State services and administration.

How is it possible for the people who made the actual sacrifices during the war—those who were blitzed out of their homes—to obtain any better treatment than they had at the outbreak of the war unless some change be made in this position? It is estimated that a 50 per cent. increase on Great Britain's export figures for 1938 will be needed to pay the charges upon Great Britain's national debt, and Mr. Kelliher, whom I have previously cited, is reported in the *Sydney Morning Herald* as having said—

If the British Empire was to escape the burden of crushing interest payments after the war it must immediately replace its privately-created finance by State issue. State-created money would be interest free . . . To fight a war with privately-created money is to fight two enemies, one outside the country and one within. The second is the enemy of perpetual national debt, which we have never defeated . . .

It has been estimated that after this war 60 per cent. to 70 per cent. of the total wealth produced by the people will be required to meet the interest charges alone on the money borrowed for the two world wars.

What is the position of Australia's national debt? We have a small population, with increasing responsibilities. Our heavy war commitments, and our obligations in respect of social service benefits, including invalid and old-age pensions, the repatriation of ex-service-men and their settlement on the land—all are dependent for their continuation and successful implementation upon what this Government is able and prepared to

do with regard to financial policy. In 1939, Australia's national debt was £1,295,000,000, and that had risen at the 30th March, 1945, to £2,588,000,000, or an increase of £1,293,000,000. Our national debt has actually doubled since the beginning of the war. In the same period the debt per capita of the population has increased from £186 to £351. When the war commenced we paid £46,000,000 per annum in interest on our national debt, whereas at the 30th March, 1945, we were paying £74,000,000, or an increase of £28,000,000 annually. Every week we pay £1,425,000 in interest on our national debt, which is still increasing as the war proceeds. That represents a levy on the production of the people of this country. It is disturbing to note that the only portion of the national debt which is not represented by war expenditure is £115,000,000. This means that the colossal sum of over £2,450,000,000 has been expended in the defence of this country, and that at the termination of the war many privileged people will have become better off than they were when the war commenced, whereas the great mass of the people are obliged to carry a heavier burden of debt and will continue to pay and to suffer after the conflict has ended. It is quite true that many workers contribute to war loans, and that many people invest their savings in war loans. I am not suggesting that there should be any repudiation of the obligations entered into by this country, or its government. It would be impossible to separate those justly entitled to a return of their capital from those who are not entitled to the unjust return which they are receiving to-day. Therefore, we must accept the obligation; but what happens to the worker's investment? He saves money from his weekly wage because he wants to help his country in its hour of danger. He purchases a few war savings certificates or bonds of small denomination. Then opponents of Labour say to him, "You must protect your savings against the action of the Labour Government; your money is in danger"; but experience has shown that the greatest danger to the savings of the workers of this country is not the legislation passed by the Labour

government, but the recurring periods of unemployment during depressions. How long do the small reserves of a working man last when he becomes unemployed? He has only a few pounds put away, and after a few weeks of unemployment all his money has gone. Who then holds the bonds purchased originally by the worker? They are held by the private financiers of this country. I am not arguing that the money already loaned should not be returned to the people who advanced it to the Government, but the time has arrived when the national debt of this country should be pegged. No longer should governments be obliged to raise private loans to carry out public works. The national credit made available through the Commonwealth Bank should be used for that purpose. The national debt could then be pegged, and, as the opportunity presented itself, progressively reduced. There is an urgent need for such action.

Forty years ago, the Sydney Metropolitan Water, Sewerage and Drainage Board built a drainage system through Reid Park, Mosman, at a cost of £4,296. Ever since then, certain Mosman ratepayers have been paying a special rate to cover that cost, and up to date, they have paid nearly £10,000 in interest. The original debt remains. It is interesting to note also that 50 per cent. of the revenue of the board is absorbed by the payment of interest, and that approximately 45 per cent. of all moneys received in fares by the combined State railway systems is paid in interest on invested capital, yet we hear people talk of the non-paying government railways! Years ago, it was decided on the advice of the late Lord Kitchener to construct the Transcontinental Railway for defence and strategical reasons. The cost of the line was £5,300,000, which was advanced by the Australian Note Fund at an interest rate of $3\frac{1}{2}$ per cent. per annum. Actually there was no need to charge that rate of interest at all, because, as the finance was made available by the Commonwealth for the construction of a Commonwealth railway, the Commonwealth was actually paying interest to itself. The decision to charge interest was, no doubt, a compromise with those interested in the maintenance

of the existing financial methods in this country. These individuals knew that once it was established that there was no need for a government bank to charge interest for money advanced for government works because, having no private shareholders, it did not have to provide dividends, private banks would be doomed. Some time ago, I examined figures relating to the capital cost of the Sydney Harbour Bridge, money for the construction of which was provided by loans. I discovered that every day of the week £300 is paid in interest on those loans. In 1888, the Government of New South Wales raised a loan of £16,000,000 for railway construction purposes. The loan fell due in 1924, and by that time £20,000,000 had been paid in interest alone. The principal remained because, as usual, when the loan fell due, it was not redeemed. A conversion loan was floated to redeem the debt to people who wanted to obtain their money, and other investors were allowed to transfer to the new issue.

Amongst the propaganda which continually is being directed against this Government is the statement that it seeks to control the finances of this country so that it can implement the policy of the Labour party. I do not deny that. Of course, we want to implement the policy of the Labour party. We are the elected representatives of the people, and this is claimed to be a democratic country. We have every right to seek full power to implement our policy. It would be more to the point if the Opposition would indicate in what direction the policy of the Labour party would be other than beneficial to the general community. Here is an example of the anti-Labour propaganda which one hears in the community to-day—

The proposals clearly aim at forcing the Commonwealth Bank to finance the policy of the Government whether that policy is economically sound or not.

