



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



# Senate

# Official Hansard

No. 37, 1937  
Wednesday, 15 September 1937

FOURTEENTH PARLIAMENT  
SECOND SESSION—SECOND PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

# PARLIAMENT OF THE COMMONWEALTH.

FOURTEENTH PARLIAMENT—SECOND SESSION : SECOND PERIOD.

## GOVERNOR-GENERAL.

His Excellency Brigadier-General the Right Honorable Alexander Gore Arkwright, Baron Gowrie, a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Honorable Order of the Bath, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Victoria Cross, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia.

## LYONS GOVERNMENT.

(FROM 24TH AUGUST, 1937.)

Prime Minister and Vice-President of the Executive Council	The Right Honorable Joseph Aloysius Lyons, C.H.
Minister for Commerce .. .	The Right Honorable Earle Christmas Grafton Page
Minister for External Affairs and Minister-in-Charge of Territories	Senator the Right Honorable Sir George Foster Pearce, K.C.V.O.
Attorney-General and Minister for Industry and representing the Minister for External Affairs in the House of Representatives	The Right Honorable Robert Gordon Menzies, K.C.
Minister for Defence and representing the Postmaster-General in the House of Representatives	The Honorable Sir Robert Archdale Parkhill, K.C.M.G.
Minister for Repatriation and Minister for Health	The Right Honorable William Morris Hughes, K.C.
Minister for the Interior .. .	The Honorable Thomas Paterson
Postmaster-General, and Minister-in-Charge of Development, and Scientific and Industrial Research	Senator the Honorable Alexander John McLachlan
Minister for Trade and Customs ..	The Honorable Thomas Walter White, D.F.C., V.D.
Treasurer .. .	The Honorable Richard Gardiner Casey, D.S.O., M.C.
Minister without portfolio assisting the Minister for Commerce and the Minister for Industry	Senator the Honorable Thomas Cornelius Brennan, K.C.
Minister without portfolio assisting the Minister for Commerce	The Honorable Harold Victor Campbell Thorby
Minister without portfolio in charge of War Service Homes and assisting the Minister for Repatriation, and the Minister for the Interior	The Honorable James Aitchison Johnston Hunter

*(For designations of Ministers prior to 24th August, 1937, see preface to Volume 153.)*

During the absence from Australia of Commonwealth Ministers, the Right Honorable Earle Christmas Grafton Page was Acting Prime Minister (18th March, 1937, to 19th July, 1937), the Right Honorable Robert Gordon Menzies, K.C., was Acting Treasurer (16th February, 1937, to 31st July, 1937), the Honorable Harold Victor Campbell Thorby was Acting Minister for Defence and Assistant Minister for Commerce (18th March, 1937, to 25th July, 1937), and the Honorable James Aitchison Johnston Hunter was Assistant Minister for Commerce (18th March, 1937, to 25th July, 1937).

# THE MEMBERS OF THE SENATE.

FOURTEENTH PARLIAMENT—SECOND SESSION : SECOND PERIOD.

*President*—Senator the Honorable Patrick Joseph Lynch.

*Chairman of Committees*—Senator Burford Sampson, D.S.O., V.D.

*Temporary Chairman of Committees*—Senators Albert Oliver Badman, Charles William Grant, and John Blyth Hayes.

*Leader of the Opposition*—Senator Joseph Silver Collings.

*Deputy Leader of the Opposition*—Senator Gordon Brown.

*Leader of the Country Party in the Senate*—Senator Charles Hardy.

Abbott, Macartney .....	..	..	New South Wales
Arkins, James Guy Dalley .....	..	..	New South Wales
Badman, Albert Oliver .....	..	..	South Australia
Brand, Charles Henry, C.B., C.M.G., C.V.O., D.S.O. ....	..	..	Victoria
Brennan, Hon. Thomas Cornelius, K.C. ....	..	..	Victoria
Brown, Gordon .....	..	..	Queensland
Collett, Herbert Brayley, C.M.G., D.S.O., V.D. ....	..	..	Western Australia
Collings, Joseph Silver .....	..	..	Queensland
Cooper, Walter Jackson, M.B.E. ....	..	..	Queensland
( <sup>2</sup> )Courtice, Benjamin .....	..	..	Queensland
Cox, Charles Frederick, C.B., C.M.G., D.S.O., V.D. ....	..	..	New South Wales
Crawford, Hon. Thomas William .....	..	..	Queensland
Dein, Adam Kemball .....	..	..	New South Wales
Duncan-Hughes, John Grant, M.V.O., M.C. ....	..	..	South Australia
Foll, Hattil Spencer .....	..	..	Queensland
Gibson, Hon. William Gerrard .....	..	..	Victoria
Grant, Charles William .....	..	..	Tasmania
Guthrie, James Francis .....	..	..	Victoria
Hardy, Charles .....	..	..	New South Wales
Hayes, John Blyth, C.M.G. ....	..	..	Tasmania
Hays, Hon. Herbert .....	..	..	Tasmania
Johnston, Edward Bertram .....	..	..	Western Australia
Leekie, John William .....	..	..	Victoria
Lynch, Hon. Patrick Joseph .....	..	..	Western Australia
MacDonald, Allan Nicoll .....	..	..	Western Australia
( <sup>1</sup> )MacDonald, John Valentine .....	..	..	Queensland
McLachlan, Hon. Alexander John .....	..	..	South Australia
McLachlan, James .....	..	..	South Australia
McLeay, George .....	..	..	South Australia
Marwick, Thomas William .....	..	..	Western Australia
Massy-Greene, Hon. Sir Walter, K.C.M.G. ....	..	..	New South Wales
Millen, John Dunlop .....	..	..	Tasmania
Payne, Herbert James Mockford .....	..	..	Tasmania
Pearce, Rt. Hon. Sir George Foster, K.C.V.O. ....	..	..	Western Australia
Plain, William .....	..	..	Victoria
Sampson, Burford, D.S.O., V.D. ....	..	..	Tasmania
Uppill, Oliver .....	..	..	South Australia

(<sup>1</sup>) Death reported 24th August, 1937.

(<sup>2</sup>) Chosen by State Parliament.

# THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

## FOURTEENTH PARLIAMENT—SECOND SESSION : SECOND PERIOD.

*Speaker*—The Honorable George John Bell, C.M.G., D.S.O., V.D.

*Chairman of Committees*—John Henry Prowse.

*Temporary Chairmen of Committees*—Thomas Joseph Collins, Eric Fairweather Harrison, John Norman Lawson, Norman John Makin, George William Martens, Walter Maxwell Nairn, Horace Heyworth Nock, John Solomon Rosevear.

*Leader of the Opposition*—John Curtin.

*Deputy Leader of the Opposition*—The Honorable Francis Michael Forde.

*Leader of the Country Party*—The Right Honorable Earle Christmas Grafton Page.

*Deputy Leader of the Country Party*—The Honorable Thomas Paterson.

Baker, Francis Matthew John	..	..	..	..	..	Griffith (Q.)
Barnard, Herbert Claude	..	..	..	..	..	Bass (T.)
Beasley, Hon. John Albert	..	..	..	..	..	West Sydney (N.S.W.)
Bell, Hon. George John, C.M.G., D.S.O., V.D.	..	..	..	..	..	Darwin (T.)
Blackburn, Maurice McCrae	..	..	..	..	..	Bourke (V.)
Blain, Adair Macalister	..	..	..	..	..	Northern Territory
Brennan, Hon. Frank	..	..	..	..	..	Batman (V.)
Cameron, Archie Galbraith	..	..	..	..	..	Barker (S.A.)
Cameron, Sir Donald Charles, K.C.M.G., D.S.O., V.D.	..	..	..	..	..	Lilley (Q.)
Casey, Hon. Richard Gardiner, D.S.O., M.C.	..	..	..	..	..	Corio (V.)
Clark, Joseph James	..	..	..	..	..	Darling (N.S.W.)
Collins, Thomas Joseph	..	..	..	..	..	Hume (N.S.W.)
Corser, Bernard Henry	..	..	..	..	..	Wide Bay (Q.)
Curtin, John	..	..	..	..	..	Fremantle (W.A.)
Drakeford, Arthur Samuel	..	..	..	..	..	Maribyrnong (V.)
Fadden, Arthur William	..	..	..	..	..	Darling Downs (Q.)
Fairbairn, James Valentine	..	..	..	..	..	Flinders (V.)
Fiskin, Archibald Clyde Wanless, M.C.	..	..	..	..	..	Ballaarat (V.)
Forde, Hon. Francis Michael	..	..	..	..	..	Capricornia (Q.)
Francis, Hon. Josiah	..	..	..	..	..	Moreton (Q.)
Frost, Charles William	..	..	..	..	..	Franklin (T.)
Gander, Joseph Herbert	..	..	..	..	..	Reid (N.S.W.)
Garden, John Smith	..	..	..	..	..	Cook (N.S.W.)
Gardner, Sydney Lane	..	..	..	..	..	Robertson (N.S.W.)
Green, Hon. Albert Ernest	..	..	..	..	..	Kalgoorlie (W.A.)
Green, Roland Frederick Herbert	..	..	..	..	..	Richmond (N.S.W.)
Gregory, Hon. Henry	..	..	..	..	..	Swan (W.A.)
Gullett, Hon. Sir Henry Somer, K.C.M.G.	..	..	..	..	..	Henty (V.)
Harrison, Eric Fairweather	..	..	..	..	..	Bendigo (V.)
Harrison, Hon. Eric John	..	..	..	..	..	Wentworth (N.S.W.)
Hawker, Hon. Charles Allan Seymour	..	..	..	..	..	Wakefield (S.A.)
Holloway, Hon. Edward James	..	..	..	..	..	Melbourne Ports (V.)
Holt, Harold Edward	..	..	..	..	..	Fawkner (V.)
Hughes, Rt. Hon. William Morris, K.C.	..	..	..	..	..	North Sydney (N.S.W.)
Hunter, Hon. James Aitchison Johnston	..	..	..	..	..	Maranoa (Q.)
Hutchinson, William Joseph	..	..	..	..	..	Indi (V.)
James, Rowland	..	..	..	..	..	Hunter (N.S.W.)
Jennings, John Thomas	..	..	..	..	..	Watson (N.S.W.)
Lane, Albert	..	..	..	..	..	Barton (N.S.W.)
Lawson, George	..	..	..	..	..	Brisbane (Q.)
Lawson, John Norman	..	..	..	..	..	Macquarie (N.S.W.)
Lazzarini, Hubert Peter	..	..	..	..	..	Werriwa (N.S.W.)
Lyons, Rt. Hon. Joseph Aloysius, C.H.	..	..	..	..	..	Wilmot (T.)
Mahoney, Gerald William	..	..	..	..	..	Denison (T.)
Makin, Norman John Oswald	..	..	..	..	..	Hindmarsh (S.A.)
Maloney, William	..	..	..	..	..	Melbourne (V.)
Marr, Hon. Sir Charles William Clanan, K.C.V.O., D.S.O., M.C., V.D.	..	..	..	..	..	Parkes (N.S.W.)
Martens, George William	..	..	..	..	..	Herbert (Q.)
McBride, Philip Albert Martin	..	..	..	..	..	Grey (S.A.)
McCall, William Victor	..	..	..	..	..	Martin (N.S.W.)

Mcclelland, Hugh .. . . . .	Wimmera (V.)
McEwen, John .. . . . .	Echuca (V.)
Menzies, Rt. Hon. Robert Gordon, K.C. .. . . . .	Kooyong (V.)
Mulcahy, Daniel .. . . . .	Land (N.S.W.)
Nairn, Walter Maxwell .. . . . .	Perth (W.A.)
Nock, Horace Keyworth .. . . . .	Riverina (N.S.W.)
Page, Rt. Hon. Earle Christmas Grafton .. . . . .	Cowper (N.S.W.)
Parkhill, Hon. Sir Robert Archdale, K.C.M.G. .. . . . .	Warringah (N.S.W.)
Paterson, Hon. Thomas .. . . . .	Gippsland (V.)
Perkins, Hon. John Arthur .. . . . .	Eden-Monaro (N.S.W.)
Price, John Lloyd .. . . . .	Boothby (S.A.)
Prowse, John Henry .. . . . .	Forrest (W.A.)
Riordan, William James Frederick .. . . . .	Kennedy (Q.)
Rosevear, John Solomon .. . . . .	Dalley (N.S.W.)
Scholfield, Thomas Hallett, M.C., M.M. .. . . . .	Wannon (Vic.)
Scullin, Rt. Hon. James Henry .. . . . .	Yarra (V.)
Scully, William James .. . . . .	Gwydir (N.S.W.)
Stacey, Fred Hurtle .. . . . .	Adelaide (S.A.)
Stewart, Hon. Sir Frederick Harold .. . . . .	Parramatta (N.S.W.)
Street, Geoffrey Austin, M.C. .. . . . .	Corangamite (V.)
Thompson, Victor Charles .. . . . .	New England (N.S.W.)
Thorby, Hon. Harold Victor Campbell .. . . . .	Calare (N.S.W.)
Ward, 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.)

## THE COMMITTEES OF THE SESSION.

(SECOND PERIOD.)

### JOINT.

**HOUSE.**—The President (Chairman), Senator Brand, Senator Cooper, Senator Foll, Senator Grant, Senator Uppill, Mr. Speaker, Mr. Drakeford, Mr. Gardner, Mr. R. Green, Mr. James, Mr. Martens, and Mr. Price.

**LIBRARY.**—Mr. Speaker (Chairman), the President, Senator Collett, Senator Collings, Senator Dein, Senator Duncan-Hughes, Senator James McLachlan, Senator Millen, Mr. Brennan, Sir Donald Cameron, Mr. Fadden, Mr. Francis, Dr. Maloney, and Mr. Rosevear.

**PRINTING.**—Senator J. B. Hayes (Chairman), Senator Badman, Senator Cox, Senator Hardy, Senator Leckie, Senator Allan MacDonald, Mr. Frost, Mr. Gander, Mr. A. Green, Mr. Hutchinson, Mr. Jennings, Mr. McBride, and Mr. McEwen.

**PUBLIC WORKS.**—Mr. Francis (Chairman), Senator Brand, Senator Brown, Senator Cooper, Mr. Collins, Mr. Frost, Mr. E. J. Harrison, Mr. Holloway, and Mr. Nairn.

### SENATE.

**DISPUTED RETURNS AND QUALIFICATIONS.**—Senator Collings, Senator Crawford, Senator Gibson, Senator Guthrie, Senator Payne, Senator Plain, and Senator Uppill.

**REGULATIONS AND ORDINANCES.**—Senator McLeay (Chairman), Senator Abbott, Senator Brown, Senator Collett, Senator Cooper, and Senator Duncan-Hughes.

**STANDING ORDERS.**—The President, the Chairman of Committees, Senator Brown, Senator Crawford, Senator Hardy, Senator Herbert Hays, Senator E. B. Johnston, Senator A. J. McLachlan, and Senator Plain.

### HOUSE OF REPRESENTATIVES.

**STANDING ORDERS.**—Mr. Speaker (Chairman), the Prime Minister, the Chairman of Committees, the Leader of the Opposition, Mr. Beasley, Mr. Blackburn, Mr. Makin, and the Right Hon. Earle Page.

# THE ACTS OF THE SESSION.

## (SECOND PERIOD.)

### ACTS INTERPRETATION ACT 1937 (No. 10 OF 1937)—

An Act to amend the *Acts Interpretation Act* 1901–1932, to repeal the *Acts Interpretation Act* 1904–1934, and for other purposes.

### APPLE AND PEAR BOUNTY ACT 1937 (No. 36 OF 1937)—

An Act to provide for the Payment of a Bounty on the Export of Apples and Pears from the Commonwealth.

### APPROPRIATION (WORKS AND BUILDINGS) ACT 1937–38 (No. 16 of 1937)—

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 thirty-eight for the purposes of Additions, New Works, Buildings, &c., and to appropriate such sum.

### AUSTRALIAN SOLDIERS' REPATRIATION ACT 1937 (No. 12 of 1937)—

An Act to amend sections forty-five AD, forty-five AE, forty-five AG, forty-five AN, and forty-five AO of the *Australian Soldiers' Repatriation Act* 1920–1936.

### AUSTRALIAN SOLDIERS' REPATRIATION ACT (No. 2) 1937 (No. 24 of 1937)—

An Act to amend sections twenty and twenty-one of the *Australian Soldiers' Repatriation Act* 1920–1937.

### CITRUS FRUITS BOUNTY ACT 1937 (No. 38 of 1937)—

An Act to provide for the Payment of a Bounty on the Export of Citrus Fruits from the Commonwealth during the year One thousand nine hundred and thirty-seven.

### COMMONWEALTH PUBLIC SERVICE ACT 1937 (No. 41 of 1937)—

An Act to amend the *Commonwealth Public Service Act* 1922–1936 in relation to the Recognition of certain prior Service as Commonwealth Service.

### CUSTOMS TARIFF (CANADIAN PREFERENCE) VALIDATION ACT 1937 (No. 33 of 1937)—

An Act to provide for the Validation of Collections of Duties of Customs under Customs Tariff (Canadian Preference) Proposals.

### CUSTOMS TARIFF (EXCHANGE ADJUSTMENT) VALIDATION ACT 1937 (No. 32 of 1937)—

An Act to provide for the Validation of Adjustments in Duties of Customs under Customs Tariff (Exchange Adjustment) Proposals.

### CUSTOMS TARIFF VALIDATION ACT 1937 (No. 31 of 1937)—

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

### DAIRY PRODUCE EXPORT CHARGES ACT 1937 (No. 40 of 1937)—

An Act to amend the *Dairy Produce Export Charges Act* 1924–1929, and for other purposes.

### DAIRY PRODUCE EXPORT CONTROL ACT 1937 (No. 20 of 1937)—

An Act to amend section four of the *Dairy Produce Export Control Act* 1924–1936.

### DEFENCE EQUIPMENT ACT 1937 (No. 30 of 1937)—

An Act to amend the *Defence Equipment Act* 1928.

### DRIED FRUITS EXPORT CONTROL ACT 1937 (No. 21 of 1937)—

An Act to amend section four of the *Dried Fruits Export Control Act* 1924–1935.

### EXCISE TARIFF VALIDATION ACT 1937 (No. 34 of 1937)—

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

### INCOME TAX BILL 1937 (No. 18 of 1937)—

An Act to impose a Tax upon Incomes.

### INVALID AND OLD-AGE PENSIONS ACT 1937 (No. 11 of 1937)—

An act to amend sections twenty-four, thirty-one, forty-five and forty-seven of the *Invalid and Old-age Pensions Act* 1908–1936.

### HIGH COMMISSIONER ACT 1937 (No. 26 of 1937)—

An Act to repeal section eight and amend section nine of the *High Commissioner Act* 1909.

### NATIONAL OIL PROPRIETARY LIMITED AGREEMENT ACT (No. 23 of 1937)—

An Act to approve an Agreement made between the Commonwealth of Australia of the First Part, the State of New South Wales of the Second Part, and National Oil Proprietary Limited of the Third Part, and for other purposes.

**PAPUA AND NEW GUINEA BOUNTIES ACT 1937 (No. 35 OF 1937)—**

An Act to provide for the Payment of Bounties on certain Goods the Produce or Manufacture of the Territory of Papua and on certain Goods the Produce or Manufacture of the Territory of New Guinea.

**POST OFFICE WORKS ACT 1937 (No. 17 OF 1937)—**

An Act to grant and apply out of the Consolidated Revenue Fund the sum of One million pounds for the purpose of Post Office Works.

**REPATRIATION FUND (BAILLIEU GIFT) ACT 1937 (No. 19 OF 1937)—**

An Act to vary the Trusts upon which the Baillieu Gift to the Australian Soldiers' Repatriation Fund is held, to provide for the Distribution of that Gift, and for other purposes.

**SCIENCE AND INDUSTRY RESEARCH ACT 1937 (No. 27 OF 1937)—**

An Act to amend the *Science and Industry Research Act 1920–1926*, and for other purposes.

**STATES' GRANTS ACT 1937 (No. 13 OF 1937)—**

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

**STATES GRANTS (FERTILIZER) ACT 1937 (No. 29 OF 1937)—**

An Act to provide for Financial Assistance to the States in the making of Payments to Primary Producers, and for other purposes.

**STATES GRANTS' (YOUTH EMPLOYMENT) ACT 1937 (No. 37 OF 1937)—**

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

**SUPERANNUATION ACT 1937 (No. 28 OF 1937)—**

An Act to amend the *Superannuation Act 1922–1934*.

**SUPPLY ACT (No. 2) 1937–38 (No. 15 OF 1937)—**

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 thirty-eight.

**THERAPEUTIC SUBSTANCES ACT 1937 (No. 22 OF 1937)—**

An Act relating to Therapeutic Substances and for other purposes.

**WAR PENSIONS APPROPRIATION ACT 1937 (No. 14 OF 1937)—**

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

**WAR SERVICE HOMES ACT 1937 (No. 25 OF 1937)—**

An Act to amend sections nine and fifteen of the *War Service Homes Act 1918–1935*.

**WINE GRAPES CHARGES ACT 1937 (No. 39 OF 1937)—**

An Act to amend the *Wine Grapes Charges Act 1929*.