Are the words "economically sound" used in the national sense or the private sense? Many works undertaken by governments are economically sound so far as national interest is concerned, but they certainly would not be regarded as economically sound by a private investor. This country cannot be developed

properly unless the Government has the right to carry out necessary national works, whether they will earn profits or not. How many country districts have been developed by the construction, by governments of non-paying railway lines? Such lines are not constructed because there is any prospect of an immediate return for the money invested, but because they are necessary for the development of the country. The same thing applies to art galleries, public libraries, parks, botanical gardens, national highways or bridges. How could any of these facilities be provided if they had to be profit earning? The maintenance of such undertakings is a proper charge on general revenue, but why should the people be taxed in perpetuity by private financial institutions for the right to enjoy these amenities? The men who supplied the materials and the workers who provided the labour have been paid. There is no reason why a government should finance any of its works by loans. For the construction of national works a nation borrows materials and labour from its citizens, and in recognition of its debt it passes on to its citizens money in some form. Why should interest be paid to the private manufacturers of this currency when all that the nation need and should do is to provide its own money instruments at the cost of issuance and administration? Honorable members opposite have quoted extensively from the report of the Royal Commission on Monetary and Banking Systems, but one paragraph of that report they have avoided. I do not support everything that the commission has recommended, but it is the obligation of a government to examine the recommendations and, in accordance with its policy, determine which of them shall be given effect. As honorable members opposite have referred so frequently to the report of the royal commission, I ask them why they have not quoted paragraph 504 which states—

The Commonwealth Bank can lend to the Government or to others in a variety of ways and it can even make money available to governments and others free of any charge.

If the royal commission was of the opinion that the Commonwealth Bank could do that, what need is there for a government to raise private loans to carry

out public works? I am not arguing, and never have argued, that there is no limit to credit expansion. During the war years, when all our resources have been fully mobilized, we have been spending money at the rate of £1,500,000 a day. Yet, now when it is suggested that the standardization of railway gauges should be carried out, and that a start be made with the first section, costing £76,000,000—the sum spent every seven weeks on the war—honorable members opposite and their supporters say that we cannot afford it. Do they think for one moment that our war effort would ever stop because of lack of money? Of course it would not. It would not matter if the war cost £3,000,000 a day, so long as the money was being used to employ the full resources of this country. There is no sense in expanding the use of credit if the resources of the country are fully employed. Let us take a simple illustration: If the Government received a request from the Royal Australian Air Force for the construction of an aerodrome, it would not say, "We shall have to consult the private banks to see whether the money can be made available". The money would be only a secondary consideration. The only real issue would be whether the man-power, materials and equipment were available. As the Leader of the Australian Country party (Mr. Fadden) said, wars are fought with physical things. That is what we on this side of the chamber have always argued. We believe that if finance can be made available to employ all the resources of this country on the production of the physical things necessary for warfare, it can be provided also, and credit can be expanded through the Commonwealth Bank, to employ these resources fully in peace-time in the development of this country. Many men who have achieved recognition in the business world have been honest enough to admit that there is no need for governments to worry about raising loans. Dealing with the Mussel Shoals water scheme, Henry Ford, whose success in the business world will not be questioned by any honorable member, said—

Why all this loan floating fakery? Why does not the government issue its own currency, buy the necessary material and service.

complete the works and save the interest? Why is this country to be perpetually taxed for the job?

In my opinion, a Commonwealth-wide housing scheme could be carried out without resorting to private loans. Through the Commonwealth Bank, the national credit resources of this country could be used to the maximum, the only limit being the availability of man-power, materials and equipment for this purpose. Should the Commonwealth Bank finance a home construction programme by the use of national credit, it would be creating an asset, and therefore there would not be any inflation of the currency. As soon as the homes were constructed, they would be occupied—it cannot be denied that there is a great demand for houses throughout this country to-day—and rents would begin to flow back to the bank. The money obtained from rents could be used either to redeem the debt, or to make fresh issues for further home construction. The interest need only be sufficient to cover administration and issuing costs. The cost of houses, of course, is a most important factor, because it is of little use constructing homes if the rents are not within the means of the people. When we remember that 1 per cent. interest on £1,000 is the equivalent of 3s. 10d. a week, we can readily understand that the best way to help the people of this country to secure homes is for the Government to construct them by the use of the national credit.

The Government is to be complimented on the steps it is taking to control the financial institutions of this country. I believe that experience will show that those who control the private banks will attempt to sabotage the efforts of the Government. Eventually, we shall be forced to make banking a government monopoly. If we have the courage to do that, I am satisfied that this country will develop as we believe it should be developed and will become a great nation.

Sir EARLE PAGE (Cowper) [10.45].—I am glad to have this opportunity to nail, on the floor of this House and in the pages of *Hansard*, the inexcusably false statements that have just been made by the Minister for Transport (Mr. Ward). A good deal of his speech was devoted to the allegation that I had been respon-

sible for certain financial transactions during my period of office as Treasurer. His statements are completely false. Lying statements by a Minister of the Crown, who has the opportunity to make sure of the truth of what he proposes to say before he makes his speech, are inexcusable. When I have refuted many of the statements of the honorable gentleman, the conviction may be borne in upon many persons that probably all his other statements are in a similar category. It is well known that I was first elected to the Commonwealth Parliament in December, 1919, after the termination of the last war. Yet the Minister for Transport alleged that while I was Treasurer, I had done unmentionable things during the actual war years. I shall quote the financial history of this country from a document, the statements in which are incontrovertible. It proves that the actions of which the Minister accused me were taken by the Fisher Labour Government. This is not merely a concoction of lies, but an authentic history of war-time finance. I have urged the Treasurer (Mr. Chifley) to have compiled a history of financial operations during the present war, and to place it on record so that it will be incontrovertible. This is what I said in my speech as Commonwealth Treasurer, introducing the Commonwealth Bank Bill in 1924—the matter was abstracted from Treasury records—

At this early stage of war finance, a step was taken which never has been explained fully. I refer to the fact that the Government gave to the banks the right to get three pounds in notes for every sovereign presented by the bank at the Treasury. Two out of every three pounds of notes so issued were treated as a loan to the banks, which were required to pay interest at the rate of 4 per cent. per annum, and to repay the principal not later than twelve months after the end of the war. The reasons for granting these rights to the banks are not recorded, and no good purpose would now be served by surmising what the reasons were. Without being unduly critical of action taken during a period of great anxiety, however, I am permitted to say that this three to one arrangement was more doubtful in character than any other act of war finance. The grant by banks of accommodation by way of overdraft or otherwise makes money available for credit to current accounts and fixed deposits in banks. That is to say, increase of advances entails increase of liabilities. Banks usually keep

on lending money until their liabilities are four or five times as much as their cash reserves, but here we see that the banks were given the power, first to multiply their gold reserves by three, and then to keep on lending until the multiplied reserves formed the base of liabilities equal to twelve or fifteen times as much as the original holdings of gold.

It will thus be seen that the Minister has found only a mare's nest, and that a Labour government must be held accountable for what he alleged against me. All the other matters that he mentioned also were the responsibility of the government of that day. The note issue was not then under the control of the Governor of the Commonwealth Bank or a board, but was under the control of the Treasury, as it has again been placed. The legislation giving effect to that policy was passed by a docile, stupid party, which will not learn from experience. It is now proposed to perpetrate a similar stupidity. Thank God I had enacted the financial agreement, and a sinking fund which provides for the liquidation of a debt in 53 years, instead of permitting it to remain a debt in perpetuity, as the national debt was left by the Labour party in 1915. I went on to say—

By the simple processes indicated, large stocks of gold were accumulated by the Commonwealth Treasury, but these were not considered sufficient for making gold payments rendered necessary by the war. The banks were, therefore, induced to part with a further 5,000,000 sovereigns for the purpose of export. In exchange, they were given notes of equal amount, and, in addition, were conceded the right to get loans in notes, up to the amount of gold parted with, provided they deposited war bonds as security. The interest payable by the banks for these loans was at the rate of 4½ per cent. per annum.

The time soon came when the primary products of Australia could not be disposed of readily and it was necessary to make advances to the producers in anticipation of realization. The banks undertook to make the advances and were given rights to get paper money by way of loans from the Treasury up to the amount of the advances at the rate of 4 per cent. Similarly at later dates, arrangements were made separately for advances in relation to wool and wheat, and the interest payable by the banks on the loans of notes varied from 4 to 5½ per cent. per annum.

I then dealt with the manner in which various war loans had been floated. The last war loan in connexion with the last war was floated in September, 1920,

before I had held any ministerial office in this Parliament. I said—

The banks, to enable their customers to subscribe to the war loan, agreed to offer overdrafts up to 90 per cent. of the subscriptions, the rate of interest on the overdrafts to be 4 per cent. per annum. As the war loan carried interest at 4 per cent. or 5 per cent. the acceptance of the overdraft proposals proved most attractive, and the war loan proved most successful. On its part the Treasury undertook to make to any bank a loan of notes, if needed, up to the amount of overdrafts granted to customers and still outstanding. The interest to be paid by the bank for these loans was fixed at 3 per cent. Any bank making a direct investment in the war loan also acquired the right to notes up to the amount of its subscription, the rate of interest to be paid for this accommodation being the same as that payable on the war loan.

I next dealt with war gratuities—

The banks agreed to lend £6,000,000 for the purpose, at 5½ per cent. per annum—
to pay the first instalment of war gratuities—

and they were given the right to get notes on demand, at 5½ per cent. up to the full amount lent.

Dealing with the control of the note issue, I said—

In December, 1920, a first step towards a central banking system for Australia was made by handing over the control of the issue of Australian notes to a new department of the Commonwealth Bank, for which a separate Board of Directors was provided.

When the Note Issue Department was brought into being, and for the first time the control of the note issue was taken from the Treasury, the board immediately discontinued the method of financing that had been followed up to that date. I went on to say—

Since the Notes Board has been in charge of the issue, many of the rights of the banks to get advances of notes have expired because the circumstances in which they were entitled to the advances have ceased to exist. The Notes Board, however, has not only shown itself opposed to the grant of new rights but has withdrawn privileges under the three to one arrangement, to which some of the banks still contend they are entitled. Quite recently the Board terminated the rights under the war gratuity arrangements by actually issuing the notes which the banks could demand.

That is the history of the matter. The note issue was under the control not of an independent board, but of the Treasury. Immediately it was placed under the control of a board, the awful method

of finance of which the Minister for Transport has accused me, was discontinued. Labour men were the originators of that method of finance, and it was continued under the succeeding government led by the right honorable member for North Sydney (Mr. Hughes). A Labour administration was entirely responsible for all the acts of which the Minister has accused me.