## BILLS OF THE SESSION.

(SECOND PERIOD.)

**BRITISH SHIPPING PROTECTION BILL.**—Initiated in Senate; second reading.

**GENEVA CONVENTION BILL.**—Initiated in Senate. Sent to House of Representatives; first reading.

**INTER-STATE COMMISSION BILL.**—Initiated in Senate. Sent to House of Representatives; second reading.

**LONDON NAVAL TREATY BILL.**—Initiated in Senate. Sent to House of Representatives; first reading.

**STATUTE OF WESTMINSTER ADOPTION BILL.**—Initiated in House of Representatives; second reading.

**SEAT OF GOVERNMENT ACCEPTANCE BILL.**—Initiated in House of Representatives; first reading.

**PATENTS BILL.**—Initiated in House of Representatives; second reading.

**TRANSPORT WORKERS BILL.**—Initiated in Senate. Sent to House of Representatives; second reading.

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**WEDNESDAY, 15 SEPTEMBER 1937**

### **CHAMBER**

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## Senate.

*Wednesday, 15 September, 1937.*

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The DEPUTY PRESIDENT (Senator Sampson) took the chair at 10 a.m., and read prayers.

### PAPERS.

The following papers were presented:—

Science and Industry Research Act—  
Eleventh Annual Report of the Council for Scientific and Industrial Research, for the year ended 30th June, 1937.  
Iron and Steel Products Bounty Act—Return for year ended 30th June, 1937.

### AUSTRALIAN BROADCASTING COMMISSION.

#### ADMINISTRATION.

Senator COLLINGS asked the Postmaster-General, *upon notice*—

1. Will he inform the Senate as to the nature of the services rendered to the Australian Broadcasting Commission by—

- (a) the son of Chief Justice Street;
- (b) the son of Sir Charles Rosenthal;
- (c) Mr. Alexander Hordern;

and state in each case the commencing date and duration of each engagement and the salary paid?

2. Is it a fact that a so-called "vigilance committee" has been established by the Australian Broadcasting Commission; if so, will he inform the Senate as to its personnel and whether or not such committee is in the nature of a secret service within the commission, concerning itself with the private affairs and conduct of the employees of the commission?

3. Will he explain to the Senate why he said in his letter of the 29th October, 1936, in reply to questions asked by Senator Collings on the 8th October, 1936, that no representations had been made to the Broadcasting Commission to retain in Australia the services of Dr. Malcolm Sargent, when on the 14th October, fifteen days previously, Senator Collings was informed that the commission was trying to arrange for Dr. Sargent's return to Australia in 1937?

4. Will he inform the Senate why, if the payment of £2,000 to Mr. Cleary is justified, it is still necessary to keep and pay two officials as manager?

Senator A. J. McLACHLAN.—The following information has been furnished by the Australian Broadcasting Commission:—

1. (a) The commission has not at any time employed any son of Chief Justice Street.
- (b) The son of Sir Charles Rosenthal was selected, after a series of tests, from a large number of applicants for the position of announcer, joining the commission's New South Wales staff on the 6th April, 1935; he was transferred to the Victorian staff on the 24th April, 1937, as studio supervisor and is still employed in Melbourne in that capacity.
- (c) The commission has not at any time employed Mr. Alexander Hordern.

2. The commission has not established any "vigilance committee".

3. Shortly after Dr. Sargent's arrival in Australia, the commission sounded him regarding a return visit for a longer period.

4. The commission employs only one official as general manager.

#### BILLS RECEIVED FROM THE HOUSE OF REPRESENTATIVES.

The following bills were received from the House of Representatives.

Standing and Sessional Orders suspended.

Bills (on motions by Senator Sir GEORGE PEARCE), read a first time—

Superannuation Bill 1937.

War Service Homes Bill 1937.

High Commissioner Bill 1937.

Science and Industry Research Bill 1937.

Defence Equipment Bill 1937.

States Grants (Youth Employment) Bill 1937.

Bills (on motions by Senator A. J. McLACHLAN), read a first time—

National Oil Proprietary Limited Agreement Bill 1937.

Australian Soldiers' Repatriation Bill 1937.

Customs Tariff Validation Bill 1937.

Customs Tariff (Exchange Adjustment) Validation Bill 1937.

Customs Tariff (Canadian Preference) Validation Bill 1937.

Excise Tariff Validation Bill 1937.

Bills (on motions by Senator BRENNAN), read a first time—

States Grants (Fertilizer) Bill 1937.

Papua and New Guinea Boundaries Bill 1937.

Apple and Pear Bounty Bill 1937.

Citrus Fruits Bounty Bill 1937.

#### DAIRY PRODUCE EXPORT CONTROL BILL 1937.

Bill returned from the House of Representatives without amendment.

#### DRIED FRUITS EXPORT CONTROL BILL 1937.

Bill returned from the House of Representatives without amendment.

#### NATIONAL OIL PROPRIETARY LIMITED AGREEMENT BILL 1937.

##### SECOND READING.

Senator A. J. McLACHLAN (South Australia—Minister in Charge of Development) [10.35 a.m.]—I move—

That the bill be now read a second time.

Briefly, the object of this measure is to ratify an agreement between the Governments of the Commonwealth and New South Wales, and the National Oil Proprietary Limited in respect of the Newnes shale oil undertaking.

It seems hardly necessary for me to stress the importance of the supply of oil for various purposes in Australia, and especially for national uses. The Government has been unflagging in its endeavours to aid prospecting for flow oil, and to foster the production of petrol from shale deposits that exist in extensive quantities in various parts of the Commonwealth. Parliament has already voted £250,000 to assist the search for flow oil. The present measure represents a positive attempt by two Governments, in combination with an outstanding industrialist—Mr. George Davis—to develop the shale oil industry. The objective is the production in Australia of

oil in commercial quantities, so ensuring some degree of independence from outside sources.

It is needless to emphasize the ramifications into which this important product extends, and its great value for commercial and industrial purposes. For defence reasons alone the expenditure that is being incurred in this venture is fully justified. The ordinary demands of the Defence Forces for oil and petrol on a peace basis are very great, but are not comparable to the immense quantities that would be required in the event of hostilities. Great expense is being incurred to-day for the storage of supplies of oil for defence, much of which would be obviated by the successful development of local resources. Therefore, apart from all other considerations, however great and extensive, the importance of providing local supplies of petrol and oil for defence necessities, is a sound and adequate reason, if none other existed, for the present vigorous and comprehensive effort.

There is another aspect to which I should refer. The enterprise is of great value and potentiality in relation to employment. It will provide direct employment for from 600 to 700 men, in addition to indirect employment for probably over 2,000 people. Should it succeed, marked expansion of the shale oil industry may be anticipated, to include such fields as Latrobe in Tasmania, and Baerami, Murrurundi, Marrangaroo and other localities in New South Wales, thus greatly widening the avenues of employment.

Newnes will provide the nucleus of an oil production organization which could, in case of need, be extended at short notice. What is equally important, it will become the training ground for young Australian fuel technologists and industrial chemists, who will be of great value to our secondary industries in the future. At present the opportunities for young men who qualify for a mining and engineering course in Australian universities are all too few. They have, as a general rule, to leave their own country and seek positions in other lands, where to-day many of them are occupying high and responsible positions.

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Newnes is situated in the valley of the Wolgan, in the Blue Mountains, some 130 miles from Sydney. Yesterday, there were in that valley but few of the prosperous community of other days; those who remained were sustained by memories of former activity, and an enduring faith in the ultimate revival of a great industry. A different picture confronts us to-day. Activity has been resumed, and new hope inspires the people, not only of Newnes, but also of the whole of the vast middle-west of New South Wales. Those hills and valleys of the Blue Mountains will shortly be the scene of great industrial activity and ever-increasing employment.

Much has been said recently about the nationalization of oil production at Newnes. It is of importance, therefore, that I should clear up any misconceptions which may exist in this regard. I would point out that the policy of the Scullin Government was consistent with that of the present Government in connexion with nationalization. In October, 1931, the Scullin Government, when approving of an expenditure of £30,000 on exploratory work at Newnes, imposed the condition that any further work there must be carried out by private enterprise. There is a substantial doubt, too, as to whether, if the project were nationalized, the Commonwealth Government would legally be competent to compete with private enterprise. Cockatoo Dock, when under government control, was restrained from entering into such competition. At present the two governments interested can take only a small proportion of the expected output of Newnes, and the company will, therefore, need to market the major part of its production in direct competition with private enterprise.

Before proceeding to explain the details of the agreement, I should like to say a word or two on the Davis Gelatine interests, which have been responsible for the formation of the National Oil Proprietary Limited, the company which proposes to develop Newnes. The Davis Gelatine business in Australia employs about 1,000 people, and branches of it, radiating from Australia, have been established in the United Kingdom, South Africa and New Zealand.

Offers were publicly invited by the Commonwealth Government on the 28th May, 1936, from persons and companies desirous of undertaking the production and marketing of petrol and oil from shale in the Newnes-Capertee field. This invitation did not meet with any response, and Mr. George Davis was then approached regarding the establishment of the industry. Because of past failures Newnes was like a dog with a bad name, and many people were not slow to use its unfavorable record in trying to dissuade Mr. Davis from undertaking the enterprise. This did not, however, daunt him, and his decision to embark on the enterprise is now the subject of this measure.

I come now to the main provisions of the agreement. National Oil Proprietary Limited will subscribe capital to an amount of £166,667, conditional upon the Commonwealth Government providing debenture capital amounting to £334,000, and the State of New South Wales providing debenture capital of £166,000. This debenture capital will carry interest at 4½ per cent., and the principal will be repayable as a first charge against profits at the rate of 1/20th each year, subject to the complete repayment of any balance due within thirteen months after the close of a period of nineteen years. In addition to this annual repayment of 1/20th of the capital, the company is required, after meeting working expenses, taxation and depreciation, and paying a cumulative dividend of 10 per cent. per annum, to apply any additional profits towards the further redemption of the debenture capital. No advances will be made to the company by the Commonwealth or the State of New South Wales until 166,667 shares of £1 each in the company have been subscribed and allotted, subject to the payment of the whole amount in cash, and have been paid for to an amount of 5s. a share. The company has covenanted to establish the industry by the 1st January, 1940. Failure to do this will involve the payment to the Commonwealth and the State of New South Wales of damages totalling £16,000.

The Commonwealth will grant protection to petrol produced by the company up to 10,000,000 gallons per annum, against imported petrol and petrol pro-

duced from imported crude oil, to the extent of the customs duty, excise duty and primage at present operating, for the period ending on the 31st December, 1964. If these rates are reduced, a bounty equivalent to the amount of the reduction will be paid by the Commonwealth on petrol produced by the company.

The Commonwealth will permit the entry into Australia, free of customs duty, of the cracking plant required by the company, and of such other plant as, in the opinion of the company and the Commonwealth, cannot be satisfactorily and economically manufactured in Australia. In addition, products required by the company for ethylizing its petrol will also be admitted duty free.

The Commonwealth and the State of New South Wales will, as far as may be considered practicable, give preference to the company for a period of 25 years from the date of the ratification of the agreement, in purchases of petrol for government departments, provided that the prices and quality of its petrol are equal to those of other petrols.

Another matter of considerable local importance is that the company will pay to the Commonwealth, within one month from the date of the ratification of the agreement by the Parliaments of the Commonwealth and the State of New South Wales, a sum of £3,500 in respect of the option which the Commonwealth holds over certain machinery, plant and other property, at Newnes. It is the intention to apply the whole of this sum towards the payment of wages of men and certain other debts which were contracted by a Mr. A. E. Broue, who held an option over plant and machinery at Newnes during 1931. The disposition of this money was set out in an agreement which Mr. Broue entered into with the Shale Oil Development Committee Limited.

Some further explanation of this provision of the agreement is probably necessary. During 1930, the plant and machinery at Newnes was purchased from Messrs. John Fell and Company by a company known as Shale Oil Investigations Proprietary Limited, which was formed for this purpose by certain of the Broken Hill mining companies. In 1931, Shale Oil Investigations Proprietary

Limited granted an option over this plant and machinery to Mr. A. E. Broue, who carried out certain work at Newnes. In the same year, the Scullin Government appointed the Shale Oil Development Committee Limited. The functions of this committee were to conduct investigations into the production of oil from shale at Newnes, and to endeavour to influence private enterprise to operate the project. The committee, in turn, obtained an option over the plant and machinery from Mr. Broue, on the understanding that, if the option were exercised, a sum of £3,500 would be paid by the committee in respect of wages and other debts incurred by Mr. Broue in connexion with Newnes. Although the Commonwealth Government has now no legal obligation in this regard, as the agreement between Mr. Broue and the committee has expired through effluxion of time, the committee has all along insisted that any company that may be formed to develop Newnes should pay a sum of £3,500 for the option to enable these debts, particularly wages, to be met.

The Government of New South Wales has undertaken to grant the company mineral leases, and to exempt shale from the payment of royalty. In addition, Newnes products will enjoy a preference of 20% on freights over the railways of New South Wales.

If, within the period ending on the 31st December, 1959, petrol is produced from Australian flow oil to an extent that it is impossible for the company, as a result of such production, to operate except at a loss, the Commonwealth, and the State of New South Wales, have undertaken favorably to consider the granting of adequate relief to the company.

A very important paragraph of the agreement provides that the company shall, before commencing production, install, at its own cost, such additional plant as may be necessary to permit of the production of fuel oil suitable for use in the Australian Navy. The Commonwealth Government insisted on this provision, which gives to the enterprise a wider importance from the viewpoint of security.

The first schedule to the agreement is of particular importance. It provides that it shall be a cardinal principle of

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the company that it is to be, and shall remain, under the control of persons who are British subjects. No foreigner shall be qualified to hold office as a director of the company or to be employed as one of the principal officers of the company, and no share in the company shall be held by, or in trust for, or be in any way under the control of, any foreigner or foreign corporation, or any corporation under foreign control. This provision should be interesting to those who feel strongly that oil production in Australia should be under British control.

I trust that the measure will be accorded the support that a new national enterprise of such magnitude and importance merits. Successive governments have for years conducted investigations into the possibilities of the production of petrol from shale in this country. This bill represents a real effort to achieve results. Australia has been far behind other countries in this great national work, and this agreement constitutes a well-thought-out plan to make up lost ground.

In conclusion, I may add that it is with a measure of personal satisfaction that I submit this measure to the Senate. On my first visit to Newnes, and, particularly, to the Capertee Valley, I realised the immense possibilities which lay in this proposition for the production of oil from shale. Perhaps my Scottish instinct was in the ascendency when I learned of the tremendous expenditure that had been incurred there without success. At any rate, I came to the conclusion that this was an enterprise by which we might, at least, commence the production of oil in Australia on the most favorable economic basis which we have yet discovered. What the future may hold for this country in the production of flow oil I do not know, but of all measures that would make in any degree for Australia's independence in respect of oil fuel in time of war, the production of oil from shale is the least uneconomic, and, I venture to say, will prove, in view of the technological discoveries from year to year, a most important factor in the economic life of Australia. I commend the bill to honorable senators.

**Senator COLLINGS** (Queensland) [10.50].—I had hoped that in his speech

the Minister would have given to the Senate much more information than he did because, whilst the bill itself is a fairly simple proposition the schedule to it is highly complicated. The Opposition does not propose to make any comment upon this measure, solely with a view to opposing something which the Government has brought down. We do not believe in adopting such an attitude, and have never done so in respect of any measure; but when dealing with a great undertaking such as this bill proposes, we claim the right to criticise certain phases which we believe are entirely unsatisfactory. In this respect it is worth while to review briefly the history of the efforts to produce oil from coal and shale in Australia. This is not a new proposition; it has been before various countries, including Australia, for a great number of years. Experiments have been conducted in certain countries, and all of them have demonstrated that it is possible to produce oil from coal and shale economically.

Senator A. J. McLACHLAN.—Will the honorable senator tell me where oil has been produced economically from coal?

Senator COLLINGS.—It is being produced at Billingham-on-Tees.

Senator A. J. McLACHLAN.—Economically?

Senator COLLINGS.—Yes. I do not see why Australia should have a monopoly of seeing that nothing uneconomic is done.

Senator A. J. McLACHLAN.—That is another argument. I was questioning the honorable senator's statement that oil is produced anywhere in the world from coal on an economic basis.

Senator COLLINGS.—I have answered the honorable senator's query. Having regard to the great intellects behind, for instance, the work being conducted in the United Kingdom, at Billingham-on-Tees, I am disinclined to believe that the Minister is the only person who shows concern for the economic side of the business. My colleague, Senator Brown, some time ago asked a question as to the possibilities of developing the production of power alcohol from vegetable products, and drew attention to the fact that millions of gallons of alcohol was being produced in Germany. The Minister said, in effect, "Yes. But Germany is in such a posi-

tion that it cannot afford to study the fact that it is producing power alcohol uneconomically." What the Minister meant was that Germany's external affairs were in such a precarious condition that it was obliged to proceed with the production of power alcohol, regardless of whether the process was economical or not. During the debate on another bill in this chamber, and in connexion with the defence estimates recently, we were definitely advised that Australia is in a similar position; like Germany, it is facing a probable state of national emergency. Furthermore, this Government has never failed to impress that point upon this branch of the Legislature. However, despite the fact that it has had absolute control of both Houses for the last six years, and the Prime Minister definitely promised in his last policy speech that this proposition would be undertaken with a view to providing employment, it is not till to-day, when this moribund Parliament is preparing to meet its makers, that the Government brings this bill before the Senate. The Minister has not yet said so, but, I have no doubt, he will tell us that we may criticise the bill and the agreement it embodies, but we cannot alter the agreement. If that is so, the Government is simply making a farce of the whole business. What is the history of our efforts to produce flow oil? That matter, of course, is very closely related to this proposition. I have had intimate and personal acquaintance with the great efforts that were made to find satisfactory quantities of flow oil in Queensland. A considerable measure of success was achieved in that respect, but I know that the people who watched that development with the keenest possible interest, including myself, are definitely of opinion that foreign interests were responsible for failure in that instance to discover flow oil in what the Minister would call commercial quantities. At Roma, where for a very long period the town and the surrounding district were lit with gas obtained from the well sunk nearby, a considerable quantity of oil was secured, though not sufficient to make the proposition immediately worth while. It is most remarkable, however, that every time we got near something worth while,

and were about to pierce the stratum which was supposed to be obstructing the coming in of the oil from the basin surrounding the well, something happened which nobody could account for. On one occasion a tool was dropped down the well to obstruct operations, and, finally it was decided to engage a caretaker to watch the well at night when no workmen were on the job. On the occasion of the last accident, which finally "put the lid on" the whole enterprise, the caretaker was mysteriously got away, and next morning it was found that a tool had been dropped down the well. As a result of such interferences the work was given up in disgust.

Paragraph 23 of the schedule to this bill contains the following very sinister provision:—

The Company shall not without the consent in writing of the Commonwealth or the State alter the provisions of its Memorandum of Association which are set out in the first schedule hereto or alter the Articles of Association made in pursuance of such provisions and the Company shall at all times and in all respects observe the said provisions of its Memorandum and the Articles of Association made in pursuance thereof and without affecting the other remedies of the Commonwealth or the State the remedies of mandamus and/or injunction in the High Court of Australia or in the Supreme Court of New South Wales may at the suit of the Commonwealth or the State or the Attorney-General of either of them lie for enforcing the provisions of this Clause and the Acts ratifying this Agreement may provide accordingly.

That provision means that if such a crisis in respect of this business should develop that it is considered necessary to allow foreign interests to secure a dominating influence over the proposition, there will be nothing to stand in the road of such an intrusion but the acquiescence of either the Commonwealth Government or the Government of New South Wales. The only way to prevent foreign interests from obtaining influence in this proposition is to provide that in no circumstances shall the articles of association and personnel of the company be altered except with the consent of both Governments.

Senator Sir GEORGE PEARCE.—That would not be an absolute safeguard, because if the three parties agreed to do so, the agreement could be altered.

Senator COLLINGS.—I do not claim to be an expert in such matters, but the

Leader of the Senate has just made a damaging admission that we cannot, by this bill or any other, prevent the major oil companies from securing control of this proposition.

Senator Sir GEORGE PEARCE.—That is if the honorable senator assumes that both the Commonwealth Government and the Government of New South Wales will be willing to allow that.

Senator COLLINGS.—It is admitted that it cannot be done and that we cannot safeguard ourselves.

Senator Sir GEORGE PEARCE.—Any amendment would have to be passed through both Parliaments.

Senator COLLINGS.—The determining factor in this whole business is that it is essential for us to provide ourselves, either by flow oil or by the extraction of oil from coal or shale, with the oil supplies that we need in this country. I agree that we must protect ourselves in that way. I welcome the bill, because it is, at least, an attempt to make Australia more self-contained and more self-reliant; but the Opposition desires to register, as sincerely as possible, its absolute detestation of the policy of leaving any phase of the defence activities in this country open to the possibility of profiteering by private enterprise. I shall be told that the Government is quite prepared to accept all responsibility in this connexion. The Minister who introduced the bill referred to the tremendous losses that had been sustained hitherto in projects of this kind. My complaint is that this Government, having spent tens of thousands of pounds in investigating the possibilities of extracting oil from coal or shale in this country and in causing geological surveys to be made by aeroplanes and every other possible means to ascertain the likelihood of obtaining oil supplies, is now making the whole of the information obtained at such cost available to private enterprise. For what purpose? I do not wish to say a word against Mr. George Davis. I do not know him, but I have been informed that he has a wonderful capacity for organization and for the development of new industries, and that his integrity cannot be faulted. I accept the statements of other people to this effect. But no one can persuade me that Mr. Davis

has taken up this project from philanthropic motives. He must know that there is a good prospect of a substantial profit in it for himself. I credit him with ordinary business acumen. While the debate on the bill was proceeding in the House of Representatives last week, Mr. George Davis was in this building watching his interests. I do not blame him for doing so.