That is the position in relation to his first charge. He then made a most extraordinary charge in regard to the accommodation that had been given to the banks to finance the 1924 wool clip. The honorable member for Hume (Mr. Fuller) is smiling. I recall to him the position in which the wool-growers in Australia found themselves in 1924. They were not smiling. Because the banking legislation which, at that time, I was having dealt with by the Parliament had not been finally passed, and because of difficulties in relation to exchange, it was impossible to complete the wool sales that had been started in Brisbane. Everybody associated with the wool industry knows that wool sales follow one another in a definite succession. The honorable member for New England (Mr. Abbott) will remember quite well what took place at that time. Wool was not worth anything at all because we could not get anybody to bid for it. We told the Note Issue Department that in a few weeks the Commonwealth Bank Board, which was to be established, would be able to control both the note issue and the whole of the assets of the Bank. We asked the Note Issue Department whether it could make a suggestion whereby the wool sales could be resumed. It called the representatives of the banks together, and they said that they would have to be certain that if they advanced up to £15,000,000 on a clip worth about £50,000,000 they would be recouped. So the department gave them the right to draw £15,000,000, on the condition that as soon as the wool reached its destination and payment was received for it the advance would be repaid to avoid any chance of inflation. As soon as that statement was made, wool sales were resumed, and within three weeks, wool to the value of £36,000,000 was sold, although for six

or eight weeks previously not one bale had been sold. By August, it was found that although the banks said that they might need £15,000,000, the total amount asked for was only about £2,000,000. Confidence in a sound financial structure was all that was needed.

The statements made by the Minister for Transport (Mr. Ward) are all balderdash, and I could dispose of other stories if I had sufficient time. If the Commonwealth Bank is to protect the security of its depositors, what can it do when borrowers are unable to repay loans? I understand that members of the New South Wales branch of the Australian Country party volunteered to subscribe the money required to meet the indebtedness of Mr. Wilkins, but he would not accept that help. He said that he was fighting for a principle, because his co-guarantor was being held responsible for his debt. A government bank attaches more importance to the security of its depositors' money than personal factors. It cannot depart from the principles of sound finance, because its first duty is to protect the money of the depositors.

Whatever is objectionable and dangerous in the bill is made doubly so by the power given in the Commonwealth Bank Bill for the Treasurer to control the policy of the Government with regard to advances. The honorable member for Warringah (Mr. Spender) has set out the extent of that power. Surely it should be an axiom of national finance that the central bank should be able to pursue a long-term policy without being subject to frequently recurring political changes? If there is to be a violent change of policy every time a change of government takes place, nobody will have confidence in the financial system. Kisch and Elkin point out in their book on central banking, that the government is the largest individual customer in the local money market. In such circumstances, they state, it is evident that if it also controls the administration of money market policy, it may easily find itself in an equivocal position where it may be called upon to decide between two courses, one which may be immediately convenient to itself and the other conducive to the ultimate interest of the

country as a whole. During the depression, we were plunged deeper into economic difficulties than we need to have been. Unemployment was created to a greater extent than necessary, because for eighteen months the needs of the Treasury were considered to be of more importance than the economic position of the people. The Commonwealth Bank carried out a policy in the interests of the Treasury, which was a short-sighted policy against both the short-term and the long-term interests of the community.

During 1930, the exchange position became very bad. The prices of our principal export products suddenly slumped, and the value of our exports was only about half as great as it had been a year or two previously. The trading banks had, as a result, to restrict the volume of sterling exchange to the importers and the result was that importers who needed exchange went direct to the exporters or to some brokers and got exchange from them. But they always had to pay a higher rate for sterling than the banks' rate. By the third quarter of 1930, in which the rates had gradually risen from £106 to £115, this became apparent, and the banks had to follow at a short distance behind in order to get any exchange business at all. By January, 1931, the Bank of New South Wales suddenly raised the exchange rate to £130. The Commonwealth Bank and other banks had to follow in that path, but it was the Bank of New South Wales which took the first crucial step in getting us out of the depression. It was not till November, 1931, that the Commonwealth Bank definitely announced that it would take control of exchange and put the rate back to £125. The exchange rate of £130 enabled Australia to adjust the reduction of wages which took place, which I think was one of 10 per cent. The depreciation of the exchange helped to some degree to alleviate that position. I advocated that the exchange rate should go to £140. Had that course been taken, the readjustment in Australia would have been much simpler, but there would have been some danger of inflation. The general welfare of the community and the equity of farmers in their holdings and of workmen in their homes were to be sacrificed to short term budget considerations. Unless the exchange had been allowed to

slip at that time Australia would have faced general bankruptcy. As I pointed out in 1932, the raising of the exchange rate really raised the international income to a degree that more than compensated for any loss to the Treasury resulting from a depreciation of the value of the currency. Under this legislation there is a grave danger that the Treasurer, influenced by budget considerations, may place that consideration before the economic welfare of the country. It is more easy for a government to err in matters of this kind than it is for those who have devoted their lives to dealing in exchange.

Rationing of imports is essentially deflationary in principle, and would not help us to get out of the mess, because even if we have internal inflation, we must have a complete system of controls. Rationing imports creates a vicious circle; people who normally buy exports cannot buy because they have no means of paying by imports. This causes a further restriction of imports, because there is further trouble with the balance of payment, which finally forces a further restriction of imports, till, finally, we arrive at the barter system of Germany before the war under which jew's-harps were exchanged for Rumanian oil. There are two courses which can be pursued. International trade must be kept free as far as possible, and exchange should be kept free as far as possible. If it gets into difficulties internally a little depreciation should be effected, as was done in Australia. All economists proclaim that what we did in 1932 and 1933 in Australia resulted in the early return of Australia to prosperity. In deed, Great Britain and Australia were the first countries which began to regain prosperity.

We first depreciated exchange to approximately its relative value with sterling, and then made the Tariff Board take this exchange depreciation into consideration in determining the protection necessary for Australian industry. The result was that for every £100 worth of goods sold in London, the exporter received £125 Australian. Australian price levels were prevented from rising to the full extent of the depreciated exchange by the Tariff Board taking this 25 per

cent. exchange depreciation into consideration as a protective measure. The effect of this was to maintain values of workers' homes and farms and, to some degree, nullify the 10 per cent. cut in wages, by the Arbitration Court.

Germany took the other course, and went on to full exchange control. The effects of exchange control as set out by Professor Hassel, are "a cumulative decrease of foreign trade, a diversion of international trade into unnatural channels and an unhealthy tendency toward autocratic economic nationalism". Australia, as an undeveloped country with a huge surplus of exports, is the last country in the world that can afford that.

Exchange control is not a system a country would have chosen in happier circumstances. It is a system forced upon a nation by its creditors who, in the long run lose by it, although they do not lose as much in general welfare as the nation upon which it is imposed. Exchange control is always adopted to get out of desperate economic situations, but instead of curing ills, all ills are aggravated by it. Attempting to fix and hold a rate of exchange out of harmony with economic conditions damages national economy. This holds true whether the method employed is severe inflation or exchange control. Secondly, exchange control aggravates the causes of overvaluation and restricts international trade.

Once exchange control is introduced the regulations have to be reviewed almost every day, because conditions are continually altering. When I was in Germany in 1936, I found that no one in the Public Service there was familiar with more than a small part of the regulations regarding exchange. It seems to me that the explanation of the Treasurer regarding special deposits is very disingenuous. Mr. Theodore, when introducing the Central Reserve Bank Bill in 1930, pointed out that a central bank should be entirely separate from the trading bank, and that the trading bank should be required to make deposits with the central bank on exactly the same terms as other banks. Mr. Theodore went to some length to point out how unfair it would be if money deposited by the trading banks with the Commonwealth Bank to assist the general community were used

Sir Earle Page.

in active competition with the trading banks which had deposited it. The Labour Treasurer of that time said that it was a cardinal principle of justice that fixed deposits by the trading banks should not be used against them. The present Government should pay heed to what he said. I am glad that a government trading bank is to be established, and I should like to see it put on a footing which would enable it to enter into real competition with the trading banks. The whole community would benefit by there being in the field a bank which would function on the same basis as its competitors. Special fixed deposits were established as the result of a voluntary agreement between the trading banks and the Commonwealth Bank, in order to ensure that no undue profits would be made out of the inflation caused by the war, and to assist the war effort in every possible way. That has been done by a National Security regulation, and now it is to become embodied in an act of Parliament. I shall conclude by quoting from the Treasurer's memorandum in connexion with this bill—

Many different methods have been adopted by other countries to give the central bank this power, adapted in each case to local conditions. The United Kingdom, which has a long history of central banking, and a tradition which ensures conformity with the policy determined by the Bank of England, has not needed many formal legislative banking controls. The United States, however, has found it necessary to give the Federal Reserve Banks power to mobilize large amounts of the banks' liquid assets, by requiring the banks in central reserve cities to hold, with the Federal Reserve Banks, up to 26 per cent. of their demand deposit liabilities to the public.

Despite that provision, there were about 5,000 bank failures in the United States of America, and 800 of the banks which then closed their doors never opened them again, whereas for over 50 years there has not been a failure of an important bank in Great Britain.

Debate (on motion by Mr. SMITH) adjourned.

PAPERS.

The following papers were presented:—

National Security Act—

National Security (Agricultural Aids) Regulations—Order—Hay, straw and chaff (Victoria) (No. 2).

National Security (Food Control) Regulations—Order—No. 21.

National Security (General) Regulations—Order by State Premier—Victoria (No. 61).

National Security (Industrial Property) Regulations—Orders—Inventions and designs (94).

House adjourned at 11.19 p.m.

ANSWERS TO QUESTIONS.

The following answers to questions were circulated:—

HAY.

Mr. McLEOD asked the Minister for Commerce and Agriculture, *upon notice*—

1. Has he seen the statement in a Melbourne evening newspaper of the 5th June by the Victorian Minister for Agriculture (Mr. Martin), that his officers only commenced to take a census of Victorian hay stocks three weeks ago and that the results of this census have not yet been analysed?

2. Was this census commenced after members of the Victorian Country party, during an adjournment debate in the Victorian Parliament, had charged Mr. Martin with bungling the distribution of fodder?

3. Is it a fact that the officers of the Victorian Department of Agriculture some months ago recommended the acquisition of hay but were thwarted by the Victorian Government and particularly by the Premier?

4. In view of the difficulties which have arisen in Victoria, would it be possible for the Agricultural Council to lay down a common policy to protect producers against such actions by a State government?

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

1. Yes.

2. Yes.

3. I am not aware of the views of officers of the Victorian Department of Agriculture. The Victorian Government rejected a Commonwealth suggestion that fodder should be required and distributed equitably. The Premier of Victorian publicly announced his opposition to the proposal.