Senator A. J. McLACHLAN.—The honorable senator is in error. Mr. George Davis is in Estonia at present. His brother was in Canberra.

Senator COLLINGS.—What a point to take! The fact is that some one accredited by Mr. George Davis was in Canberra watching his interests. I do not blame him for this. I would have had my emissaries here watching the proceedings if my economic future and possible profits amounting to hundreds of thousands of pounds were at stake. The point I make is that Mr. Davis has not embarked on this undertaking for the good of his health. I blame the Government for what has happened. If there is one thing that hangs like a spectre over Europe and, in fact, the whole world to-day, and that accounts more than any other thing for the condition of unhappiness and despair of the nations, it is the policy of re-armament that has been adopted on such a gigantic scale, as to become a definite madness from which there is apparently no escape. Obviously, Australia had to become involved in this procedure. The condition of the world in this regard is entirely due to the fact that armaments are being manufactured by private firms for profit, and not by governments in the interests of the people. It is demonstrable beyond argument that so long as armaments may be manufactured by private firms for profit and the search for oil left to private interests, although the finding of it is necessary to safeguard the country in a national emergency, wars will continue to occur. If this work were in the hands of governments and the profit-making element were eliminated, wars would not occur. Every body knows that.

We shall be told on the hustings that the Opposition attempted to defeat this

bill, and thereby jeopardized the prospects of the direct employment of 600 workers and the indirect employment of 2,000 others. It will be said that we stood in the way of the employment of these men. We are doing nothing of the kind. We are criticizing the bill sincerely and honestly with the object of improving it. What belated interest in the unemployed this Government is displaying! In the policy speech which the Prime Minister (Mr. Lyons) delivered six years ago he said that prompt action would be taken to provide work for the unemployed. For six years a government led by the right honorable gentleman has had absolute power in both Houses of the Legislature, but only at the eleventh hour, as a sort of death-bed repentance, and for the purpose of election propaganda, has this bill been introduced.

I shall not speak at much greater length. I know that the motion now before the chair will be agreed to, for the Government has the numbers behind it. I wish to make it clear that the Labour party is anxious to ensure the development of our oil shale deposits. Our objections to the Government's proposal, apart from some of the technical provisions of the special paragraphs of the agreement, is that the project is being, to a very large extent, handed over to private enterprise. The public interests are being protected to only a very slight degree. For example, one paragraph of the agreement provides that if by 1940 the project has not made satisfactory progress, the company may not be called to account by Parliament. All that can be done, will be to refer the whole matter to the Auditor-General of New South Wales. That gentleman is an independent officer who is not subject to the control of the Parliaments of either New South Wales or the Commonwealth. Parliament may criticize the proceedings of the company, but it will be unable to take any remedial action for the Auditor-General of New South Wales will be the sole arbiter. How easy it will therefore be for the major oil companies to secure control of this enterprise. They will doubtless be able to convince the Auditor-General of New South Wales that the company has not stood up to its job. What is perhaps

more objectionable is that the same interests will be able to say to both the Commonwealth Government and the Government of New South Wales: "What did we tell you? You cannot produce oil in this country."

A close examination of the bill also causes me to ask how it justifies the Minister's elaborate protestations of the sympathy of the Government for the workers. I find nothing in it which makes it mandatory on the company to give preference to unionists or to pay award rates and observe award conditions. The Government may say: "We made possible the establishment of this project and so provided work for an additional 600 men, yet the Opposition criticized us for doing so." I repeat, however, that nothing in the bill should lead anyone to suppose that the Government has any real sympathy with the working class, for there is no provision in the agreement to protect the interests of the workers. It is not provided, for example, that the workers shall be represented on the board of directors or exercise any control whatever in the management of the company, although a substantial amount of public money is being invested in the enterprise.

Senator FOLL.—Award conditions must apply to the enterprise.

Senator COLLINGS.—There is no reason why we should thank this Government for that. The present occupants of the treasury bench are the lineal descendants of a government which, a few years ago, went to the country on a policy of "No arbitration". It was defeated; nevertheless we find no provision in this bill making it mandatory for the company to observe award wages and conditions. We are entitled, therefore, to question the sincerity of honorable gentlemen opposite when they talk about what they are doing for the 600 workers who, it is said, will be provided with work in this undertaking. The crocodile tears of honorable gentlemen opposite will deceive no one. The introduction of the bill at this stage of the session may fairly be described as electioneering propaganda. The Government is saying to the workers, in effect: "Shut your eyes and open your mouth and see what we will send you". It cannot be denied that if the bill is

passed in its present form about £500,000 of public money will be definitely endangered. Probably another £500,000 will be lost before the end of the chapter is reached.

I point out also that under the provisions of this bill the Auditor-General of New South Wales will be able, as a mining warden is, to grant extension after extension of time to the company for the fulfilment of the conditions set out. I conclude by directing attention to the final clause of the bill which reads as follows:—

There shall be payable out of the Consolidated Revenue Fund, which is hereby appropriated accordingly, such sums as are necessary for the purpose of meeting the liabilities of the Commonwealth arising under or out of the agreement.

The clause did not read in that way at lunch time yesterday. It was only late in the proceedings in the House of Representatives last night that the Government itself amended the wording of that clause. I claim that there is something sinister in that amendment. Honorable senators on this side of the House would have preferred the clause as originally drafted, rather than in its present form.

Senator E. B. JOHNSTON.—What is the difference?

Senator COLLINGS.—I shall tell the honorable senator. When the bill was brought down in the House of Representatives clause 7 definitely provided that the sum of £334,000 should be payable out of the Consolidated Revenue for the purpose of meeting the liabilities of the Commonwealth arising under this agreement. Even a schoolboy could understand exactly what the Government of this country and the taxpayers were committed to under the clause as it was then worded. In the bill now before the Senate, the commitment of this country in respect of the venture is indefinite. In other words, we are asked to sign a blank cheque in favour of the company. So far as the Opposition is concerned, those are the points of honest and sincere criticism which we are entitled to make in regard to this bill, and we submit them for the consideration of honorable senators.

Senator ARKINS (New South Wales) [11.16].—Although I had intended to say quite a lot in regard to this measure, I shall content myself by reviewing briefly

this important matter and by replying to some of the remarks passed by the Leader of the Opposition (Senator Collings), not only to-day, but also on a former occasion when the subject was under discussion in the Senate. I regard this bill as the beginning of a very necessary experiment in this country. We know very well that during the last ten or fifteen years the scientists of the world have sought to discover a means by which oil could be produced on a commercial basis from shale, vegetable matter, and other sources. For a number of years prior to that the world had been dependent on subterranean stores of oil which, on being tapped, gushed to the surface. With the developments of modern transportation methods oil rapidly ranked foremost among the essential requirements of the nations of the world. Even with our present small population, enormous sums of money are sent out of this country for the purchase of oil. The consumption of petrol in Australia has grown rapidly until to-day it approaches 300,000,000 gallons per annum, costing from £12,000,000 to £14,000,000. Unfortunately, we have not been able to discover flow oil in this country. Geologists tell us that the geological formations of certain areas in the northern portions of Australia and in New Guinea indicate the possibility that flow oil may be found in them. People have also said that there are possibilities in the south, but in the opinion of geologists the likelihood of finding flow oil there is very remote. Eventually, with the rapid advancement of oil geology, we may find flow oil in this country. In an endeavour to stem the flow of money out of this country for the purchase of oil, efforts have been made to produce oil by the adoption of various scientific processes. Every party in this Parliament is definitely interested in the advance of science in this direction. If oil can be produced in commercial quantities from coal or shale, all members of this Parliament will do their utmost to promote such production.

Senator BROWN.—We all know that it can be produced from coal or shale.

Senator ARKINS.—That is so; it is being produced in Australia at the present time, but not economically.

Senator BROWN.—The Minister said that it is not being produced economically anywhere.

Senator A. J. McLACHLAN.—It is in Estonia.

Senator ARKINS.—For a number of years I have advocated that we should attempt to produce oil from coal in this country, and I am still of that opinion; but it cannot be denied that production of oil from coal is uneconomic. Endeavours have been made to produce oil from coal in Germany, Great Britain and the United States of America, but production has never been achieved on an economic basis, because of the competition of flow oil, which is sold at a comparatively low price. Sir David Rivett, that great Australian, who is in charge of the Council for Scientific and Industrial Research, after his return from a tour abroad to investigate the production of oil, summed up the position very concisely in his report—

I scarcely know whether it is my duty to go any further than this general statement of the position as I see it. It is beyond me to say how much weight should be attached to the defence aspect of the matter or to what extent responsibility in that direction may be eased by large scale storage. After all, if the next four or five years are likely to see war, we must store in any case, for hydrogenation will not save us within that period. If, however, the establishment of a unit to produce oil from coal is to be looked at from the same standpoint as the construction of a battleship, then others must say how long we can afford to postpone action, if at all.

That is the position I have taken up. Sir David Rivett said, in effect—"If you build battleships they are uneconomic, but it is essential for the safety of the nation that they be built. The production of oil from coal also is uneconomic, but the men in control of the nation must decide whether oil is as essential as battleships." I would spend millions of pounds on the development of the production of oil from coal. Like those members of the Opposition in the House of Representatives who represent the coal-fields constituencies in New South Wales, I am favorable to experiments in the production of oil from coal, but I am convinced that the most economic source is shale.

What is the history of the development of the shale deposits in New South

Wales? In 1865—almost on the threshold of the oil era—the first attempts were made to exploit the shale in the Newnes Valley for the production of kerosene, which then had a high commercial value, not only in Australia, but also abroad. Of course, the production of kerosene did not require the expensive refining plants that are necessary for the production of petrol. The shale also yielded paraffin, which was used in the manufacture of candles for lighting purposes. There was a market in Australia, and in the world generally, for those products. Another by-product from the shale was sent to Germany, where it was used for the production of gas. In spite of all these obvious advantages, early efforts to develop the Newnes shale were uneconomic. The industry, however, struggled on for some time. In those days only five gallons of oil could be produced from a ton of shale; I understand that to-day 50 to 100 gallons can be produced from a similar quantity, and it seems that the project has much more chances of success now than it had formerly. The technical processes are continually being improved. Estonia, which was referred to by the Minister in Charge of Development (Senator McLachlan), has out-distanced other countries in evolving technological methods for the production of oil other than flow oil. Since John Fell went into the Newnes Valley 70 years ago, millions of pounds have been sunk in a vain endeavour to develop the shale deposits. To-day, however, owing to the rapid strides made in the evolution of processes for the extraction of oil from shale, many people are interesting themselves in the exploitation of the shale deposits at Newnes. Every trade union in this country has urged that the deposits be worked. There is unanimity among the trade union leaders in Australia in regard to the importance of this matter. In fact, so great has been the interest of some of them that they have left their work in their unions in order to give their support to this great national undertaking. Some years ago, the Scullin Government, in co-operation with the New South Wales Government, appointed a committee to carry out certain exploratory and investigational work in connexion with the

Newnes field, and provided approximately £100,000 for that purpose. Those composing the committee were men of high scientific attainments; they completed their investigations by saying that the Newnes deposits could be worked only by the State and Federal Governments, acting in conjunction, and that the difficulties associated with the production of oil from shale were too great for private enterprise alone to solve. The history of Newnes is a long story of failure. Leading industrialists in the British Empire, men whose interests were closely connected with the production of other than flow oil, were invited by the Commonwealth Government to work the deposits at Newnes in return for certain concessions and privileges. Subsequently, advertisements were inserted in the press throughout the British Empire—I know they appeared in the London press as well as in Australian newspapers—stating in effect:—"Here is this deposit, this is the development that we require, this is what we will give you as a privilege if you come in." How many offers were received in reply? From what I understand, not one. Private enterprise, as usual, could not see that, after the failures of 70 years, any man could make a success of it. Ultimately, there appeared on the horizon Mr Davis of Davis' Gelatine Limited, who has been famous in this country for his progressive industrial views. Without exaggerating, I should say that if we were to search the earth we could not find a better man to develop this industry. He has succeeded at everything he has undertaken, not that he has the Midas touch, but that he has the Henry Ford touch; he has a genius for organization and for the control of his workmen. Among the men who are in his employ are many who speak most enthusiastically of him. As we have been told and know, he took much of the produce of the primary industries of Australia that had been lying waste for years and out of it built an industry of great profit. We are told that in entering into this agreement he is merely out for profit for himself. I assure the Senate that he is not. One has only to visit his works to see that that is not his

character. The Leader of the Opposition in this chamber began his speech with all the insinuations possible against Mr. Davis, but he toned down his remarks when he heard others praising him. Mr. Sullivan, with whom honorable senators are well acquainted, for he comes to Canberra frequently on the business of the Manufacturers' Association of New South Wales, believes that Mr. Davis is the greatest man Australia has seen. Yet, with all these advantages, Mr. Davis has no pronounced political ideas at all. Another great thing that he has done is to give to a band of young Australian scientists, men of university distinction, the opportunity to go all over the world and see what is being done scientifically everywhere. Mr. Davis has a genius not only for industrial organization, but also for discovering remarkable young men. This gifted man, somewhat advanced in years, has behind him a body of young Australian scientists. In his genius, with their help, I believe lies the only possible chance of successfully developing the industry of extracting oil from shale in Australia.

Senator HERBERT HAYS.—The honorable senator must not overdo it. Time will tell its own story.

Senator ARKINS.—Time, we hope, will reveal all things.

Senator COLLINGS.—The bill does not recognize the young university men of whom the senator has spoken. It provides for the appointment of technical officers of the Commonwealth Service.

Senator ARKINS.—I am telling the honorable senator what has happened in the gelatine industry, which can be truthfully said to be without its equal anywhere in the world. I do not say that in any boastful way as an Australian. I do not believe that Australia possesses everything of the world's best, but I do assert that Australia leads the world in the gelatine industry.

During the progress of a similar bill through the New South Wales Parliament the Leader of the Labour party in that State, Mr. J. T. Lang, opposed it at every stage. I cannot understand why he should do so because, after all, it represents an attempt to develop a great industry and create work. It is an endeavour to make Australia self-contained, and

that, we are told, is one of the main planks of the Labour party's platform.

Senator DEIN.—On paper.

Senator ARKINS.—Yes, but when it comes to actual practice, the Labour party does not take the opportunity to put it into effect. I should not have minded if Mr. Lang had objected merely to the form or wording of the agreement, but he attacked it with great venom, as the Leader of the Opposition here has done. The honorable senator, although he is willing at this late hour to concede that Mr. Davis is a capable man, still attributes to him nothing but mercenary motives. Mr. Lang attacked Mr. Davis from every aspect. He had not a good word to say about him; but, after all, he seldom has a good word to say of anybody. We should all be pleased to hear the inmost thoughts of the Leader of the Opposition about Mr. Davis. What was the reason for Mr. Lang's opposition to the bill?

Senator COLLINGS.—There is nothing about Mr. Lang in this bill.

Senator ARKINS.—When it was being discussed in the House of Representatives the opposition to it was led, not by the official Opposition, but by the members of the Lang group, probably because they knew that Mr. Lang, as Leader of the Opposition in the New South Wales Parliament, and Leader of the Labour party in the State, had said "By hook or by crook we will damn this thing, and damn everybody associated with it." One of Mr. Lang's motives was the placation of the northern miners, because the Deputy Leader of the Opposition in his State comes from the north, and so does a big section of the Labour representation in the State Parliament. He was willing to sacrifice the western miners, including the western shale miners, for the northern miners, because of the greater voting power possessed by the latter. The report of the debate shows that Mr. Lang was mean enough to ask what Mr. Davis was to get out of this, and to suggest that he was after a knighthood. That was a paltry allegation to make. The fact is that, if any man should receive honour in this country, it is Mr. Davis. If Mr. Davis has the objective which Mr. Lang

suggests, he is paying very dearly for it, because it is costing him nearly £200,000 to achieve it.

Senator BROWN.—What is the price of the shares?

Senator ARKINS.—Mr. Davis has no price; he is a good Australian and a patriot prepared to do all he can for Australia. I know him slightly, and I know that he is willing to sacrifice everything for the development of his country. The members of the Opposition in this chamber cannot understand that attitude, although they speak of martyrs in their own ranks, and proclaim that trade unionists are willing to go into the battlefield of industry and lay down their lives for liberty. Still, they cannot believe that another man, with a genius for the organization of industry, is willing to sacrifice some thousands of pounds of his own money, and much of his valuable time, in the interests of his country. Patriotism is not the prerogative of any one section of the public. It is found among the lowly and among the high, and Mr. Davis certainly possesses it in a remarkable degree. Mr. Lang knows full well that he is a man of high calibre, yet he places him in the public pillory, without giving him an opportunity to defend himself. All I can say—and I hate to bring this up—is that we know the history of oil, and particularly of the Standard Oil Company of America. Upton Sinclair, an author of whom the Leader of the Opposition thinks a great deal, tells the story in his book, *Oil*, and other publications. Every one should read these books and other similar works, such as *Health, Wealth and Happiness of Mankind*, by H. G. Wells, in order to understand the ramifications of the Standard Oil Company, and how it has gripped not only men of wealth, but all men in the industrial movement. According to that great socialistic author, Upton Sinclair, everybody was in that great pool; none apparently stood outside the pale. Wells makes a somewhat similar revelation. The type of opposition which is offered to the Newnes project to-day seems to me to be tainted by the great and powerful oil interests that have dominated the industry for almost three-quarters of a century. Here is a chance for Australia to experiment in something which,

if successful, will bring great rewards. I would not mind if the Leader of the Opposition, and Mr. Lang, had said, "I do not believe in the agreement, or its methods," and had stuck to that attitude, because they are supposed to believe in nationalization, although history shows that in New South Wales it has been a failure. If they had confined their criticism to the form of the agreement, I should have said there might be something in their opposition; but it has been so venomous and so unnecessary that one is compelled to look for ulterior motives. The members of the Opposition in this chamber have indicated that they are in favour of nationalization, and suggest that this should be a national experiment—that it should be socialized.

Senator COLLINS.—That is it. No private property in the things we shall need in war.

Senator ARKINS.—This gigantic undertaking must be carried on economically, for it is to be an essential of the well-being of Australia. I advise the Leader of the Opposition and his colleagues who are so pronouncedly in favour of socialistic enterprise, to examine the record of their own State of Queensland, which resembles a gridiron in that, from one end to the other, it is barred with colossal failures of socialized industry. Some of those failures occurred, not through the lack of business ability, but through lack of honesty and integrity on the part of the very men who preach socialism. We cannot afford to allow an industry that for 70 years has been an economic failure to be placed in the hands of socialistic experimenters, and risk another failure. Mr. Lang had an opportunity in New South Wales to socialize the industry when the investigation carried out by the committee appointed by the Scullin Government was almost concluded. He was asked by Mr. Davies, ex-secretary of the Western Miners Association, who was also secretary of the Coal and Shale Development Committee, to nationalize the shale oil industry, but he turned the request down. Now, when an attempt is being made to put the enterprise on a sound footing, he is using every means at his disposal to

defeat the project. The proposal was attacked in the House of Representatives, where the Scullin group, known as the moderates, were overshadowed by the Lang-Beasley group, who took charge of the business, and delivered almost every speech in opposition to the measure.

Senator COLLINGS.—I hope the honorable senator does not mean that I am dominated by the Lang interests.

Senator ARKINS.—Indirectly, the honorable senator is. He may have spoken against Mr. Lang once or twice, but the policy of his party is influenced and largely determined by Mr. Lang and his followers. What happened in the House of Representatives shows clearly how the whole federal Labour movement is dominated by the Lang group. Mr. Lang, who had such a disastrous reign in New South Wales, and whose policy may be repugnant to a man like the Leader of the Opposition in this chamber, is nevertheless able to dominate the Australian Labour movement, and if members of the Opposition were honest they would admit it. Not one of the moderates in the Labour party had anything to say about this measure in the House of Representatives. The attack came from the Lang group, whose tactics are dictated by Mr. Lang. I am sorry that the Leader of the Opposition in the House of Representatives (Mr. Curtin) was not present, but the Deputy Leader (Mr. Forde), who was nominally in charge of the Opposition, was completely dumb.

I realize that there is not likely to be much opposition to this measure in the Senate. Perhaps there will not even be a vote on it. In the House of Representatives the official Labour party probably wanted the bill to go through in the same way. Indeed, one honorable member, who represents a section of the miners, said that he intended to vote for the measure, though he did not really believe in it. Eventually, however, he voted against it. It is obvious, of course, that he received his directions from Mr. Lang, who said, in effect, "remember that whatever action I take in New South Wales is right. I am always right, and don't you dare to let me down!" Members were instructed how they should vote, and they voted accordingly. I regret that Mr.