4. I hope the Agricultural Council will discuss the establishment of a national fodder conservation plan at an early meeting. A recent delegation from the Australian Wheat-growers Federation urged that action be taken in these lines.

WHEAT INDUSTRY.

Mr. ABBOTT asked the Minister for Commerce and Agriculture, *upon notice*—

1. Will the Government remove the regulation which makes it necessary to secure permits to obtain essential duplicates for farm tractors?

2. What quantity of wheat was sold from No. 7 pool at concession prices?

3. What was the average price received by the Wheat Board for such wheat, including the 1s. 6d. per bushel government subsidy?

4. What quantity of wheat was sold for export from No. 7 pool as wheat and/or flour?

5. What was the average price realized on bagged basis f.o.r. ports for such exports?

Mr. SCULLY.—The information is being obtained and a reply will be furnished as soon as possible.

VEGETABLE PRODUCTION: GOVERNMENT FARMS.

Mr. FADDEN asked the Minister for Commerce and Agriculture, *upon notice*—

1. What is the total cost, to the latest available date, of the Government vegetable farms at Home Hill, Queensland?

2. What is the value, to the latest available date, of products (a) supplied direct to the services, (b) sold through the Committee of Direction of Fruit Marketing, Townsville, and (c) sold through channels other than the above?

Mr. SCULLY.—The information is being obtained and a reply will be furnished as soon as possible.

LEND-LEASE AGREEMENT.

Mr. CHIFLEY.—On the 29th May, the honorable member for Richmond (Mr. Anthony) asked the following question:—

Will the Acting Prime Minister have a statement prepared indicating what Australia's liabilities may be under the lend-lease arrangements with the United States of America? Will he also state whether accounts are kept of all the goods received from America and also of those sent from Australia under the reverse lend-lease agreement? What does the Government propose to do with respect to ultimate payment of any balance on either side?

At the time, I made it clear that there was no strict accounting of lend-lease and reciprocal lend-lease transactions, although, of course, both Governments maintain certain records of their own expenditure for budget purposes. The American view on this point is put very plainly in the President's 17th Report to Congress on Lend-Lease Operations. The words used by the President were as follows:—

Lend-Lease and Reverse Lend-Lease are not two sides of a financial transaction. We are not loaning money under Lend-Lease. We are not receiving payment on account under Reverse Lend-Lease. The Lend-Lease system is, instead, a system of combined war supply, whose sole purpose is to make the most effective use against the enemy of the combined resources of the United Nations, regardless of the origin of the supplies or which of us uses them against the enemy. Neither

the monetary totals of the Lend-Lease aid we supply, nor the totals of the Reverse Lend-Lease aid we receive are measures of the aid we have given or received in this war. That could be measured only in terms of the total contributions toward winning victory of each of the United Nations. There are no statistical or monetary measurements for the value of courage, skill and sacrifice in the face of death and destruction wrought by our common enemies.

It will be seen from the President's statement that it would be contrary to the whole spirit of the lend-lease conception to think in terms of an ultimate cash settlement of any balance obtained by comparing any recorded figures of the money value of lend-lease and reciprocal lend-lease. The lend-lease agreement with the United States of America specifies that the terms and conditions of any benefits which might be provided to the United States of America in respect of lend-lease "shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations". The agreement further specifies that in the determination of

any such benefits, full cognizance shall be taken of reciprocal lend-lease.

As I have previously indicated, no discussions have yet taken place regarding the nature of any benefits which might be provided in accordance with the terms of the lend-lease agreement.

AUSTRALIAN FORCES: PUBLIC RELATIONS OFFICERS.

Mr. RANKIN asked the Acting Minister for Defence, *upon notice*—

1. How many Public Relations Officers are maintained outside Australia by (a) the Army, (b) the Air Force, and (c) the Navy?
2. What are their (a) names, (b) ranks, and (c) salaries?
3. How many of these officers have been recalled to Australia since the cessation of hostilities in Europe?
4. When is it proposed to recall the remainder?

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

1. The numbers of Public Relations Officers maintained outside Australia are as follows:—(a) Army, 17; (b) Air Force, 22; and (c) Navy, 1.

2. (a) and (b) The names and ranks of the officers referred to in 1 are as follows:—

—	Army.	Air Force.	Navy
United Kingdom	F. G. Sutton, Lieutenant-Colonel; and F. I. Phelan, Captain	S. K. S. Summers, Squadron-Leader; N. Bartlett, Flight-Lieutenant; B. J. Fogarty, Flight-Lieutenant; S. T. Wright, Flight-Lieutenant; J. Muir, Flying-Officer; F. Saw, Flying-Officer; J. Flower, Flying-Officer; S. B. Prior, Flying-Officer; C. Isaac, Flying-Officer; J. Hall, Flying-Officer; L. Brodie, Flying-Officer; and L. LeGuay, Pilot-Officer	G. Rawson, Lieutenant-Commander
United States of America	D. E. Loan, Major ..	C. R. Olney, Squadron-Leader; and J. B. Toohey, Flight-Lieutenant	..
Southeast Asia Command	R. S. Hutchinson, Flight Lieutenant; and R. Wolfe, Pilot-Officer	..
Middle East	W. K. Robertson, Flight-Lieutenant	..
Southwest Pacific Area	J. F. Paarman, Major; V. E. Acott, Major; A. S. Palmer, Major; K. S. May, Major; A. W. Fisher, Captain; W. H. Williams, Captain; I. B. Aird, Captain; H. K. Wood, Captain; T. Farrell, Lieutenant; S. H. O'Leary, Lieutenant; K. V. Wilmot, Lieutenant; G. Pynt, Lieutenant; T. R. McDonald, Lieutenant; and J. V. O'Loughlin, Lieutenant	S. Dowling, Squadron-Leader; B. F. Gordon, Flight-Lieutenant; E. Speedy, Pilot-Officer; W. Jones, Pilot-Officer; and G. Maggia, Flight-Lieutenant	..

(c) All officers are in receipt of service pay and allowances, including dependants allowances. The dependants allowances payable in each case are not readily available, but emolu-

ments can be assessed on the following basic pay rates for the ranks of the officers mentioned:—

Rank.	Active Pay.	Deferred Pay.	Field Allowance.	Daily Total (Australian Currency).	Annual Total (Australian Currency).	Exchange Allowance—Officers outside South-West Pacific Area. (Australian Currency).
Army and Air Force—	Per day.	Per day.	Per day.			
Lieutenant-Colonel ..	31 6	8 6	3 0	43 0	784	3 4 (£61 per annum)
Major/Squadron Leader ..	26 6	6 0	3 0	35 6	648	2 10 (£50 per annum)
Captain/Flight-Lieutenant ..	20 6	4 6	3 0	28 0	511	2 2 (£39 per annum)
Lieutenant/Flying-Officer ..	16 6	3 6	3 0	23 0	420	1 10 (£33 per annum)
Lieutenant/Pilot-Officer ..	15 6	3 0	3 0	21 6	392	1 8 (£30 per annum)
Navy—						
Lieutenant-Commander ..	35 6	5 0	..	40 6	739	Up to 4s. 6d. (£82 per annum) according to amount allotted

Other emoluments in cash or kind—(1)
Officers in South-West Pacific Area receive rations and quarters in kind—value approximately 3s. per day. Officers not rationed and quartered in kind are paid daily allowances in lieu, viz.—

—	Single.	Married.
London—	(Stg.) s. d.	(Stg.) s. d.
Lieutenant-Colonel ..	14 6	18 0
Captain ..	12 6	16 0
Lieutenant-Commander ..	14 6	18 0
United States of America—		
Major/Squadron-Leader ..	50 0	50 0
Flight-Lieutenant ..	41 0	41 0

(2) Dependants Allowance.—First dependant, 4s. 6d. per day (£82 per annum); second dependant, 3s. per day (£64 15s. per annum); third dependant, 2s. per day (£36 10s. per annum); and fourth and subsequent, 1s. 6d. per day (£27 7s. per annum).

Note.—Officers serving outside Australia are exempt from income tax.

3. None of the officers has been recalled to Australia since the cessation of hostilities in Europe, but one Air Force officer has been transferred to Washington to assist in publicity work in the United States in relation to the Royal Australian Air Force.

4. It has not yet been decided when the Navy and Army officers shall return to Australia, but it is anticipated that most of the Air Force officers in the United Kingdom and the Middle East will be repatriated in the normal way with Royal Australian Air Force personnel still in England. Six of the Royal Australian Air Force London staff are tour-expired aircrew who were employed on Public Relations work because of their qualifications, pending their return to Australia.

FODDER: VICTORIAN SUPPLIES.

Mr. BEASLEY.—Yesterday the honorable member for Grey (Mr. Russell) asked whether a reply would be sent to the Premier of Victoria, the Honorable A. A. Dunstan, concerning his recent statement that the failure to raise the price of fodder was the cause of the shortage of fodder in Victoria.

Many difficulties have been experienced in determining the price of fodder over so wide an area as Australia, and the Deputy Prices Commissioners have been in constant contact with the State agricultural authorities over the past two years. The price of chaff had been pegged during the winter of 1943 at £7 12s. 6d. a ton. This was recognized as a high price and in November, 1943, fears were expressed by farmers and the State agricultural authorities in Victoria that the price might be reduced later and that this was having an adverse effect upon the cutting of hay. In order to allay these fears the Commonwealth Prices Commissioner made a public announcement on the 10th November, 1943, that the current ceiling prices for hay and chaff would be maintained. Later the Department of Agriculture in Victoria asked that the price should be increased in the hope that farmers would cut more hay. Careful consideration was given to this request and authorities in the trade were also consulted. It was decided that it would be unfair to the consumers of hay throughout Australia to

lift the price above what was already considered to be a relatively high price. If Victoria had felt the need for taking special measures to increase local production, there was no obstacle to the Government granting an additional subsidy of its own. As it happened, large supplies of hay were destroyed by the disastrous grass fires of January, 1944. These fires were succeeded by a record drought, making a severe shortage inevitable. It is nonsense for the Premier of Victoria to assert that even in a free market for hay and taking into account the severe man-power shortage then existing, supplies would have been sufficient to overcome the disasters of both fire and drought. In order to obtain supplies of fodder for Victoria in the autumn and winter of 1944, the Commonwealth Government agreed to pay transport from New South Wales and Tasmania so that the fodder would be available at a reasonable price to essential users in Victoria. Later in October, 1944, the Commonwealth agreed to pay freight on fodder coming from Western Australia so that it too could be sold to essential users at a reasonable price. The State Government at that time did not take any action to obtain the fodder from Western Australia, but left the matter to the merchants who were reluctant to accept the responsibility because of the risk associated with importing from such a long distance. In November, the Commonwealth agreed to increase the margin to the merchants to 15s. a ton to compensate them for the added risk, and this was done again by way of subsidy. In order to induce the maximum cutting of hay during the 1944 harvest, the price of hay and chaff was increased by £1 10s. a ton on the 8th September, 1944. This was done in consultation with the State Agricultural Department in Victoria, which requested that no corresponding increase in the price of oats should be permitted. In accordance with this request, no such increase was allowed. The action taken to increase the price of hay in Victoria, lifted the return on hay far above the relative return on grains and was designed to encourage production of the maximum quantity of hay. On the 20th November, 1944, the State authorities requested the announce-