Lang's supporters in the House of Representatives and in this chamber have seen fit to oppose a wise and constructive attempt to develop the shale oil industry in Australia. I compliment the Minister in Charge of Development (Senator A. J. McLachlan) on having brought in this measure. Not always do I find myself in agreement with him, particularly in regard to the production of oil from coal, but on this occasion he is deserving of our commendation. Only recently Mr. Davies, to whom I referred a little earlier, paid a high compliment to the Minister for the wonderful work he has done in bringing this proposal to its present stage. He said that no previous Minister had done, or attempted to do, so much for the industry. Even some of my own colleagues doubt that this enterprise will be a success, but I believe that it will be. There will be at the head of it a man who has made a success of other enterprises, and who is capable of making a success of this one. We must remember that, with the introduction of new processes, the production of oil has increased from 5 gallons to approximately 100 gallons a ton of shale. Mr. Davis has studied developments in this industry in other parts of the world, and has the assistance of capable experts who are familiar with the latest scientific developments. I am convinced that he will demonstrate that Australia can produce oil from shale as a commercial proposition. We must develop our oil-producing resources of all kinds. Recently Dr. Rivett pointed out that, although the production of oil from coal was uneconomic at the moment, Australia should watch the development of the industry in Germany, Great Britain, and other countries, so that, when the process was sufficiently improved to justify its introduction into Australia, we might be ready to take advantage of it. When the time comes, there will be a revolution in regard to fuel production in Australia. Before long, the petrol engine will be almost completely displaced by the Diesel engine, and when that occurs, and we have our own sources of fuel supply from our coal and shale deposits, we shall have solved two of our greatest problems—those associated with transport and defence. In the present scheme we have a

beginning by a man wise in his day and generation. It is proposed to assist him by means of a loan of money, and even if the money be lost it does not matter very greatly, because we are embarking upon a necessary experiment. However, I hope that the enterprise will be successful. I do not care how much money Mr. Davis makes out of it so long as we produce the oil. Some time ago, an honorable senator, when speaking in favour of the payment of a bounty on gold, emphasized the importance of the gold industry to Australia; but gold is as nothing compared with oil, which will constitute in the future Australia's wealth and its defence.

**Senator E. B. JOHNSTON.**—Would it not be better to keep these shale deposits exclusively as a reserve for defence purposes?

**Senator ARKINS.**—I do not think so. Side by side with the development of the oil industry, there should be developed a tremendous system of storage for flow oil. Why, I ask, are our storage tanks at present all located on the seaboard in tanks built above ground, and painted so conspicuously to make excellent targets for enemy guns or aeroplanes? Why not put them underground? Eventually, when we are able to produce our own oil supplies, it will not be necessary to send millions of pounds to foreign countries for oil.

Win or lose, this experiment will have been worth while. I am not thinking of it merely in its relation to New South Wales. I should not mind if the enterprise were to be developed in some other part of the Commonwealth; the proposal would still receive my vote and praise. As an Australian who seeks the welfare of his country, I express the hope that the venture will be an outstanding success, and that it will, to some extent, at any rate, help to solve our problems associated with transport and defence.

**Senator BROWN (Queensland) [11.58].**—I am not a betting man, but I should be prepared to lay a shade of odds that Mr. Lang's ears are burning at this moment as the result of the attack upon him by Senator Arkins. Of course, I can understand the reason for the honorable senator's diatribe against Mr. Lang. He comes from a State where Mr. Lang will be very active during the forthcoming

election, and he thinks that the more he attacks Mr. Lang the better it will be for his own chances. However, let us consider this matter apart from the fulminations of leather-lunged lowbrows. I deny emphatically that the Labour movement is dominated by the so-called Lang group. We as a party reach our decisions according to principle, and we oppose or support a bill according to our platform and programme. Indeed, every thinking person must recognize that we are opposing this measure on principle. The person who stands to gain most from the measure is the honorable member for Macquarie (Mr. John Lawson), who is its most ardent supporter. If we were actuated only by political expediency, we should probably be quiet about the bill. That disposes of the assertion of Senator Arkins regarding the alleged domination of the Labour party by the Lang group.

The Labour party considers that, in developing the oil resources of this country, it is essential that the Government should exercise complete control over the enterprise, in the same way as it directs the army, the navy and the air force. For years the Labour party throughout Australia has advocated the production of oil for defence purposes. What objection can be taken to our contention that the Newnes shale deposits should be under government control? I do not know Mr. Davis. He is possibly actuated by the highest of motives; but, if he is the only man in Australia who can make a success of the Newnes proposition, why does not the Government offer him a few thousands of pounds a year for his services, and supply the money required for the development of this field? Such a proposal would have the whole-hearted support of the Labour party.

**Senator FOLL.**—Nobody in the world could make it a paying proposition.

**Senator BROWN.**—Possibly not, but Mr. Davis is held up to us as the only man who has come forward, having the necessary ability to do this job. The Commonwealth Government is to advance £334,000 of the necessary capital. The New South Wales Government will provide £166,000, and Mr. Davis, through his company, a similar amount. According to Senator Arkins, Mr. Davis will risk

all of this £166,000 at Newnes, but is it not a fact that he or his representatives are trying to induce people to take up shares in the venture?

Senator A. J. McLACHLAN.—That is not so.

Senator BROWN.—I accept the Minister's assurance on that point. If a thousand people wanted shares in this venture could they buy them?

Senator A. J. McLACHLAN.—No. Mr. Davis will put into the enterprise the money of his group. He has refused £50,000 of outside capital.

Senator BROWN.—Who are in this group?

Senator A. J. McLACHLAN.—Mr. Davis and his brother.

Senator BROWN.—Whether the group be large or small, private persons are supplying only a modicum of the total capital. I contend that, as the Government is furnishing the greater part of the capital, it should have done the right thing by the country, by providing the whole of the required money and taking complete control.

Senator COLLINS.—Or, at least, it should have a representative on the directorate.

Senator BROWN.—Yes. The agreement is an extraordinary document. Two governments propose to expend £500,000 of the people's money. Any expenditure for the development of our resources by the extraction of oil, whether it be from coal or from shale, should be made in the most economical way, and it is astonishing to find that the two governments interested in this venture will have no representation on the directorate of the company.

Senator ARKINS.—The government money is to be provided under certain conditions.

Senator BROWN.—The company is to pay 4½ per cent., but the governments run the risk of losing all of the money advanced. Obviously, they should have maintained complete control of the venture. Mentally deficient critics accuse the Labour party of being dominated by Mr. Lang, because the Opposition has the temerity to criticise this measure, although it is our duty to do so. Had members of the Opposition in this and the other branch of the legislature remained

silent, they would have been told that they were dominated by Mr. Lang. The Government has acted in a belated manner, and has not served the best interests of Australia.

In the main, this is a defence measure. For years, efforts have been made to discover oil in Australia, and this Government has been remiss in its duty to the nation with regard to the production of oil by the development of our natural resources. We have been told that the time is not ripe for its production from coal, yet we are now suddenly informed that the time is opportune for its production from shale by private enterprise.

Senator DEIN.—The Scullin Government insisted on private control at Newnes.

Senator BROWN.—The Shale Oil Development Committee made certain recommendations, one of which was that the Government should have representation on the board of management. The Opposition favours the establishment of works for the production of oil from coal or shale, but it objects to the Government's method of leaving the undertaking to private enterprise. In Queensland, there are millions of tons of coal from which oil could be extracted.

Senator FOLL.—Large shale deposits are also found in Queensland.

Senator BROWN.—That is so. According to experts, oil can be produced most economically from coal, although shale yields a relatively larger quantity of oil than can be extracted from coal.

Senator DEIN.—Could a plant be set up for the extraction of oil from coal for a similar expenditure to that proposed under this bill?

Senator BROWN.—I do not say that. In less than two years, Germany is expected to be independent of the rest of the world for its oil supplies. Dr Rivett has reported that for about £3,000,000, a plant could be established for the extraction of oil from coal by the Fischer-Tropsch process.

Over £100,000,000 has been spent on defence in this country since the Great War, and for the greater part of that time a tory government has been in power. Yet this bill has been brought down in the dying hours of the present Parliament. The land to be taken up by this

company is to be leased at the nominal rental of £1 per annum. Assuming that profits result from the so-called experiment, will the Government participate in them? It is liable to lose the whole of the capital invested on behalf of the public, and, therefore, I claim that the nation is entitled to a share in any profits that may be made. I understand that the company will also have 500,000 acres of mineral leases, which will be held in reserve for future development. Both the Commonwealth and the New South Wales Governments undertake to purchase their requirements of oil from the company for the next 25 years, irrespective of further discoveries of oil. Bounty is to be paid on the output of oil, whilst excise duties are to be reduced until the 31st December, 1964. The company will be exempt from all royalties up to 10,000,000 gallons annually, and from the provisions of the tax on companies. It will receive a 20 per cent. reduction of freights, and compensation in the event of flow oil being discovered. All this assistance has been offered to this private company. Further, I understand that the Government will make available the services of its experts and technicians in the establishment of the necessary plant.

If we are to make all this assistance available to the company, including £500,000, win or lose, why does not the Government manage the undertaking in the interests of the nation? There would then be no danger of the troubles that may arise as the result of this plant being under the control of private enterprise. One can easily contemplate the possibility of oil being discovered, or produced from coal, in other parts of Australia in the near future. Difficulty might arise through the competition which this company would have to meet from other enterprises of a similar nature. Whilst the Labour party desires to do everything possible to provide employment for the people by the production of oil for defence purposes, it cannot let this measure pass without offering the criticism that by handing this venture over to private enterprise the Government has failed in its duty to the nation.

**Senator HERBERT HAYS (Tasmania)** [12.15].—I commend the Government

for having introduced this bill, which is to ratify an agreement between the Commonwealth Government, the New South Wales Government and certain private interests to develop the Newnes shale deposit. I cannot share the optimism of Senator Arkins concerning the possibilities of the Newnes deposit, but I sincerely trust that his anticipations will be realized, and that before long substantial quantities of fuel oil will be obtained as the result of the company's operations. Huge sums of money have already been expended, a great deal of it in Tasmania, in an endeavour to develop the shale deposits of Australia on a commercial basis, and if those engaged in this undertaking meet with the success which some anticipate they will deserve the thanks of the whole community. The following is a report of a portion of my speech on the Estimates and budget-papers in 1926:—

The Treasurer's speech contains a reference to prospecting for oil. I have no complaint to make regarding the money that has been expended in boring for oil in Australia. I think that every effort should be made to ascertain if there is flow oil in the Commonwealth. The results so far do not encourage the belief that there is; but our oil shale deposits are enormous and of immense value to the Commonwealth. Hitherto they have not been successfully exploited, because suitable retorts have not been employed, and I believe that I am correct in saying that no official in the employ of the Government has had any experience in retorting. It is of the utmost importance that this business should be developed on sound lines, because there are millions of tons of shale in both New South Wales and Tasmania, rich in oil content, which, I am sure, will one day prove of great value.

**Senator A. J. McLACHLAN.**—Does the honourable senator think that our shale oil propositions will be able to compete with flow oil?

**Senator HERBERT HAYS.**—Yes. This matter should be investigated by the Council for Scientific and Industrial Research. It properly comes within the province of that body. Those who have been engaged in the business for the past fifteen years have been beset by difficulties which, with scientific handling, should be solved. I hope that something will be done in this direction in the near future.

At that time the Government was extending its energies in the direction of discovering flow oil in Australia; and although I said that I had no objection to expenditure being incurred in that direction, I felt that, eventually, the Government would be forced into developing

our shale deposits. At that time the Minister in charge of the bill (Senator A. J. McLachlan) was somewhat sceptical as to whether the extraction of oil from shale was a commercial proposition, but having in the meantime visited the Newnes deposits, he is now favorably impressed with the possibility of arriving at such a result. It is regrettable that the Minister has not inspected the Tasmanian deposits.

Senator A. J. McLACHLAN.—I have done so on two different occasions.

Senator HERBERT HAYS.—That being so, it is not my intention to discuss the merits and demerits of the various seams of oil shale in Australia; but the need for a local supply of fuel oil is so great that efforts should be made to ascertain whether other Australian shales can also be worked on a commercial basis. When the Public Accounts Committee inquired into the production of fuel oil in the Commonwealth and in Papua in 1926 it visited various parts of the Commonwealth, including Tasmania. The committee, which had as its chairman the present Minister for the Interior (Mr. Paterson), reported as follows:—

In Tasmania the reserves, and probable reserves of shale, are set down at 42,000,000 tons, or 1,700,000,000 gallons of oil; the Mersey Valley representing 10,000,000 tons of actual reserves, and 27,000,000 tons of probable reserves, or 1,000,000,000 gallons of oil. The occurrence of shale in Tasmania has been known for about 50 years, and development work has been proceeding, but in a desultory manner, for the past twenty years. Although the oil content of the Tasmanian shale, generally called Tasmanite, is not so high as that of the New South Wales shale, averaging only about 40 gallons to the ton, the deposits are more accessible and more easily mined, and it is considered that from a commercial standpoint their development should be more favorable on account of the probable lower working costs.

In these circumstances I should like to know why the Government has concentrated upon Newnes when the Public Accounts Committee, after hearing expert evidence, recommended that the Tasmanian deposits were worthy of attention. The Newnes seams are only 18 in. to 2 ft. 6 in. wide, while the Tasmanian are much wider, but the oil content of the Newnes shale is greater than that of the Tasmanian shale. All these features were considered by the Public Accounts Committee, which eventually recommended

that Tasmanian shale offered the best opportunity for development on a commercial basis.

Although the bill contains only few clauses, the agreement consists of numerous paragraphs which it is impossible for a layman to study closely in the limited time at our disposal. The document has been prepared by the Crown Law officers and we must therefore accept it as protecting the Commonwealth Government and incidentally the taxpayers. Eighteen or twenty years ago the Tasmanian Government entered into a tentative agreement with the Commonwealth Government under which the Department of the Navy was to take the whole of the output of fuel oil obtained from Tasmanian shale over a period of ten years. The price was fixed, and a pipe line was to be constructed by the Commonwealth Government from Latrobe to Devonport. But the proposal was twice turned down by the Tasmanian Legislative Council by, I think, one vote. Greater encouragement should be given to private enterprise to develop our shale deposits, on which hundreds of thousands of pounds have already been expended unprofitably. I intend to support the bill, but I should like to know what the Government intends to do in respect of other shale deposits, particularly in view of the report of the Public Accounts Committee which said that the prospects at Latrobe were better than those at Newnes. That committee also stated:—

But extensive and rich as are Australia's shale deposits they are by no means inexhaustible, and on a conservative estimate the amount of oil in the known deposits will suffice only to supply Commonwealth requirements, at the present rate of consumption, for approximately 25 years.

It appears to the Committee, therefore, that these deposits, forming as they do a valuable asset, should be regarded purely as a national reserve and conserved as an insurance against the time when Australia's supplies from overseas may be threatened; and the Committee unanimously recommends that, as a defence measure, steps should be taken to have the oil-shale deposits of Australia vested in the Commonwealth.

The Commonwealth is strewn with the wreckage of what would have been great industrial enterprises, but for the destructive tactics of extreme industrialism. The Leader of the Opposition (Senator

Collings) had a good deal to say about Newnes. Apparently his principal objection to the proposal contained in the bill is that the development of the shale oil industry is not to be undertaken by the Government. Need I remind the honorable gentleman of the complete failure of that expensive experiment in transport that was undertaken by the Commonwealth Government many years ago—the Australian Commonwealth Line of Steamers? Under proper management that business might, perhaps, have been developed into an important Commonwealth asset. Unfortunately it was destroyed by the extremists of trade union organizations.

**Senator COLLINGS.**—It was destroyed by an anti-Labour government.

**Senator HERBERT HAYS.**—Its failure was an outstanding example of the short-sightedness of trade unionism. In view of past failures of government business enterprises, I can well understand this Government's reluctance to essay the development of the Newnes shale deposits as a Commonwealth venture. Former attempts to exploit the Newnes field have proved unsuccessful. The Government has done everything possible to ensure the success of this project, and I am sure that the majority of honorable senators hope that Mr. Davis' enterprise will be rewarded. I support the bill.

**Senator DEIN** (New South Wales) [12.38].—I support the bill. No one will deny that expenditure of public money in connexion with this proposal is amply justified because the production of oil in Australia is essential not only for peace-time industries, but also for the adequate defence of the Commonwealth in time of war, when our present sources of supply might be cut off at a moment's notice. The bill is a genuine attempt by the Government to make Australia, to some extent, independent of outside sources of supply. The Minister for Mines in New South Wales, when introducing a complementary bill in the New South Wales Parliament, drew attention to this condition in the agreement—

It is further provided in the agreement that the company shall instal at its own expense by the 1st January, 1940, all the plant necessary for the production of fuel oil suitable for the requirements of the Australian Navy.

It has been pointed out that earlier attempts to exploit the Newnes field were not successful. The Scullin Government some years ago made available £100,000 for this purpose, and, notwithstanding the Labour party's insistence on government control of such businesses, it made special provision that the exploitation of the Newnes shale deposits should be undertaken by private enterprise. It is also significant that when Labour governments were in power in the Commonwealth and New South Wales, there was no suggestion of joint action to nationalize this great business venture. In fact Mr. Lang, the New South Wales Labour Premier, absolutely refused to assist the Scullin Labour Government.

This agreement does not represent, as the Leader of the Opposition (Senator Collings) has said, an eleventh hour proposal. When Sir John Cadman, representing the Anglo-Persian Oil Company, came to Australia and visited the Newnes field about three years ago, the Government endeavoured to persuade his company to exploit the deposits. After an exhaustive examination of the proposal Sir John Cadman informed the Government that the Anglo-Persian Oil Company could not see its way to undertake the venture. Later a representative of Imperial Chemical Industries Limited visited Australia to make inquiries, and he, too, declined the risk on behalf of his principals. The Government then invited tenders from companies throughout the British Empire and in other countries, but not one offer was received. Realizing the urgent need for making Australia, to some extent, independent of outside sources, the Government then approached the gentleman whose name is mentioned in this agreement. Some years ago, when the affairs of Cockatoo Dock were in a serious condition, involving the Commonwealth in the loss of £50,000 a year, Mr. Davis, following representations from the Commonwealth Government, re-organized the business and has since made a success of it. Recently when he was asked to consider the development of the Newnes shale-field, Mr. Davis, again actuated by the highest possible motives, agreed to see

what could be done. Naturally the Government had to offer some inducement to ensure his acceptance of its proposal. If some honorable senators consider that the concessions specified in the agreement are, perhaps, too substantial, it must be borne in mind that it is the very best agreement that could have been made in the circumstances. A great deal has been said about the probable profits of the venture. I sincerely hope that the company will make a profit.

*Sitting suspended from 12.45 to 1.45 p.m.*

Senator DEIN.—Members of the Opposition seem to be rather concerned about the profits which the company may make, but I remind them that, before there can be profits, the undertaking must be successful. Any profits that the company might make would pale into insignificance compared with the benefit which Australia would derive from the successful exploitation of these fields. There are others who think that the losses which the company is likely to incur will be too great. Probably £750,000 would have to be expended without any return before the venture could be regarded as an utter failure; and, even then, the total expenditure could not be regarded as lost, for in the meantime from 1,000 to 1,500 men would have been given employment at award rates. The Leader of the Opposition expressed the fear that, in time, foreign control would strangle the industry. So far as I can judge from the brief examination which I have been able to give to the agreement, that risk is small; if any agreement is watertight in that respect, the one contained in this bill is. It provides that there shall be no foreigners among the shareholders of the company or those who shall manage its affairs. There is a further provision that, with the consent of either the Commonwealth Government or the State government, the articles of association may be altered. Should that time arise, no government, irrespective of its political outlook, would be likely to act against what it believed to be the best interests of Australia.

The Leader of the Opposition saw something sinister in the alteration which has been made to the original bill regarding the Commonwealth's financial commitments. At the moment, no one

can foresee what will happen; but we have this assurance, that before any money was paid—and only this Parliament can authorize payments—any new contingencies would be carefully examined. The degree of adequacy cannot be determined now; we must wait for these things to happen, if they are to happen at all.

Senator Herbert Hays advocated the exploitation of the deposits of shale in the Latrobe district of Tasmania, where, he said, the yield would probably be about 40 gallons of oil to a ton of shale. At Newnes, 50 gallons to the ton is expected, even from the lower grades of shale, and from the better grades, 100 gallons. If the deposits at Newnes cannot be successfully exploited, the prospects of success at Latrobe are remote. It will be time enough to turn our attention to other fields when we have successfully demonstrated at Newnes that oil can be economically produced from shale.

When this bill was discussed in the House of Representatives last week, the first speaker on behalf of the Labour party said that his party would not oppose it. During the week-end following his speech, that honorable gentleman and others of his party visited Sydney. What happened after they left the train I do not know; but we are all aware that, when the House of Representatives met again, the members of the Labour party unanimously opposed the bill with all the vigour at their command. I had hoped that the Leader of the Opposition would explain that mysterious change of front. The altered outlook of the Opposition seems to confirm what I said yesterday, namely, that the New South Wales section dominates the Labour party throughout Australia. Its members were instructed, in language which could not be mistaken, that they must oppose the bill. The necessity to preserve unity in the party seemed to be sufficient to induce Labour members from other States to follow the New South Wales lead.

Senator COLLINGS.—The honorable senator is wrong.

Senator DEIN.—I do not claim that the agreement is perfect; but it is the best that could be obtained, and it is certainly worth a trial. I sincerely hope that when, after a reasonable time has

elapsed, we look back on the passing of this measure, we shall be able to say that it was one of the most constructive and beneficial pieces of legislation that has been enacted for many years.

Senator JAMES McLACHLAN (South Australia) [1.50].—I regret that the agreement was not placed in the hands of honorable senators a little earlier, so that they might have had an opportunity to consider its provisions before discussing the bill. My remarks will be brief, for the further reason that I have only a limited knowledge of the process of extracting oil from shale. I am of the opinion, however, that the agreement will prove to be of great value to Australia. The Senate is supposed to be a States' house; and therefore we should consider this bill, and, indeed, all matters which come before us, solely in the interests of Australia as a whole. Australia's dependence on fuel oil is so great that we cannot afford to quibble about details. This is not the first occasion on which a grant has been made by the Commonwealth Parliament to assist the mining industry. Honorable senators will remember that some years ago a substantial grant for that purpose was made to Western Australia. It is true that the money which was advanced was all repaid; but the fact remains that the provision of the money was helpful to Australia as a whole. If at that time it was thought necessary to make a grant to assist the gold-mining industry, surely a grant to assist in the production of oil and petrol is fully justified now. If gold is a precious metal, it may well be said that petrol is liquid gold.

Senator E. B. JOHNSTON.—No grant was made; the company gave a guarantee to refund the money.

Senator JAMES McLACHLAN.—It is true that the money was repaid; but it was, nevertheless, a grant from the Commonwealth Parliament. There are some in the community who fear that oil cannot be produced from shale on an economically sound basis. That was the opinion expressed by a prominent business man in South Australia who is intimately connected with many of the biggest industries in the Commonwealth, when I discussed this subject with him recently. I asked him whether he would

say that oil could not be produced at a profit from shale, and he replied that he would not say that. In my opinion, the obtaining of oil fuel in Australia is so important that we must have regard to value, rather than to price.

The Opposition objects to the proposal contained in this bill on the further ground that the concern will not be controlled as a State enterprise. That very fact adds to its value in my opinion, for I believe that governments should govern, not trade. It is astonishing to hear honorable senators from Queensland advocating State control, for if there is one State in the Commonwealth that has suffered from State control of industry, it is Queensland. That State has had a wonderful experience of government control!

Senator COLLINGS.—The honorable senator has got hold of the wrong story.

Senator JAMES McLACHLAN.—I challenge the Leader of the Opposition to give one instance of government control that has proved successful.

Senator COLLINGS.—What about State insurance in Queensland?

Senator JAMES McLACHLAN.—I refer the honorable senator to the experience of Queensland with government-controlled sheep stations.

Senator COLLINGS.—The people were able to obtain meat at half price.

Senator JAMES McLACHLAN.—And the enterprise almost broke the State. One South Australian benefited considerably from those cattle stations. We have also heard a good deal from the Opposition of the danger of influential foreign oil companies getting control of this industry.

Senator COLLINGS.—They will certainly get control of it.

Senator JAMES McLACHLAN.—I do not think so. In my opinion, the talk we hear of the influence of overseas oil companies on our oil supplies is so much bunkum.

Senator COLLINGS.—What about the Commonwealth Oil Refineries?

Senator JAMES McLACHLAN.—I have in mind particularly the accusation that when indications of oil appeared in a bore at Roma, Queensland, some one dropped a tool down the bore. In regard to the alleged influence of foreign oil companies, I cite the experience in

connexion with a bore which was put down in South Australia in the search for oil. Many reputable persons affirm that oil was found there. It was alleged that American oil companies had been too clever for them, and took control, and that, for that reason, the bore is sealed down to-day. At the present time, that bore is throwing up daily 500,000 gallons of water, and I fail to understand how the quantity of oil lying at the bottom of the well can be known. The development of Newnes will be the means of providing employment. If only 100 men were to be employed on this project, that would be sufficient reason for me to support it. I hope that if this venture proves successful the Government will not confine its attention to New South Wales, but will extend its support to similar undertakings in other States where shale deposits exist. Whilst South Australia has no shale deposits, it possesses wonderful deposits of brown coal, the development of which would be of great benefit to Australia. Although a very large sum of money is involved in this proposal, I believe that the production of oil in this country is so important that we are justified in taking a risk for the sake of having the industry established in the Commonwealth.

**Senator UPPILL** (South Australia) [2.1].—I am not quite so enthusiastic about this proposal as are some of my colleagues, particularly Senator Arkins. At the same time, however, I commend the Government on having made a thorough investigation into the processes of extracting oil from shale and coal. Nevertheless, when we realize that we are likely to produce only about 4 per cent. of our oil requirements through this undertaking it will be generally agreed that, at this stage at any rate, this proposal is merely an experiment, and, in my opinion, an altogether too costly one. The matter of the extraction of oil from shale and coal has been before the Commonwealth Government for about twenty years, and in view of that fact, I maintain that if there were any possibility of success in this direction some private company would long ago have undertaken the enterprise and had it well established by now. Under this agreement we risk losing a considerable amount of money

annually for about twenty years. In respect of this commitment, the bill is similar to many by which the Government is assisting primary and secondary industries to-day. If it could be definitely shown that through the development of Newnes, we could meet substantially our defence requirements, I would have no particular objection to the agreement. Because of the vast distances to be covered in this country, we shall still have to face the problem of transporting this oil, should it be successfully produced at Newnes, to the various points where it will be required in time of war. In view of the fact that we can import petrol at a cost of approximately 5½d. a gallon, I believe it would be better to expend the money, which it is now proposed to devote to this proposal, in establishing petrol storage depots at strategic points throughout the Commonwealth. I repeat that we are spending too much money on what is, at this stage, merely an experiment, when we should be establishing storage depots in readiness for a time of national emergency, while, at the same time, carrying out experiments in the extraction of oil from shale and coal. Furthermore, we are faced with the possibility that at any time flow oil may be discovered in Australia. In that event, we would have no possible chance of retreating from our position under this contract, by which we shall be bound for the next twenty-seven years. Then again, it is within the realms of possibility that science may discover other means of motive power. For the reasons which I have given, I feel that this bill will commit us to too great a liability in respect of what I can only regard as an experiment.

**Senator GRANT** (Tasmania) [2.6].—I cannot feel at all enthusiastic about this agreement. If we are to look at it purely from the defence point of view something can certainly be said in favour of it, but judging it on the strictly commercial or business basis, I agree entirely with the statements of honorable senators from New South Wales that the contract reveals Mr. Davis as a good business man. Every provision in this agreement is in favour of the company, and to the disadvantage of the

Commonwealth Government or the Government of New South Wales. Paragraph 13 of the schedule, for instance, provides that if the present customs duty or excise duty on petrol be reduced, the company shall receive a bounty on the petrol it produces, equivalent to the loss it suffers in this respect. In view of that, what chance is there of the price of petrol being reduced during the twenty-seven years of the currency of this agreement? Under this provision, the Government would be hit in two ways: first, by the reduction of either the customs duty or the excise duty; and, secondly, by being obliged to pay a bounty equivalent to the amount of loss resulting from such reduction. That is all right from the point of view of the company, but it is very disadvantageous from the point of view of hundreds of thousands of petrol users. We find also that the cracking plant and any other machinery required by the company, which cannot be manufactured in Australia, is to be admitted free of duty. I agree with that provision, but I recall that when senators from Tasmania endeavoured to have a similar concession applied to certain machinery required in that State, they were unsuccessful, although that machinery could not be manufactured in any part of the British Empire. Certainly the Government has since relented, but a tremendous fuss was made when senators from Tasmania first sought this concession. The agreement also extends a remarkable measure of preference on the part of the Commonwealth Government and the Government of New South Wales to petrol produced by this company. What chance will any other company which may succeed in producing oil in this country have of obtaining orders from these two governments? Under the agreement, these governments are committed to buy their supplies of petrol from this company, subject to satisfactory quality and price. Thus, the Newnes Company will enjoy a monopoly of the supply of petrol to the Commonwealth Government and the Government of New South Wales so far as they are able to supply. I also point out that in respect of its depreciation provisions, this agreement is unlike any other comparable agreement in existence in

*Senator Grant.*

Australia. The rates of depreciation are to be those set out in the bill and by reason of this fact, the company would also enjoy a privilege in respect of taxation.

The principal point to which I draw the attention of honorable senators is the alteration effected to clause 7. As originally drafted, it set out clearly the exact amount of the liability of the Commonwealth Government, but as a result of the amendment adopted in the House of Representatives, a blank cheque is given to this Government and successive governments for the next 27 years.

*Senator JAMES McLACHLAN.*—What is the amount stated in the agreement?

*Senator GRANT.*—No amount is stated in the bill. The figures which appeared in the original measure when it was introduced in another place were taken out by the amendment to clause 7.

*Senator DIEN.*—Is it possible to state the amount of the Government's liability?

*Senator GRANT.*—I think so, because in paragraph 24 of the schedule we find that Mr. Davis has been very careful in limiting his liabilities.

*Senator E. B. JOHNSTON.*—The Government's liability is mentioned in the agreement.

*Senator GRANT.*—Originally clause 7 read—

There shall be payable out of the Consolidated Revenue fund, which is hereby appropriated accordingly, the sum of £334,000 for the purpose of meeting the liabilities of the Commonwealth arising under the agreement.

At the instance of the Government that clause was amended in the House of Representatives to read—

There shall be payable out of the Consolidated Revenue fund, which is hereby appropriated accordingly, such sums as are necessary for the purpose of meeting the liabilities of the Commonwealth arising under or out of the agreement.

Thus, we are asked to give a blank cheque.

*Senator DEIN.*—To whom?

*Senator GRANT.*—To whatever governments may happen to be in office during the currency of the agreement.

*Senator DEIN.*—It is being given to Parliament.

Senator GRANT.—No; under this measure we are appropriating an unstated amount in order to enable the government of the day to meet its liabilities under this agreement. That appropriation will never be referred back to Parliament. Paragraph 24 of the agreement reads—

If, within the period ending on the 31st December, 1959, petrol is produced from Australian flow oil to an extent that it is impossible for the company, as a result of such production to operate except at a loss, and if, at that time, the company is not in default under this agreement or the deeds of covenant and charge hereinbefore referred to, the Commonwealth and the State shall favorably consider granting adequate relief to the company.

Those words are very vague; they might mean anything or nothing. That clause, I suggest, should be struck out altogether.

Senator ARKINS.—What provision would the honorable senator put in its place?

Senator GRANT.—None whatever. What does it mean? If the company has a good case it is perfectly entitled to put it before the government of the day. If it means anything at all, it is all in favour of the company and against the Government. We have also to consider the matter of the hydrogenation of coal. Important developments can be expected in this respect within the next few years. I do not agree with the contention of the Leader of the Opposition that the works at Billingham-on-Tees have proved a success financially. We know that economically that undertaking has been a dismal failure. But other processes in which coal will be used as the primary factor in the production of petrol will, no doubt, be developed successfully during the next 20 years. Thus there is no reason why we should be tied up to buy all the petrol this company can supply and at the same time prevent any other company from supplying petrol to this Government and the Government of New South Wales. Another point I raise is that the two governments will supply three-quarters of the company's capital, but will have no representation on the directorate. It seems extraordinary to me that this Government has allowed itself to be placed in such a position without a government

representative on the board. The company will have an opportunity to fix up its accounts in such a way that, for many years, it may be impossible for this Government to obtain more than a small return on its money, even if it gets that. Yet nothing can be done, because neither the Commonwealth nor the State will have representation on the board, and the accounts can be presented in any way which the company deems advisable. The books certainly will be subject to investigation, but they have not to be audited by the Auditor-General. The company must simply make them available for inspection if required by him.

Senator DEIN.—Does not that mean that he can audit them if he likes?

Senator GRANT.—I do not think so, because there is no provision for auditing them.

Senator DEIN.—He can make a report.

Senator GRANT.—He can inspect the books, but that is not to say that he will report on them, although a report may follow. His report will, however, carry no weight, because under this bill he has no standing and no authority to do anything further.

Senator DEIN.—The Government would take action.

Senator GRANT.—What action could the Government take? I do not intend to oppose the second reading, because, for the sake of defence, it is necessary to make experiments with a view to obtaining some security in our petrol supplies, but I repeat that, so far as this agreement is concerned, it is one-sided, being entirely in favour of the company which is making it, whilst it does not safeguard the interests of the Federal Government. Under the present circumstances, however, I reluctantly support the second reading.

Senator E. B. JOHNSTON (Western Australia) [2.17].—I have listened to Senator Grant's speech with a good deal of interest; he has certainly made out a case that shows that the Commonwealth is getting a very poor business deal in the agreement which we are being asked to confirm to-day. I am satisfied that the Senate should not pass the measure with so little consideration at this late stage of the session.

There is no doubt that the agreement throws a heavy financial responsibility upon the Commonwealth, whilst it also involves a big loss of revenue to the Treasury—a loss which will, I think, result in maintaining the present high price of petrol for the whole currency of the agreement. If the agreement be ratified, it is very unlikely that the motoring public of Australia, and those who use motor spirit for transport and production, will receive any relief in regard to its price during the next 20 years. I do not know what extra burden, beyond that shown in the agreement, may be thrown upon the Commonwealth Treasury by the alteration that was made in the bill last night in the House of Representatives. As a matter of fact I prepared my brief remarks on the subject from the bill as it was introduced in the other chamber, but it has reached us to-day with the most important clause, that dealing with finance, entirely altered. Instead of the Commonwealth being liable, as it was yesterday, to find £334,000 as well as to shoulder certain other tentative responsibilities, the bill now provides that "there shall be payable out of the consolidated revenue fund, which is hereby appropriated accordingly, such sums as are necessary for the purpose of meeting the liabilities of the Commonwealth arising under or out of the agreement". That clause has very properly been described by Senator Grant as giving a blank cheque to the Government. Parliament will have no say whatever in fixing in the amount. However, under the agreement, National Oil Proprietary Limited is to find £166,667 of capital, the Commonwealth Government is to find from revenue immediately £334,000 of debenture capital for the company, and the Government of the State of New South Wales is similarly to find £166,000 of debenture capital, all at 4½ per cent. interest. The Commonwealth Government and the Government of New South Wales are, therefore, finding three-quarters of the capital for this enterprise.

Senator GRANT.—And will have no say in it.

Senator E. B. JOHNSTON.—Yet, as Senator Grant rightly interjects, the Commonwealth Government will have no

say in it. Despite the recommendations made on the subject by the Public Accounts Committee and by the Newnes Investigation Committee, to which I shall refer later, the Commonwealth is to have no control, not even one director. Both those bodies recommended that the Commonwealth, if it gave assistance, should have substantial representation on the directorate of any company that might be formed. The Commonwealth and the State are to find so large a proportion of the capital and yet neither of them is to have the right to appoint a director or directors to control the expenditure of these large sums of public funds. That is a flaw in the bill, and should be amended. If the contract is carried to its conclusion the company will have found only 5s. in the £1 of the total capital, yet its directors will have the entire control of the expenditure of the money, including the fixing of remuneration and other charges. It is unwise to ask the Commonwealth to find such a huge amount of government money for so speculative a purpose, or to permit the expenditure of £500,000 of government money, State and Commonwealth, to pass entirely out of its control. In the House of Representatives yesterday I heard Mr. Nairn, the honorable member for Perth, who is a solicitor, expose many of the legal weaknesses and loosenesses of the agreement and he convinced me that we should be most unwise to approve this loosely-drawn agreement in its present form, without further safeguards for the Commonwealth.

Senator ABBOTT.—Did the honorable senator hear the Attorney-General? If he had, I think he would have been convinced the other way.

Senator E. B. JOHNSTON.—I was unable to obtain a seat for the duration of the debate. I simply listened to a part of it, and did not know when I went there that Mr. Nairn was going to speak. I draw attention to paragraph 24 of the agreement, which provides that if, within the period ending 31st December, 1959, which is twenty years from the commencement of the operations of the company, "petrol is produced from Australian flow oil to the extent that it is impossible for the

company, as the result of such production, to operate except at a loss, the Commonwealth and the State shall favorably consider granting adequate relief to the company". That is certainly most favorable to the company, and pays no regard to the interests of the Commonwealth and the State of New South Wales, which between them will have already found three-fourths of the capital of the company and, so far as I know, will also have found the land which the company is to lease. It is not quite clear to me to whom the lease at Newnes and the plant already there belong. Apart from that, however, this paragraph places upon the Commonwealth a responsibility which, it seems to me, may land it in severe financial loss to an unlimited amount. That paragraph should, I think, be altered, and the liability of the Commonwealth and the State of New South Wales more clearly defined, if they are to accept any liability at all. I should like to know what the Government would consider adequate relief to the company in the circumstances contemplated by that paragraph. I shall be pleased if the Minister will indicate his valued opinion as to what our liability is under that paragraph of the agreement.

The Government will also lose the petrol tax of 7d. a gallon, plus the primage upon the oil products of Newnes. This, I think, is estimated to cost us £250,000 a year, so that, even if the scheme is a success, the loss to the Commonwealth will still be heavy. Incidentally, that loss will be reflected on the States in connexion with the grants to them in aid of roads. One of the main objections, in my opinion, is that the agreement will keep up the price of petrol to motorists, and be a tax on transport and production for the next twenty years at any rate. I know that, from a national stand-point, it is essential that Australia should be able to produce its own petrol, particularly for use in time of emergency. If the Government had accepted the recommendation of the Joint Committee of Public Accounts in regard to developing and reserving these deposits for defence purposes solely, I should certainly have supported the measure wholeheartedly.

Senator ABBOTT.—There is a definite stipulation in regard to the Navy.

Senator E. B. JOHNSTON.—I know; but it seems to me that the sale of this petrol, the supply of which is estimated to meet the full requirements of Australia for only 25 years, may actually, under ordinary and normal conditions, weaken our defence reserves, should a time of war or other emergency unfortunately arise. From the stand-point of defence, the Public Accounts Committee in 1926 recommended that a nucleus unit should be established at Newnes to be in readiness as a national reserve in case of emergency. This appears in its second report on shale oil and power alcohol published on the 23rd February, 1926, which is a long while ago. Nothing has been done in the meantime. Whilst I think the course being followed is not the wisest or best possible, I commend the Minister for Development, who has certainly been a success in his office, for having lifted the development of Newnes into the realm of practical politics, and for doing something, if not exactly in the way that I think best. In this report of the committee there is a good deal of correspondence, which I do not wish to quote in full, but it shows in 1925 that the Prime Minister of the day, Mr. Bruce, made inquiries as to what suggestions the committee could make with the object of ensuring the continuance of the industry "in any way which does not involve the making of monetary advances by the Commonwealth Government to a private firm". Honorable senators will, therefore, see that even at that stage the then Prime Minister was anxious to assist in the development of Newnes, but not in such a way as to involve the granting of monetary advances to a company as this bill proposes. This is only another of the many occasions on which I have had to commend the ideas of that great publicist and statesman, as compared with some that are being put into operation to-day. Mr. Bruce, as I say, particularly asked how the development of Newnes and the continuation of the industry could be ensured in a way which would not involve the making of monetary advances by the Commonwealth Government to a private firm. He

wished to avoid the procedure which is laid down in this agreement. He wished, as I do, to see the oil resources of this country developed. The committee made a lengthy reply from which I desire briefly to quote—

Although our previous correspondence has referred specifically to the shale oil works at Newnes, the committee recognized, from the outset of its deliberations, that any further governmental assistance accorded the industry must be available to all who are making bona fide efforts to produce oil from our shales. My committee has been unable, however, to arrive at a unanimous decision as to the best means by which such assistance should be granted. I therefore submit for your information the following alternative proposals, any one of which, it is considered, will offer a solution of the problem.

The committee then proceeded to submit the following four proposals:—

The Commonwealth Government should, as soon as possible, make available a sum of money—not less than £100,000—for the encouragement, assistance, and development of the shale oil industry for the purpose of our national defence. This money should be advanced to applicants only after thorough examination of claims submitted, and be repayable on suitable term under a mortgage or lien to be taken over the applicant's assets and the results of his operations. In view of the special circumstances surrounding the Newnes proposition, a sufficient portion of this sum should be immediately made available, under the conditions indicated, to enable the mine to be put in order, the plant reconditioned, and the works generally brought to a production basis. Care should be taken that operations are so conducted that the value of the works from a defence standpoint is not lessened. It might here be mentioned that out of the sum of £270,000 appropriated by the Shale Oil Bounty Act 1917-1923 for the payment of bounty on shale oil produced in Australia an amount of £144,844 is still available.

That suggestion was not adopted by the Government, and it seems that the desire of Mr. Bruce that any scheme should not involve an advance by the Commonwealth has not been accepted. The next two proposals were—

Money for the above purpose could be made available under the Defence Estimates in the form of a grant, with conditions governing the operations of the various works which would ensure adequate supplies in an emergency.