ment of a further price increase of 10s. a ton for hay, effective as from the 1st March, 1945, to encourage farmers to hold stocks. This was promptly agreed to, and the announcement of the increase was made on the 2nd December, 1944. This lifted the price of chaff to the extreme figure of £9 12s. 6d. a ton. The honorable member has drawn attention in his question to the thousands of tons of fodder coming from the other States on which the Commonwealth is paying freight and other charges. During the last eighteen months, the Commonwealth has thus done everything possible at great expense to increase supplies of hay to the State of Victoria. The subsidies already paid on Victorian fodder amount to £55,000. In addition, a substantial sum is outstanding, and heavy commitments have been made for the immediate future. It was the responsibility of the State to arrange for the distribution of fodder, but in contrast to the vigorous action taken by South Australia in acquiring all hay in that State early in the year, the Victorian Government has refused to take complete control of locally-produced hay. This has rendered the control of the black market in hay difficult in Victoria and has interfered with the equitable distribution of the available supplies.

TAXATION: DEPRECIATION ALLOWANCES.

Mr. ARCHIE CAMERON asked the Treasurer, *upon notice*—

1. What rates of depreciation are allowed by regulations under the Income Tax Assessment Act on water conservation by way of (a) dams or reservoirs, (b) tanks (earthen), (c) tanks (iron or cement), and (d) bores, and on reticulation by way of pipe or channel from any such waters?

2. What rate of depreciation is allowed on (a) windmills, (b) engines and pumps, and (c) electric pumps?

3. Is depreciation calculated on a flat rate based on cost or on a diminishing residue?

4. How many years would it take for works and plant under paragraphs (1) and (2) to be written off?

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

1. The rate of depreciation allowable under the Income Tax Assessment Act on any item of plant is determined by the estimated effective life of the plant assuming it is maintained in reasonably good order and condition:—
(a) The general rate of depreciation allowed

on dams is 2½ per cent., (b) as a general rule no depreciation is allowable on earth tanks as maintenance restores any deterioration that occurs. The expenses of maintenance are allowable deductions. It, however, it can be demonstrated that depreciation, in addition to maintenance, should be allowed, depreciation at an appropriate rate is admitted as a deduction, (c) the general rate of depreciation allowed on iron rain water tanks is 5 per cent., and on iron bore water tanks 10 per cent. The Commissioner has not had occasion to fix a rate of depreciation on cement tanks, (d) the general rate of depreciation applied to bores is 7½ per cent. Depreciation is allowable on iron piping used for reticulation purposes from dams, tanks and bores at 5 per cent. Any allowance for depreciation on channels would depend on the nature of the reticulation system employed.

2. The general rate of depreciation allowable on windmills, engines and pumps and electric pumps is 5 per cent.

3. The Income Tax Assessment Act confers an option on the taxpayer to obtain the depreciation allowance on (a) a fixed annual amount that will exhaust the cost of the asset over its estimated effective life; or (b) a percentage of cost of the asset reduced by the amount of depreciation allowed in each year.

4. The period of time during which the cost of any of the assets mentioned above would be written off would depend upon (a) the rate of depreciation applied; (b) the basis on which depreciation is allowed; and (c) whether the asset is scrapped, in which event the residue of cost would be allowable as a deduction in the year of scrapping.

UTILITY TRUCKS FOR PRIMARY INDUSTRIES.

Mr. BEASLEY.—On the 8th June, the honorable member for Barker (Mr. Archie Cameron) speaking to the motion for the adjournment of the House, referred to the importation of certain utility trucks from the United Kingdom. The honorable member asked to be informed as to the terms and conditions under which the vehicles were purchased from the Government of the United Kingdom, how many had arrived in Australia, how many had been delivered to distributors, how many were still in stock, and why a selling price had not been fixed.

The Minister for Trade and Customs has now supplied the following statement:—

In view of the shortage of utility trucks that has been apparent in Australia throughout the war, the Commonwealth Government endeavoured, as far back as early 1942, to obtain supplies from North America for the reason that United Kingdom production was entirely taken up on military vehicles. With

the advent of the war in the Pacific a similar production difficulty became present in North America. It was learned early in 1944 that there was a possibility of obtaining a quantity from the United Kingdom. This avenue was followed up by the Commonwealth Government and it culminated in an order being placed through the British Ministry of Supply for the utility trucks referred to in the honorable member's question. Up to the present 798 vehicles have arrived and, of these, 182 have been released to Government authorities and other essential users. Of the remaining 638 a quantity of 192 is held by distributors and the balance of 426 held in store to the account of the Commonwealth Government. With regard to the selling price, I wish to add that in the first instance some delay was occasioned by the difficulties in obtaining final costs from overseas. Negotiations have taken place with the United Kingdom Government regarding prices and an announcement as to the ultimate prices will be made as soon as the United Kingdom Government has furnished its reply to our latest representations.