The control of the shale oil deposits in Australia could be taken over and vested in the Commonwealth Government. It might be added that the Navy Department of the United States of America holds, in reserve, large areas of oil shale.

Senator E. B. Johnston.

Although I think that most undertakings can best be conducted by private enterprise, if there is anything from which private enterprise should be excluded and the field retained entirely by the Government, it is the manufacture of munitions and the production of oil for military and other defence purposes.

Senator ARKINS.—The honorable senator should not lose sight of the fact that the shale oil industry has been uneconomic for years.

Senator E. B. JOHNSTON.—I have not lost sight of that fact. I have already commended the Minister because something is being done for the industry under this measure, although, in my opinion, not in the best possible way. The fourth proposal was—

The Commonwealth could acquire a controlling interest in the Newnes or other shale works by means of a partnership agreement on the lines of that entered into between the Commonwealth Government and the Anglo-Persian Oil Company Limited, but provision should be made for the Commonwealth to have a majority on the board of directors and to hold a majority of the shares.

I regard it as unfortunate that the Commonwealth and State Governments, which are finding three-quarters of the money to finance this venture, are not to have a controlling interest in the company as the Joint Committee of Public Accounts recommended. That committee, after careful consideration of all the evidence submitted by a large number of witnesses, recommended, in the public interest, that provision should be made for the governments to have a majority on the board of directors, and also a majority of the shares. The Commonwealth and State Governments combined are finding a proportion of the capital which entitles them to that representation on the directorate, yet there is to be no government representative on the board, let alone a majority as recommended by the Joint Committee of Public Accounts. I am not satisfied that the Senate should approve of this bill in its present form. After the committee had completed its investigations, it stated—

But extensive and rich as are Australia's shale deposits they are by no means inexhaustible, and on a conservative estimate the amount of oil in the known deposits will suffice only to supply Commonwealth requirements, at the present rate of consumption, for approximately

25 years. It appears to the committee, therefore, that these deposits, forming as they do a valuable asset, should be regarded purely as a national reserve and conserved as an insurance against the time when Australia's supplies from overseas may be threatened; and the committee unanimously recommends that, as a defence measure, steps should be taken to have the oil-shale deposits of Australia vested in the Commonwealth.

I oppose this agreement to hand over the control of so much money to a private company, because I believe that we should adopt the recommendations of the committee that the shale oil deposits should be regarded purely as a national reserve, and conserved as an insurance against the time when Australia's supplies from overseas may be threatened. I should like that recommendation to have been carried into effect. The committee then made the following observations:—

To leave the development of these deposits until an emergency arises would be hazardous; research and experimental work should, therefore, be carried on to the point of production, and the works then placed on a nucleus basis in conformity with the policy already controlling the munitions factories so that, when the necessity arises, full production could be reached without undue delay.

That recommendation should also be adopted. The sum of £334,000, which we are asked to provide in this measure would at least be sufficient to carry out the committee's recommendations that the works be placed on a nucleus basis. The committee also stated:—

The committee was informed in evidence that notwithstanding the large production of flow oil in the United States of America, the Navy Department of that country holds in reserve large areas of oil shale.

The recommendation that the shale deposits should be regarded purely as a national reserve was arrived at unanimously by the committee, and was signed by Mr. Paterson, who, to-day, is one of the leading lights of the present Government. I hope that, even at this late hour, the Government will be wise enough to give effect to the committee's recommendations rather than proceed with the present measure. If it wishes to have expert guidance on this subject it has not only the reports of the Accounts Committee, but also that of the Newnes Investigation Committee, an important body representative of the Governments of the Commonwealth and New South

Wales, which inquired into the Newnes-Capertee shale oil project and presented its report on the 9th April, 1934. Mr. Robert W. Nelson, chartered accountant, was nominated by the Commonwealth Government and the Government of New South Wales, and acted as chairman. The nominees of the Commonwealth Government were—Sir John Butters, Sir Herbert Gepp, and Mr. Alex J. Gibson; the nominees of the New South Wales Government were Mr. V. J. F. Brain, Mr. E. J. Kenny and Mr. Malcolm Morrison, who, I feel sure, were men of high standing in New South Wales.

Senator ARKINS.—Mr. Nelson was the president of the Western Miners' Federation, and is in favour of this agreement.

Senator E. B. JOHNSTON.—He was an independent chairman. The committee made a lengthy and comprehensive report which should have been read by all honorable senators before they attempted to deal with the bill now before the Senate. The committee summarized its findings in no less than 39 conclusions. Under the heading "Marketing" the committee stated—

(22) In view of the Commonwealth's interest in the Commonwealth Oil Refineries Limited, that company is considered to be the natural channel for marketing Newnes products.

(23) Negotiations under (a) or (b) above would be facilitated by the governments and public bodies undertaking to purchase their petrol requirements (about 2,000,000 gallons per annum in Sydney) from the company distributing Newnes products.

(24) It is undesirable to add to the existing organizations and facilities for distribution.

Conclusion No. 29 was—

The peace time requirements of the Royal Australian Navy would absorb the bulk of the output of fuel oil. Any balance might be sold in the open market or to Government Departments or alternatively utilized at the works in lieu of coal.

The only other conclusions of the committee to which I shall refer are as follows:—

(30) Based on delivery f.o.r. railway tank cars Sydney, the following prices for finished products are considered to be competitive:—

Motor Spirit (second-grade not ethylized) . . . . . 11½d. gal.

Fuel oil . . . . . £2 13s. 6d. a ton

These prices have been assumed in the committee's financial estimates.

(39) Viewing the project from a national standpoint—

1. Employment would be provided for 350 persons directly and probably for an equal number indirectly.

2. There would be produced annually in Australia 6,000,000 gallons of petrol from Australian raw materials.

3. The peace time requirements of the Navy in fuel oil would be supplied.

4. The Commonwealth and State Governments would suffer a joint net loss of revenue estimated as follows:—

	£
1st year of production .. ..	125,000
2nd, 3rd and 4th years, per annum ..	161,000
Subsequently, per annum ..	121,000

These figures take no credit for Unemployment Relief Taxation payable by employees, or of relief from unemployment and sustenance payments by governments.

Against this, distinguished critics in the House of Representatives, estimate the loss of revenue at £250,000 a year. I intend to vote against the second reading of the bill, but I should like to see the Newnes deposits developed for defence purposes on the lines recommended by the Public Accounts Committee.

**Senator LECKIE** (Victoria) [2.47].—I protest against the manner in which this bill has been presented to the Senate. Within twenty minutes of the measure being placed in our hands, we are expected to debate the second reading. That is not a fair way in which to treat the members of this chamber. Such methods will bring it into disrepute. This is a closely printed bill of 22 pages, and the agreement is of an intricate nature. I do not blame the Government, for it got a raw deal from the House of Representatives, but a bill of this magnitude, with all that it implies, cannot be fully understood after a few minutes' examination. I shall consider the measure from a strictly business point of view, in order to see what justification there is for it. It seems to me that it can be justified on two main grounds—its value for defence purposes, and the fact that it will provide employment. The Government is committing the people to an expenditure of nearly £6,000,000, which sum is to be appropriated by this bill. Clause 7 appears to be an innocently worded one, but it has much significance. It provides—

There shall be payable out of the Consolidated Revenue Fund, which is hereby appropriated accordingly, such sums as are neces-

sary for the purpose of meeting the liabilities of the Commonwealth arising under or out of the agreement.

The Commonwealth, in the first place, is to advance £334,000. I desire to correct the Opposition in saying that when 166,667 shares have been subscribed and allotted, and have been paid for to the amount of 5s. a share, the Commonwealth will be committed to the expenditure of £334,000. That is not so. The Commonwealth and New South Wales Governments together have to vote three-fourths of the money to be advanced, but the Commonwealth Government does not have to find the whole of the £334,000 until the company has provided £166,000 in cash. Yet the Commonwealth is committed to provide eventually cash to the amount of £334,000, and it must suffer a reduction of revenue to the amount of £250,000 a year for twenty years, which amounts to £5,000,000. Therefore, Australia stands to lose this £5,334,000 if the enterprise fails.

**Senator BRENNAN**.—A loss of revenue can hardly be called a commitment.

**Senator LECKIE**.—Of course, it is a commitment. Paragraph 24 of the agreement provides—

If within the period ending on the 31st December, 1959, petrol is produced from Australian flow oil to an extent that it is impossible for the company as a result of such production to operate except at a loss and if at that time the company is not in default under this agreement or the deeds of covenant and charge hereinbefore referred to, the Commonwealth and the State shall favorably consider granting adequate relief to the company.

I should say that the Commonwealth and the New South Wales Governments are banking on failure to discover flow oil in Australia. If it were found—and I hope that it will be—the Commonwealth would be committed to at least a further outlay of £166,000, for if the company was reasonably treated by the Commonwealth and State Governments, the sum of £166,000 invested by it would be refunded.

**Senator A. J. McLACHLAN**.—Would not the honorable senator pay cheerfully for the discovery of flow oil?

**Senator LECKIE**.—I am not dealing with the matter from that aspect. I am merely pointing out to what extent the Government is committed by this bill.

There are three reasons why the measure should be supported. As I have already mentioned, it can be justified on the grounds that oil is necessary for defence purposes, and that the enterprise would provide a considerable amount of employment. The third justification is that the production of oil from shale would be necessary if the supplies of flow oil became seriously depleted, as experts seem to think they may. In that event we should have to fall back on other means of producing the petrol required for internal combustion engines. To my mind, the main purpose of the bill is to provide employment, and I am astonished to hear objection to the measure from the Opposition. The object is to provide employment for a class of men who have difficulty in taking up a new kind of job. Coal-miners are traditionally unwilling to change their occupations. No matter what the vicissitudes of their industry may be, they do not readily leave it to enter other avenues of employment. In Australia, as in Great Britain, the absorption of unemployed coal-miners in other kinds of work constitutes a difficult problem. Bold steps have had to be taken in Great Britain, and, in my opinion, the Commonwealth Government has acted rightly in endeavouring by this bill to provide employment for a body of unemployed men estimated to number about 2,000.

Viewing the matter from the aspect of defence, the maximum production from the Newnes deposits is estimated at 10,000,000 gallons a year, which is hardly one-fiftieth of the quantity required for Australia's needs in times of peace, let alone the much larger quantity that would be required in a time of emergency. If the Commonwealth expended £334,000 or, perhaps, a little more, in providing secret and protected reserve storages, each capable of holding 6,000,000 or 7,000,000 gallons, which would not become a target by bombing aeroplanes, that would be a much better business proposition than the incurring of the heavy expenditure that would be involved in increasing the production of oil from shale to the huge quantity that would be needed in an emergency. It seems to me that the chief

justification for the bill is that the venture will provide a considerable amount of employment.

It has been stated by the Opposition that this undertaking should not be handed over to private enterprise, but I consider that the Government has been wise in persuading private people to share in the risk involved by subscribing a quarter of the necessary capital.

Senator COLLINGS.—In other words, the honorable senator thinks that the Government is selling the company a gold brick.

Senator LECKIE.—Having decided to establish the industry, the Government has made an astute business deal with Mr. Davis, and is in a much better position than the gentleman who is risking £166,000 of his own money. If there are any advantages in the agreement, they rest with the Commonwealth. Yet, as I have already indicated, my only reason for supporting the measure is that it will provide a good deal of employment. If it will give work to 2,000 coal-miners who are now idle—

Senator COLLINGS.—The number of miners who would be directly employed is estimated at 600, and probably 2,000 persons would be indirectly employed.

Senator LECKIE.—I am now informed that 600 will be directly employed, and 2,000 indirectly engaged in the industry. If 2,000 men will eventually be provided with employment for twenty years, the expenditure will be justified; but I do not think that coal-miners take very readily to any other class of work. We have, however, to remember that over a period of twenty years the Commonwealth is committed to an expenditure of £5,500,000, and probably more, and those who do not think that such an expenditure is justified should oppose the bill.

Senator FOLL (Queensland) [3.2].—I was a member of the Public Accounts Committee which investigated the extraction of fuel oil from the shale deposits at Newnes, and also inquired into the production of power alcohol. After a lengthy inquiry, during which many experts were examined, the committee submitted its recommendations, some of which were

cited by Senator Herbert Hays and Senator E. B. Johnston. Like some other honorable senators I am supporting the bill merely because it is an honest attempt on the part of the Government to afford some security to Australia in a national emergency. Personally, I do not see any possibility of the production of fuel oil from the shale at Newnes becoming an economic proposition, because the industry was thoroughly tested when the price of fuel oil in Australia was exceptionally high. Hundreds of thousands of pounds have already been expended, unsuccessfully, at Newnes, where the shale seam, although rich in oil content, is narrow, which makes mining costly. When the investigation was being conducted by the Public Accounts Committee it was stated on the most reliable authority that the plant now installed there should have been in another valley, where the plant will probably be located by those who are now to engage in this venture.

**Senator A. J. McLACHLAN.**—A tunnel is to be driven through a hill to connect the two valleys.

**Senator FOLL.**—That may overcome the disadvantage to some extent. I do not believe that this project will become a sound commercial proposition, as I have been informed by Senator Plain that the shale seams in Scotland, where the costs of handling are much lower than in Australia, show little or no profit after working at full pressure with the assistance of a government subsidy. I believe that it would have been a much better proposition to assist in the production of power alcohol instead of risking such a large sum of money at Newnes. The Public Accounts Committee pointed out in its report that while shale seams remained undeveloped they could be held as a reserve against the time when supplies of fuel oil could not be obtained from overseas. If the resources at Newnes become exhausted in 25 years—if production is expedited the period may be even shorter—this reserve will no longer be available. The production of power alcohol in Australia is a totally different proposition in that it would be produced from annual crops, and, consequently, would be more economical than the development of this doubtful project which the Government

is sponsoring. The production of power alcohol in substantial quantities would assist to develop hundreds of thousands of acres of land eminently suitable for the growth of those commodities that yield power alcohol, whereas under this proposal a valuable reserve will, in time, become exhausted. When the Public Accounts Committee was conducting an inquiry into the Newnes shale deposits, Mr. Fell and others connected with the industry, informed me that, when treating the Newnes deposit, they experienced numerous industrial troubles owing to the difficulties of mining a narrow seam, and that costs in comparison with those in other countries were extraordinarily high. The quality of the shale, however, is exceptionally good. The Government is submitting this proposal to Parliament as a part of its defence scheme in order to ensure a supply of fuel oil when consignments from overseas may not be available, and that is all, I think, that can be said in its favour. In these circumstances I am reluctantly compelled to support the bill.

**Senator A. J. McLACHLAN** (South Australia—Minister in Charge of Development) [3.7].—*in reply*—It may save the time of the Senate if at this stage I reply to some of the points raised by honorable senators who are supporting or opposing the bill. I have already said that the Government is submitting this proposal to Parliament with the sole object of endeavouring to provide some security against the time when supplies of imported fuel oil will not be available. The additional scientific knowledge and technique that will be gained in treating this huge deposit in the Newnes and Capertee Valleys will be of inestimable benefit to the Commonwealth. One would think from the statements by Senator Foll and some other honorable senators that the deposit at Newnes is the only deposit in Australia, but there are millions of tons of shale in varying quantities and qualities in different parts of the Commonwealth. We cannot visualize the possibilities in respect of shale, and, as I stated in moving the second reading of the bill, the method now proposed appears to be the most economical way to produce fuel oil in Australia for use in

national emergency. To erect storage tanks, as suggested by Senator Leckie, and fill them with fuel oil would cost £662,000, and the annual bill for depreciation, loss by evaporation and interest would amount to approximately £60,000 or £70,000. Should overseas supplies be cut off, we would then have no means of replenishing the stocks. It is most essential, therefore, to acquire, by actual experience, the method by which fuel oil can be extracted economically from shale. Even if the Newnes deposits be worked extensively our reserves will not be really depleted. It would be useless to have a reserve in the form of shale which could not be utilized should the occasion arise. The production of oil from shale has been the subject of investigation for many years and a really satisfactory method of extraction has recently been evolved. In conducting this essential work we shall be able to determine the most economical way to extract oil from shale, and also from coal. The Leader of the Opposition (Senator Collings) and Senator E. B. Johnston suggested that the undertaking should be nationalized, and the latter proceeded to read the recommendation of the Newnes Investigation Committee. I suggest that the honorable senator should have cited the latest report of the committee, a portion of which reads—

The committee desires to emphasize its conviction that a project of this type can only be carried out successfully by an organization having at its command men of the widest experience in the technique and administration of the industry. So many aspects of mining, fuel technology and engineering are involved that an undertaking of necessarily small output, such as that proposed, could not afford to employ on its staff all the specialists whose assistance would be vital to success. The committee therefore considers that any company commencing operations at Newnes, while Australian in constitution, should be in close affiliation with some large overseas organizations having extensive contact with problems akin to those which will present themselves locally. Finally, the committee is of the opinion that the project cannot be successfully developed as a government enterprise, and that it should not be proceeded with unless an organization conforming to the foregoing requirements can be interested therein, either on its own account or in conjunction with the governments on the lines contemplated in the committee's original report.

That report was in conformity with the views of the Scullin Government when

it allocated £30,000 in 1931 for the development of the oil shale industry. The sum then set apart was quite insufficient for the purpose, but most of us grow wiser as we grow older. The Scullin Government stipulated that the development of the Newnes-Capertee oil shale deposit should be undertaken by private enterprise. That is the proposal contained in this bill. I venture the opinion that if honorable senators had seen what I saw at Newnes, when the work was under Government control, they would not for a moment consider its continuance advisable as a government undertaking.

Senator Sir GEORGE PEARCE.—The Wonthaggi coal mine in Victoria, another Government enterprise, is showing heavy losses.

Senator A. J. McLACHLAN.—That is so. I recall that a Labour Premier of South Australia, a friend of mine, declared that a mine which he had nationalized was more like a lying-in home than a State coal mine. Senator Grant, in his criticism of the measure, said he could see no hope of a reduction of the price of petrol. It is not suggested that there will be a reduction. I am afraid the honorable gentleman took a somewhat limited view of the requirements of the two Governments. The company would be unable to supply the whole of their needs because of its location. I am informed that the requirements of the navy alone amount to approximately 19,000 tons of crude oil a year.

Senator GRANT.—If the company supplied all the Governments' requirements there would be no oil for other customers.

Senator A. J. McLACHLAN.—That is a fact, but the important thing to remember is that if the enterprise is established on sound lines, it will be functioning and available in time of need. Senator Leckie said that the bill would involve the Commonwealth in the loss of revenue amounting to £5,000,000 or £6,000,000. I admit that if the Government has to forgo an excise duty of 5½d. a gallon, the loss of revenue will be considerable, but the honorable gentleman's view of the fuel economy position in Australia is entirely wrong. Hitherto, much to our regret, we have failed to produce flow oil in Australia and so are dependent on overseas sources of supply.

This being so, it is considered necessary in the interests of the Commonwealth, to encourage the establishment of this industry in Australia. There has been some criticism of the amendment made by the House of Representatives of the appropriation clause of the measure. While the alteration made may be open to criticism, the appropriation clause is identical, with corresponding provisions in other measures of a like nature. My colleague, Senator Brennan, has reminded me that the States Grants (Fertilizer) Bill now before the Senate makes an appropriation of revenue in the same way. No business man would enter into a covenant with two governments unless the agreement between them provided for the appropriation by Parliament of the money involved.

Senator GRANT.—Is it not a fact that the New South Wales agreement bill appropriates a specific amount?

Senator A. J. McLACHLAN.—I do not know, and I do not consider that the point is material to the honorable gentleman's arguments because, while it is possible to recover against the Crown, it is necessary to have the legal machinery to get the money. Senator Leckie pointed out that the governments would advance a large sum of money to a company with a capital of £166,000.

Senator LECKIE.—Bounty may be payable also.

Senator A. J. McLACHLAN.—That is true. Bounty would be payable if flow oil were discovered in sufficient quantities in Australia to affect the operations of this company. But I have no doubt whatever that the people would gladly pay a substantial amount by way of bounty to this company because of the security which the presence of flow oil would give to Australia. Senator Herbert Hays mentioned the possible development of the Tasmanian oil shale deposits. I remind the honorable gentleman that the petrol content of Tasmanian shale is only 30 gallons a ton as compared with 100 gallons a ton from the Newnes shale. I am advised that it is intended to operate first on seams over 4 feet in thickness. As Senator Foll has pointed out, there are other seams of oil shale ranging from 6 inches to about 2 feet in thickness.

Senator HERBERT HAYS.—Is it intended to neglect the smaller seams?

Senator A. J. McLACHLAN.—No; they may all be worked. We are regarding this project as an experiment, and when proper provision has been made to ensure some security for Australia in the production of oil, we shall be able to give our attention to other kindred projects, such as the production of power alcohol mentioned by Senator Foll, concerning which I am not at liberty to speak, because a report on that subject is in the hands of the Government. I can, however, say of my own personal knowledge that the most likely raw material is molasses. Senator Collings directed attention to article 23. As some honorable senators are aware, an alteration of the memorandum of a company involves a tremendous amount of formality. Therefore article 23 was inserted as an additional safeguard. That appeared to cause some concern to the Leader of the Opposition. The provision relating to the production of statements of accounts is, I think, an ample safeguard for the debenture holders. It has also been urged that the Government should have representation on the directorate. That argument can hardly be sustained, because the two governments concerned are advancing money by way of loan to a company with a capital of £166,000. Naturally, the company would not desire government interference with its management, but the agreement gives ample protection to the debenture holders, the governments' advance being a first charge on all the assets of the company.

Senator LECKIE.—If the company fails and loses its capital, the governments will also lose the amount advanced.

Senator A. J. McLACHLAN.—That may be true; but does the honorable gentleman think that this company, which will be under the management of men of proved business capacity, is likely to lose its capital? They are risking a considerable sum of money because they wish, in the interests of Australia, to establish this industry. Ever since 1931, we have been attempting to induce private enterprise to develop our oil shale deposits. Some time ago, we had an offer to work the Newnes field for a period of 20 years, but, whilst the

organization had good backing, that proposal was not proceeded with. At last we have succeeded in interesting Mr. Davis and his brother, as well as two other gentlemen, and we are confident that their efforts will be crowned with success.

Question put—

That the bill be now read a second time.

The Senate divided.

(DEPUTY PRESIDENT—SENATOR B.  
SAMPSON.)

Ayes ..	..	..	18
Noes ..	..	..	5
			—
Majority ..	..	..	13

AYES.

Abbott, M.	Leckie, J. W.
Arkins, J. G. D.	McLachlan, A. J.
Brand, C. H.	McLachlan, James
Brennan, T. C.	Millen, J. D.
Collett, H. B.	Pearce, Sir George
Cooper, W. J.	Plain, W.
Dein, A. K.	Sampson, B.
Grant, C. W.	
Hayes, J. B.	Teller:
Hays, Herbert	Foll, H. S.

NOES.

Brown, G.	Uppill, O.
Collings, J. S.	Teller:
Courtice, B.	Johnston, E. B.
	PAIR.
Crawford, T. H.	Duncan-Hughes, J. G.

Question so resolved in the affirmative.  
Bill read a second time, and passed through its remaining stages without amendment or debate.

## SUPERANNUATION BILL 1937.

### SECOND READING.

Senator Sir GEORGE PEARCE (Western Australia—Minister for External Affairs) [3.39].—There are five bills dealing only with the granting of superannuation rights to certain employees of the Commonwealth. I ask the leave of the Senate to make one second-reading speech to cover all of them. That would not debar any honorable senator from expressing his views on the individual bills. [*Leave granted.*]

Senator Sir GEORGE PEARCE.—I move—

That the bill be now read a second time.

The five bills now before the Senate are designed to carry into effect, so far as legislation by Parliament is necessary, the promise of the Government to grant superannuation and furlough rights to officers of certain authorities under the Commonwealth. These authorities are the War Service Homes Commission, the Repatriation Commission, the Council for Scientific and Industrial Research, and the High Commissioner. For the sake of convenience, I shall refer to them as Commonwealth authorities.

The provisions of the Superannuation Act of 1922 were limited to persons permanently employed in the Commonwealth Public Service. There are, however, many persons in the employ of Commonwealth authorities who, whilst not "permanent officers" in the strict technical sense, have been employed by the Commonwealth for a considerable number of years. The Government has decided to grant superannuation and furlough rights to as many of these officers as possible. The superannuation rights of Commonwealth public servants are set out in the Superannuation Act 1922-1934. That act contains a definition of the class of employee who is to enjoy superannuation rights, and it may be thought that the proposal of the Government could be given effect by a simple amendment of the definition of "employee" contained therein. The matter cannot be disposed of quite so easily as that. The employees of the authorities mentioned are not governed by uniform conditions, and it would be difficult to frame a definition which would cover all the employees whom the Government desires to benefit. After much consideration, it has been decided that the most convenient method for determining the officers who are to be regarded as "employees" for the purposes of the Superannuation Act is the publication of a list of those officers in the Commonwealth *Gazette*. The four authorities concerned are to recommend to the appropriate Minister the officers who should be deemed to be "employees" within the meaning of section 4 of the Superannuation Act. The Minister will then direct, by notice published in the *Gazette*, that the officers so recommended are to be deemed "employees"; and those

officers will thereupon be brought within the scope of the Superannuation Act. Provisions to this effect are contained in the Australian Soldiers' Repatriation Bill, the War Service Homes Bill, the Science and Industry Research Bill and the High Commissioner Bill.

It is deemed desirable that the conditions of employment of the officers concerned should, where necessary, be given some stability. Employment under the Repatriation Commission and the Council for Scientific and Industrial Research is already governed by regulations under the respective acts affecting those authorities. It is otherwise, however, in respect of employees of the War Service Homes Commission and the High Commissioner's Office. Amendments are, therefore, to be made in the War Service Homes Act and the High Commissioner Act to permit of the making of regulations setting out the conditions of employment of officers appointed under those acts.

The provisions thus far referred to look only to the future. But there are officers who have been employed by the several Commonwealth authorities for many years. These officers have, by reason of their long service, some claim for special consideration over and above that to be accorded to officers who will be appointed after the passing of this legislation. Accordingly, special provision is to be made for them as to medical examination and the units of pensions for which they are to contribute.

It will be appreciated that, normally, prospective contributors for superannuation benefits should be required to be medically examined in order to ensure that they will not become a burden on the fund from which the benefits would be payable. Future appointees will be required to be examined, but it seems to be unfair to apply the requirement as to medical examination to officers who have been employed over a long period. At the time of their original appointment many of them could have passed a medical examination. Many of these men are returned soldiers, and time is taking its toll. The result is that some of them would probably experience great difficulty in passing the requisite

examination. The bill proposes, therefore, to exempt them from the necessity of being medically examined.

It may be argued that the admission of contributors who have not been medically examined may prove to be a burden on the fund and would, therefore, be unfair to other contributors who have assisted in building up the fund. The force of this argument is admitted, and the Government proposes to reimburse the fund for any pension payments made in respect of any such contributor who, within seven years of his becoming a contributor, dies or is retired on the ground of invalidity or physical or mental incapacity to perform his duties.

The other matter in respect of which officers appointed prior to the commencement of the bill will receive consideration relates to the units for which those officers are to contribute.

It is proposed that officers who were appointed on or before the 20th November, 1922, and were not less than 30 years of age on that date should not be compelled to contribute for more than two units of pension. Such units are to be at the rates prescribed for the age of 30. In addition, they may elect to contribute for two and a half, three or four units at the rates for the age of 30. The date mentioned, namely, the 20th November, 1922, was the commencing date of the original Superannuation Act of 1922. That act contains similar provisions with regard to Commonwealth public servants who, at the date of the passing of the act, were over 30 years of age. Had officers of Commonwealth authorities been within the scope of the act in 1922, many of them would have had the same privilege as was then conferred on members of the Public Service. It seems reasonable that officers of Commonwealth authorities who have been employed since 1922 should have a similar privilege, and the bill makes provision accordingly.

The bill deals also with another matter of considerable importance. It proposes that there shall be a provident account forming part of the superannuation fund, to which employees will contribute who are not eligible, under the existing law, to contribute to the superannuation fund or who, owing to their

age, find contributions to that fund onerous. Benefits to such employees are to be payable from the proposed account. The persons who are to be contributors to the provident account are, firstly, returned soldiers appointed under subsection 8 of section 84 of the Commonwealth Public Service Act who are not contributors to the superannuation fund; secondly, persons who cannot become contributors to the fund in consequence of their failure to pass the prescribed medical examination; and, lastly, employees who by reason of high age and low salary find the superannuation contributions onerous, and who elect to contribute to the account.

The contributions of a contributor to the provident account will be at the rate of £5 per centum per annum of his annual salary—payable in fortnightly instalments.

Upon retirement of a contributor owing to invalidity or retrenchment after ten years' service, or upon the death of a male contributor leaving a widow or children under sixteen years of age, there will be payable to him or his widow or children from the provident account—(a) the aggregate amount of his contributions to the fund plus compound interest on those contributions at 3 per cent.; and (b) an equivalent amount provided by the Commonwealth out of the Consolidated Revenue fund.

In the event of retirement, discharge before completing ten years' service, or dismissal, the amount of the contributions plus compound interest thereon at 3 per cent. will be payable to the contributor. The like amount will be payable to the personal representatives of a deceased contributor who was unmarried or was a widower without children under the age of sixteen years.

There is one other provision in the Superannuation Bill to which I should refer. It deals with employees who are paid in sterling as, for example, employees of the High Commissioner's office. In the case of these employees, it is proposed that, for the purposes of several calculations under the act, any reference to any amount of salary, contribution or payment is to be read as a reference to that amount in sterling. There may be gains or losses to the

superannuation fund or the provident fund by reason of the application of the provisions as to sterling, but it is not intended that the fund or account should gain or lose by the reason of such application. If, therefore, the fund or account would receive amounts in excess of those it would have received but for the exchange provisions, those amounts are to be paid to the Commonwealth. If, on the contrary, the fund or account sustains any loss by reason of the exchange provisions, the Commonwealth is to recoup the fund or account the amount of the loss.

Such, briefly, is the purport of the main provisions of the measures to give effect to the Government's proposals. It is estimated that about 1,500 officers of the various Commonwealth authorities will be brought within the scope of the Superannuation Act. The additional liability of the Commonwealth in the first year in which the proposals as to superannuation and furlough become effective will, it is anticipated, be approximately £7,500. This amount will gradually increase, and should reach a maximum in the thirtieth year thereafter. The proposals do, I submit, confer a very great privilege on a deserving body of employees of the Commonwealth, and I heartily commend the bill to the favorable consideration of honorable senators.

**Senator E. B. JOHNSTON** (Western Australia) [3.52].—The Minister was kind enough in his interesting speech to tell us that the cost would be £7,500 for the first year, and would attain its maximum in 30 years' time, but he gave no figures beyond the first year. Knowing the minimum, it would be interesting to learn what the maximum will be.

**Senator Sir GEORGE PEARCE** (Western Australia—Minister for External Affairs) [3.53].—*in reply*.—It is impossible to answer the honorable senator's question without an intricate actuarial calculation, because no one can tell what the number of contributors will be. The number may decrease or increase, and certainly will be variable.

Question resolved in the affirmative.

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

### AUSTRALIAN SOLDIERS' REPATRIATION BILL (No. 2) 1937.

Bill (on motion by Senator Sir GEORGE PEARCE) read a second time, and passed through its remaining stages without amendment or debate.

### WAR SERVICE HOMES BILL 1937.

Bill (on motion by Senator Sir GEORGE PEARCE) read a second time, and passed through its remaining stages without amendment or debate.

### HIGH COMMISSIONER BILL 1937.

Bill (on motion by Senator Sir GEORGE PEARCE) read a second time, and passed through its remaining stages without amendment or debate.

### SCIENCE AND INDUSTRY RESEARCH BILL 1937.

Bill (on motion by Senator Sir GEORGE PEARCE) read a second time, and passed through its remaining stages without amendment or debate.

### STATES GRANTS (FERTILIZER) BILL 1937.

**Senator BRENNAN** (Victoria—Assistant Minister) [4.6].—I move—

That the bill be now read a second time.

I may recall that the subsidy on artificial manure came into operation in December, 1932, and that it has been of great value to our primary industries. The benefit to the primary producer has been both financial and educational. The value of artificial fertilizers has been brought home to farmers by means of this assistance, particularly in the improvement of pastures, and the ultimate result must be a general improvement of the productive capacity of our farming areas and of the quality of our products. When the subsidy was first introduced it was paid at the rate of 15s. a ton, and this rate was continued on all fertilizers used up to the 30th June, 1936. For the year ended the 30th June, 1937, the rate was fixed at 10s. a ton, and for the year ending the 30th June, 1938, which is covered by this bill, the same rate of subsidy will apply, subject to the proviso that the subsidy will not be paid on any quantity over 20 tons used by one individual. In

the first year approximately £245,000 was paid out in subsidy and in the second year £350,000. The expenditure for the third year is estimated to be £438,000 and for the fourth year the estimate is £326,000. For the current year it is estimated that £250,000 will be required.

The encouragement of farmers in the use of fertilizer has had benefits both direct and indirect. When the scheme was first introduced no plant in Australia for the manufacture of fertilizer was working up to its full capacity. The stimulation of sales resulting from the bounty has caused a considerable expansion of output with a corresponding increase of employment and reduction of overhead costs. Since the subsidy was first introduced the price of superphosphate, which is the principal fertilizer used, has been reduced by approximately £1 a ton. The quantity of fertilizers on which subsidy has been paid has increased from 326,000 tons in the first year to approximately 650,000 tons in the year ended the 30th June, 1937. It is not possible to measure the value of this increase to Australia in pounds, shillings and pence, but it has certainly been a valuable contribution to our national economy. In all the circumstances the Government has deemed it wise to continue the subsidy for another year. In doing so, it has had regard to one new fact: The man who uses large quantities of fertilizers is not now in need of the subsidy on the total quantity used, either as a financial contribution or for the purpose of demonstrating the value of artificial fertilizers, and its effect on production. The Government has, therefore, decided to limit the quantity on which subsidy will be paid to 20 tons in the case of each individual. The estimated saving on this account is approximately £50,000. Another minor new point introduced this year is that the subsidy may be paid to approved organizations, such as research bodies and relief committees, which purchase fertilizers and distribute them to farmers for use on demonstrational plots or to producers who are in distress as the result of floods, fires, or other calamities. Under the previous acts it was not possible to pay the subsidy to such organizations. It is considered that encouragement of the use of fertilizers for these

purposes is justifiable and provision has been made accordingly in the bill. The principle of the measure is quite familiar to honorable senators. It provides merely for an extension of what has been done in past years.

Senator E. B. JOHNSTON (Western Australia) [4.9].—I am very glad that the Government is continuing the fertilizer subsidy for another year. I was hoping, however, that the Minister would have told us that this subsidy was to be a part of the permanent policy of the Government. I trust that this benefit will not be withheld from the primary producers after the expiration of the period specified in the bill. The fertilizer subsidy has been of great value, not only to the settlers concerned, but also to Australia as a whole. The encouragement by this means of the use of large quantities of fertilizers, not only on pastoral properties but also in the production of oats and hay, on orchards and sugar-cane plantations, and by primary producers generally, has certainly had a high educational value. It has enabled primary producers to obtain greater production from their properties and has assisted many struggling men who previously experienced difficulty, particularly in poor seasons, in obtaining supplies of fertilizers. I regret that last year the Government found it necessary to reduce the subsidy from 15s. to 10s. a ton. Following that action, I received many protests from primary producers' organizations and from the Wheat-growers Union in Western Australia. I would have been more pleased if the subsidy had been restored to the original rate. I do not feel happy about the limitation of the payment of the subsidy to 20 tons of fertilizers used by any individual, particularly in view of the fact that in the past it was paid in respect of all fertilizer's used. This limitation is a mistake; we should encourage our primary producers to use all the fertilizers they can. However, the die has been cast, and the Government must take the responsibility for an action of which I disapprove. The limitation imposed in this bill has been responsible for the reduction of the amount provided for this purpose in earlier years to £250,000. I object to this

reduction because it appears that the only reduction of benefits made in the budget are such as directly affect primary producers. The only other point upon which I wish to touch—I have mentioned it each year since this form of assistance has been granted to the primary producers—is that wheat-growers are still excluded from participation in the subsidy. When the subsidy was first withheld from wheat-growers, they were receiving other assistance from the Government, either by way of a bonus on production or by some other form of assistance; but, during the last couple of years they have had no direct assistance from this Parliament. I know that the inclusion of wheat-growers in the benefits to be conferred by this bill would increase the total cost to a great extent; but it seems to me that, as the day has passed when the wheat-growers are getting other forms of assistance from the Government, they should be granted this measure of relief in respect of their supplies of fertilizers which are so necessary for the successful cultivation of their crops.

Senator BRENNAN.—The wheat-growers are in a good position now in comparison with a few years ago.

Senator E. B. JOHNSTON.—They are certainly getting the benefit of better seasons in some parts of Australia, and better prices. We are all pleased that that is so, but we must not lose sight of the fact that it has been the policy of past Commonwealth governments to urge the wheat farmers to grow more wheat. If the Government desires wheat-growers to increase their crops, it should be prepared to include them in the benefits of this legislation. The sugar-growers have been materially assisted by the Parliament and are not excluded, as are the wheat-growers, from participation in the subsidy. I again urge, as I have done for the last five years, that the wheat industry should have the advantage of this assistance. I hope that there is no significance in the statement by the Minister that the subsidy is to be continued for another year. I trust that the old rate of 15s. a ton will be restored as soon as possible. I commend the Government

for having introduced the bill, but I regret the limitation and reduction it imposes.

**Senator UPPILL** (South Australia) [4.16].—I regret the necessity for this bill, but I commend the Government for having brought it down, because it will be of great benefit to market gardeners, apple and pear growers, and practically all fruit growers, many of whom have not yet felt the benefit of the improved financial conditions. Some of them, owing to prices having remained where they were during the depression, are at a disadvantage in that their costs of production have increased. The granting of the subsidy up to a maximum of 20 tons of fertilizers for each individual applicant will benefit a small pastoralist to the extent of enabling him to purchase an additional three tons.

**Senator JAMES McLACHLAN** (South Australia) [4.18].—To my mind this measure is now about to take its correct shape. When I first spoke on this subsidy I suggested that there should be a limit to the quantity of fertilizers on which the subsidy should be paid to an individual. My only regret is that, owing to the demand for the subsidy, it now amounts to only 10s. a ton, compared with 15s. a ton previously. In my opinion, the subsidy should have remained at 15s. a ton, and the maximum quantity allowed to each producer who claimed the subsidy should be reduced. The subsidy was introduced to assist small pastoralists on country where top-dressing was in its infancy, but had proved to give improved pastures. I am glad that the greatest quantity on which the subsidy can be obtained has now been reduced to 20 tons a year, for I heard of one grazier collecting £800 in subsidy on the fertilizers used on his estate. Such a land-owner could afford to pay the ordinary price for fertilizers. If the maximum quantity allowed were reduced to 10 tons, the the subsidy fixed at 15s. a ton, this legislation would be more helpful. I agree with Senator E. B. Johnston that the withdrawal of the subsidy would be most regrettable. It would be far better to continue the payment at a reduced rate, rather than withdraw it entirely.

Question resolved in the affirmative.

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

## DEFENCE EQUIPMENT BILL 1937.

### SECOND READING.

**Senator Sir GEORGE PEARCE** (Western Australia—Minister for External Affairs) [4.24].—I move—

That the bill be now read a second time.

The purpose of this measure is to amend the Defence Equipment Act so as to assist in carrying out the defence programme for 1937-38. In the Works Estimates of the Department of Defence, Civil Aviation Branch, £200,000 is provided for the purposes of the Empire air mail scheme. As indicated in the new Works Estimates, this sum is to be found from the amount already at credit of the Defence Equipment Trust Account.

Clause 2 of the bill therefore contains a new section, 5A, providing that £200,000 of the balance at present standing to the credit of the Defence Equipment Account shall be paid to the credit of the Civil Aviation Trust Account. The reason for this is that the latter account is a more suitable one in which to record the transactions in connexion with the Empire air mail service. Clause 3 amends section 6 of the principal act so as to broaden the purposes of the Civil Aviation Trust Account. The present purposes of that account are confined to the "development of civil aviation", and the bill is designed to widen those purposes to cover expenditure on the Empire air mail scheme. It will be seen that this bill is designed merely to adjust the functions and purposes of the Civil Aviation Account and at the same time to provide from the Defence Equipment Fund additional funds to effect those purposes. It will not make an additional appropriation of moneys.

Question resolved in the affirmative.

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

**CUSTOMS TARIFF VALIDATION BILL 1937.****SECOND READING.**

Senator A. J. McLACHLAN (South Australia—Postmaster-General) [4.28].—Honorable senators will be invited to pass four co-related bills, and I ask leave to explain all of them in my second-reading speech on this bill. [*Leave granted.*]

I move—

That the bill be now read a second time.

The Customs Tariff Validation Bill is necessary in order to ensure that the duties set out in the Customs Tariff Resolutions of the 24th June and the 7th September, 1937, will operate until after the new Parliament assembles. It provides for the validation of the duties until the 28th February, 1938. That will allow sufficient time for a schedule to be introduced in the new Parliament. The duties may then be fully debated.

The Customs Tariff (Exchange Adjustment) Validation Bill is incidental to the main Customs Tariff Validation Bill, and is concerned with Exchange Adjustment. It seeks to validate until the 28th February, 1938, the Customs Tariff (Exchange Adjustment) Proposals introduced into the House of Representatives on the 24th June last.

The Customs Tariff (Canadian Preference) Validation Bill seeks to validate up to the 28th February, 1938, the collections of the duties imposed on costumes, dresses, etc., piston rings and sparking plugs of Canadian manufacture by the Customs Tariff (Canadian Preference) Proposals introduced into the House of Representatives on the 7th September, 1937. As in the case of the main Customs Tariff Validation Bill, this period of validation is necessary to allow sufficient time for a tariff schedule covering these goods to be introduced into the new Parliament, when the duties may be fully debated.

The Excise Validation Bill has for its object the validation, up to the 28th February, 1938, of the collection of the excise duties on spirit for the manufacture of essences, scents and toilet preparations imposed by the Excise Tariff Proposals introduced into the House of Representatives on the 24th June, 1937. This will

allow sufficient time for an excise tariff schedule covering these goods to be introduced in the new Parliament.

Senator E. B. JOHNSTON (Western Australia) [4.30].—I regret that the Government finds it necessary to validate certain of its tariff proposals in this way. Honorable senators may remember that when Sir Hal Colebatch was a member of the Senate he introduced legislation which was ultimately passed by the Senate in which provision was made that alterations to tariff schedules, if not considered in detail by Parliament within a specified time, should lapse. Had the legislation, in which that distinguished Western Australian took such great interest been observed by the Government, these measures would be unnecessary. However, it appears that these validating bills will have to be passed without opportunity to study the schedules in detail. The duties are to be validated only until the 28th February next, and I trust that the new Parliament will meet in sufficient time to enable consideration to be given to these schedules, thus rendering further validating measures unnecessary. As the revenue must be protected we have no option but to pass the bills.

Question resolved in the affirmative.

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

**CUSTOMS TARIFF (EXCHANGE ADJUSTMENT) VALIDATION BILL 1937.**

Bill (on motion by Senator A. J. McLACHLAN) read a second time, and passed through its remaining stages without amendment or debate.

**CUSTOMS TARIFF (CANADIAN PREFERENCE) VALIDATION BILL 1937.**

Bill (on motion by Senator A. J. McLACHLAN) read a second time, and passed through its remaining stages without requests or debate.

**EXCISE TARIFF VALIDATION BILL 1937.**

Bill (on motion by Senator A. J. McLACHLAN) read a second time, and passed through its remaining stages without requests or debate.

**PAPUA AND NEW GUINEA  
BOUNTIES BILL 1937.**

**SECOND READING.**

**Senator BRENNAN** (Victoria—Assistant Minister) [4.42].—I move—

That the bill be now read a second time.

The effect of the bill is to extend the operations of the Papua and New Guinea Bounties Act for a further period of ten years. It will be recalled that last year a bill was passed continuing until the 31st December, 1937, the legislation originally passed in 1926, in which the Commonwealth granted bounties on certain tropical products produced in the territories of Papua and New Guinea. The products included in the bounties list are—Cocoa beans, hemp, coir fibre, kapok, spices, sago, vanilla beans, bamboo and rattans. The bounties are payable only when the products are imported for Australian consumption.

In general, products of the kind covered by the Bounties Act are either free of duty under the Customs Tariff or are subject to a low rate of duty. The quantity of these products at present produced in the Australian territories is negligible when compared with the total importations into the Commonwealth. In these circumstances, it is considered preferable to pay a straight-out bounty on the territorial products, rather than apply the alternative method of assisting territorial producers by taxing the importations from non-territorial sources merely for the purpose of providing a tariff preference. Honorable senators will, I am sure, share with me the view that both territories are rich in natural resources. However, like all new areas, they lack the capital resources necessary to develop them. The bounties are paid to encourage planters to embark on the expenditure involved in bringing new cultures into production and to introduce some degree of diversity in the cultivated crops.

We must recognize that the main responsibility for permanent development of these territories must for many years rest upon the people of the Commonwealth rather than the handful of settlers who have ventured on the pioneering work. When the bill extending the

bounty legislation until the 31st December, 1937, was introduced, reference was made to the disappointing results which had been achieved up to that time, and to the intention of the Government to examine the position before renewing the bounties for another long period. As a result of these inquiries, the conclusion was reached that the extraordinarily difficult economic and financial conditions which prevailed throughout the world during the greater part of the former period made it almost impossible for planters to interest themselves in cultures which they had not previously tried.

The heavy fall of prices for all agricultural products was an equally discouraging factor. In these circumstances the hesitation of planters to embark on long-term capital outlay and risks associated with plantation cultures will be readily understood. Most of the cultures included in the bountiable list take several years to come into bearing, and no one could feel sure that prices would rise to remunerative levels by the time the plantations reached the productive stage.

Within the last year or two interest in plantation extensions has been revived. It is felt that it would be a mistake to withdraw the bounties just when they show signs of achieving something. Tropical agricultural development is not progressing as we would desire.

In Papua agricultural activity has actually declined since the bounty legislation was introduced. Since 1926 the total area under cultivation has decreased by 5,000 acres. Sisal hemp has dropped out of cultivation, although £100,000 worth was exported prior to 1925-26. There have been small plantings of kapok, 128 acres in all. Two noteworthy developments have taken place: First, an increase in the area under rubber from 8,000 acres to 9,600 acres; and, secondly, the establishment of coffee plantations, totalling 380 acres, and yielding for export 54 tons of coffee, valued at £5,000. The coco-nut palm continues to be the main plantation crop.

In New Guinea the area under cultivation increased by 68,000 acres. This increase, however, was mainly due to the

extension of the area planted with coconuts. At the same time the interest of the planters has been stimulated in the production of coffee and cocoa. The coffee acreage has risen from 6 acres in 1926 to 1,260 acres in 1936. The area under cocoa has increased from 119 acres to 3,305 acres. The plantings of the cocoa tree are likely to be increased. Although small areas have been planted with kapok and a plant has been laid down for the treatment of coir fibre, commercial results have not yet been attained.

Within the Commonwealth a market of appreciable dimensions exists for all the bountiable products. The average annual quantities and value of importations in recent years were—

	Tons.	£
Cocoa beans ..	6,300 ..	190,000
Hemp ..	6,700 ..	130,000
Coir fibre ..	1,500 ..	7,500
Sago ..	280 ..	2,500
Vanilla beans ..	15 ..	8,000
Spices ..	720 ..	34,000
Kapok ..	3,500 ..	162,000
Bamboos and rattans ..	— ..	20,000

As many planters are showing greater interest in several of the bountiable cultures since economic conditions have improved, the Government, with a view to encouraging the enterprise necessary to further development, proposes in this bill an extension of the original bounties for a further period of ten years from the 1st January, 1938. The sums expended during recent years in payment of bounties have been as follows:—

	£
1934-35 .. .. ..	1,430
1935-36 .. .. ..	1,102
1936-37 .. .. ..	1,285

I commend the bill to the approval of honorable senators.

Question resolved in the affirmative.

Bill read a second time.

In committee:

Clauses 1 and 2 agreed to.

Clause 3 (Appropriation).

Senator E. B. JOHNSTON (Western Australia) [4.50].—I notice that the cost of the bounties last year was only £1,285. This was a slight advance on the amount paid for the previous year, but was nearly £200 below the sum paid in 1934-35. I am sorry that the production from the islands of these commodities

is not greater, so as to make necessary the provision of a larger sum by way of bounties.

Clause agreed to.

Clauses 4 to 10 agreed to.

Schedule agreed to.

Preamble and title agreed to.

Bill reported without amendment; report adopted.

Bill read a third time.

## APPLE AND PEAR BOUNTY BILL 1937.

### SECOND READING.

Senator BRENNAN (Victoria—Assistant Minister) [4.53].—I move—

That the bill be now read a second time.

The Government, as in the last four years, after careful consideration of the position of Australian apple and pear exporters, has decided again to extend assistance to them. The assistance provided in the four years 1933 to 1936, including the £20,000 for research, has now amounted to £450,000.

While assisting the industry for its immediate needs during the last four years, the Government has also directed considerable effort towards securing reductions of shipping freight. Various concessions have been secured. Since 1933, and the position now is that, as from next year, the rate of freight expressed in Australian currency will be approximately 3s. 7½d. a case, compared with 4s. 1½d. in 1933.

This year the Government has already intervened to help the industry in another direction. It has granted up to a maximum of £5,000 on a £1 for £1 basis with the States and the industry, to provide a fund for a publicity campaign. This campaign is now being conducted under a plan devised by the Apple and Pear Export Council and the Department of Commerce in collaboration. It is proving very successful, the demand for apples having appreciably increased.

It had been anticipated that, because of the voluntary limitation adopted by the industry, the export market this year would have been a profitable one. The opening of the season justified such a hope, for prices continued on a high level until the end of May; then they fell. The fall appears to have been due largely to an

accumulation of stocks owing to the un-co-ordinated arrival of several steamers. It is difficult to determine to what extent growers themselves have had to bear the brunt of these market losses, because much of the fruit exported from Australia during the 1937 season was sold by the growers on an f.o.b. basis to merchants and agents. It is reasonable to assume that the growers did not dispose of this fruit to merchants or agents at prices which represented losses to them. However, growers have incurred losses on consigned fruit due to the temporary fall of export prices through causes beyond their control. In the circumstances, the Government considers that a measure of assistance to those growers is justified.

The Government was able to provide in the budget the sum of £50,000 for assistance to apple and pear-growers. In view of the information which it had secured, pointing to the fact that some growers had received much better returns than others from this year's export, the Government felt that the position this year would have been met satisfactorily by providing for a maximum export bounty of 4½d. a bushel to those growers who had sustained losses, subject to a proviso for an upper limit beyond which assistance would not be granted. It was contemplated to fix an upper limit of 4s. 9d. a bushel f.o.b., so that no grower would receive assistance to bring his return beyond that figure.

Subsequent to the formulation of this plan, representatives of the Australian Apple and Pear Council waited on the Prime Minister and the Minister for Commerce and urged that whatever fund was available should be distributed to growers in proportion to their share in the export trade and irrespective of the returns received by them.

In view of the assurances by the representatives of the council that the industry throughout Australia was behind the deputation in its request for a grant per bushel case, the Government reviewed the matter and decided that an export bounty should be paid this year at the rate of 2½d. a bushel case of apples or pears. This bill makes provision accordingly. The Government has been assured that such a method of distribution will afford widespread satisfaction in the industry.

*Senator Brennan.*

I may add that the Government has approved of a further grant this financial year for further research work, and has affirmed the principle that a programme of research should be planned covering a period of five years.

The combination of expenditure on research and publicity, and on general assistance to growers as an offset against oversea shipping freight, will ensure that the most essential needs of apple and pear-growers will be taken care of. Furthermore, the realization next year of the common objective of the Government and the growers in respect of oversea freight reduction will bring a welcome and widespread relief to the industry.

**Senator COLLINGS** (Queensland) [4.58].—The Opposition is supporting the bill. I would, however, like the Minister to tell me whether the amount provided is not a considerable reduction on the bounty paid to apple and pear-growers last season. If I understand the position aright, last year the bounty was 4½d. a bushel case, whereas the bounty payable under this bill is only 2½d. a case. If this is the position I regret it.

**Senator Sir GEORGE PEARCE.**—Prices were lower last year.

**Senator COLLINGS.**—There is no guarantee that prices will be better for the export season covered by this legislation. I should like an explanation of the reduction.

**Senator MILLEN** (Tasmania) [5.0].—I agree with the Leader of the Opposition (Senator Collings) that it is regrettable that the amount of bounty has been reduced from 4½d. to 2½d. a case, particularly as cases and packing paper cost more than formerly and the basic wage has been increased. In addition to those extra costs, the unfortunate collapse of export prices in May and succeeding months has placed the growers of apples and pears in a serious position indeed. I know that it is proposed to reduce freights from 4s. 1½d. to 3s. 7½d. a case, but I submit that a further reduction is possible. The Government should assist these growers by insisting on freight reductions by the shipping companies.

Senator COLLINGS.—The companies are giving nothing; they have reduced inward freights, but they have increased outward freights.

Senator MILLEN.—They have benefited by probably £75,000 from reduced light dues and other charges. Since many growers are scarcely able to make the necessary preparations for next season's crop, I trust that something will be done by the Government to assist them.

Senator J. B. HAYES (Tasmania) [5.3].—I associate myself with those who have expressed regret that the Government has not been able to see its way to make the bounty the same as it was last year. Any benefit which the growers have derived from reductions of freight charges, have been more than offset by increased costs. For instance, the cost of packing paper has doubled and each case costs 3d. or 4d. more than formerly. I realize that the Senate's Standing Orders do not permit me to move an amendment to increase the bounty. The case for the growers has been placed before the Government on a number of occasions, and I do not propose to repeat it now; but I propose to read a telegram which I have just received from Henry Jones and Company, Hobart, who are probably the biggest exporters of apples in Australia—

Serious position developing here respecting federal apple bounty. Tasmanian Department of Agriculture supplied Federal Commerce Department figure 75 per cent. apples sold which is absolutely incorrect. All reliable agents' figures agree 40 per cent. Cannot ascertain where the 75 per cent. figure originated.

The Government would be justified in basing its calculations on figures supplied by a State department, notwithstanding that many Tasmanian members of Parliament had given the correct figures. Speaking from memory on a former occasion, I said that from 40 per cent. to 50 per cent. of the apples exported were sold f.o.b. Tasmanian ports. It is difficult to get the exact figures, but the agents have been to great pains to get figures which are as nearly correct as possible. If apples are sold f.o.b., even at low prices, the Government is justified in assuming that the growers have at least received something for their produce. As it would

appear that the reduction of the grant is due to wrong information having been supplied, I suggest that if investigation establishes that the figures are wrong, the Government should increase the grant, thereby rectifying the mistake. The telegram which I have read would not have been sent unless there was good reason for the statements contained therein. If a mistake has been made, it should be rectified as soon as possible.

Senator BRENNAN (Victoria—Assistant Minister) [5.6].—*in reply*.—The Leader of the Opposition (Senator Collings) is right in saying that the bounty has been reduced from the amount paid last year.

Senator COLLINGS.—Does the Minister think that the reduction is justified?

Senator BRENNAN.—I shall have something to say on the general question presently.

I agree with Senator J. B. Hayes that representatives of Tasmania in this Parliament have left no stone unturned to further the interests of the growers of apples and pears in that State. I bear testimony to the interest displayed by them. The Government desires to treat the growers of apples and pears, not only with justice, but also with generosity, but it must have regard to its financial limitations. A different method of assistance was proposed, but the method suggested in the bill was that which found favour with the Apple and Pear Council. Its members realized that it would be impossible to provide a grant equal to that paid last year.

Senator J. B. HAYES.—What about the statement that 75 per cent. of the apples were sold f.o.b.?

Senator BRENNAN.—It is true that the department received information that 75 per cent. of the apples were sold on that basis.

Senator J. B. HAYES.—That information was absolutely incorrect. The agents should know the position.

Senator BRENNAN.—I imagine that the Department of Agriculture would be in the best position to know the facts. No agent handles all the apples exported from Tasmania. Information supplied by the various agents and collated by the department would be more likely to be correct than would the figures of any

individual agent. Moreover, the bounty was based, not so much on the proportion of fruit sold f.o.b., as on financial considerations. Much as the Government would have liked to be more generous, it believes that it went as far as it could.

Question resolved in the affirmative.

Bill read a second time.

In committee:

Clauses 1 to 4 agreed to.

Clause 5 (Rate of bounty).

**Senator LECKIE** (Victoria) [5.12].—The Minister has not said that, if on examination it is found that a mistake was made in regard to the figures, the amount of the bounty will be further considered. It is reasonable to assume that a mistake has been made, for I am sure that not 75 per cent. of the apples exported from Victoria were sold f.o.b. The Government probably based its proposals for a bounty on figures for the whole of the Commonwealth, not only for Tasmania. I hope that the Government will agree to a further grant if, on examination, it is found that a mistake has been made.

**Senator BRENNAN** (Victoria—Assistant Minister) [5.13].—The Government does not concede that a mistake has been made. Moreover, the bounty was not based entirely on the figures supplied, but on the amount of £50,000 set aside for the purpose. The basis on which the bounty was determined had the approval of the organization which speaks on behalf of the growers of apples and pears.

Clause agreed to.

Clauses 6 to 13 agreed to.

Preamble and title agreed to.

Bill reported without amendment; report adopted.

Bill read a third time.

## STATES GRANTS (YOUTH EMPLOYMENT) BILL 1937.

### SECOND READING.

**Senator Sir GEORGE PEARCE** (Western Australia—Minister for External Affairs) [5.17].—I move—

That the bill be now read a second time.

This measure is the outcome of a promise made by the Prime Minister that the Commonwealth Government would assist the States to overcome the problem associated with unemployed youths who

had missed their opportunity to receive an industrial training during the years of depression through which Australia passed. Following several conferences with representatives from each of the States, it was agreed that there was no general problem associated with the employment of girls or young women, but that a considerable number of youths and young men between the ages of 18 years and 25 years had failed to secure any vocational training owing to the causes I have indicated, and were now amongst the ranks of the unskilled unemployed. Each State undertook to carry out a comprehensive survey amongst that group with a view to enabling the Commonwealth to assess the degree of unemployment in each State. It was then that the Commonwealth decided to contribute £200,000 as a grant to be distributed amongst the States to assist them to carry out a plan of vocational training best suited to the requirements of each. These plans were then to be submitted to the Commonwealth for approval. Each State, should it so desire, may put forward proposals including provisions for both girls and boys within the prescribed age group. This proposal was submitted to the Loan Council meeting on the 16th April, 1937, when it was agreed that the amount of £200,000 should be made available by the Commonwealth Government to the States for the year 1937-1938 from revenue, and not from loan. After taking into consideration all the circumstances associated with each State the following allocations were decided upon:—New South Wales, £79,000; Victoria, £55,000; Queensland, £25,000; South Australia, £19,000; Western Australia, £14,000; Tasmania, £8,000; total, £200,000.

All the States agreed to submit proposals to the Commonwealth for approval, but Queensland and South Australia are the only ones which so far have furnished their plans of operation for consideration. So soon as we receive the plans from the other States they will be dealt with as expeditiously as possible. The expenditure of this amount, and the actual carrying out of the training of the youths, will be a matter for the States, which have the machinery and the staffs to enable them to undertake that task.

Question resolved in the affirmative.

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

## CITRUS FRUITS BOUNTY BILL 1937.

### SECOND READING.

**Senator BRENNAN** (Victoria—Assistant Minister for Commerce) [5.22].—I move—

That the bill be now read a second time.

Honorable senators are, no doubt, aware of the difficulties which citrus growers generally, and particularly those in New South Wales, have encountered in finding in recent years an outlet for their surplus crop. This position is due in a great measure to the restriction placed upon Australian citrus fruits by the New Zealand Government at the end of 1932. In order to alleviate the position and to assist the industry to establish permanent export markets for oranges, the Commonwealth Government has, during the past four years, rendered financial assistance to growers. When the 1935 bounty was announced, the various citrus interests were informed that no further assistance would be considered by the Commonwealth Government unless the industry took steps to establish an organization which could deal with production and marketing problems both at home and abroad, and generally safeguard the interests of the industry as a whole. In May, 1936, the Agricultural Council dealt with the question of the organization of the citrus industry and recommended the formation of a citrus advisory council. The Agricultural Council also urged the Government to continue the grant of a bounty for one more season pending the establishment of such a body.

Because of the fact that the New Zealand market was still closed to Australian citrus fruits, South Australia excepted, and in order to assist the industry, whilst allowing it a further period in which to organize, the Government decided to continue payment of a bounty in 1936. The bounty was payable at the rate of 2s. per export case on oranges shipped to all destinations other than New Zealand. The Advisory Council has now been formed and the first meeting

was held in Canberra on the 20th April last. Thus, the industry has, by forming an organization to deal with its own problems, complied with a condition precedent to any consideration by the Commonwealth Government of financial assistance in connexion with the export of citrus fruits from Australia.

As an expansion of production is likely to take place within the next few years, it is of the utmost importance that exports to the United Kingdom be continued. When growers are prepared to pioneer export markets, the Government feels that some assistance is warranted until sufficient time has been allowed to ascertain if those markets can be definitely established as continuous and profitable. Everything points to this object being attained, as last year the returns to growers for overseas exports were the best received so far, and may be fairly regarded as a definite indication of the possibility of providing a payable outlet for Australia's surplus orange production. At this stage, the Government is of opinion that it would be undesirable to take any action which might result in the loss of promising markets, and has, therefore, decided to renew the bounty for this year. At the same time, the Government has issued a warning to the industry that it cannot look for a continuance of assistance. The bill provides for a bounty on all citrus fruits exported to destinations other than New Zealand during the year 1937. The rate varies in proportion to the size of the case in which the fruit is allowed to be exported. The maximum rate of bounty is 2s. for an export case containing approximately a bushel and a half of fruit, and ranges down to 1s. for the half lemon case of approximately three-quarters of a bushel. Previously, the bounty has been payable on oranges only, but, on this occasion, it has been extended to include mandarins, lemons and grape-fruit, with the idea of assisting certain small experimental shipments of these varieties which have been going forward for some years without participating in the bounty. It is estimated that the bounty will not exceed £8,000.

Question resolved in the affirmative.

Bill read a second time.

*In committee:*

Clauses 1 to 3 agreed to.

Clause 4 (Specifications of bounty).

**Senator E. B. JOHNSTON** (Western Australia) [5.27].—Are the bounties under this clause at the same rate, and are the restrictions in it the same as last year, or have there been any additions?

**Senator BRENNAN** (Victoria—Assistant Minister for Commerce) [5.28].—The bounty is the same as it was last year, but has been extended to take in mandarins, lemons and grape-fruit, which were not included last year.

Clause agreed to.

Clauses 5 to 11 agreed to.

Schedule agreed to.

Preamble and title agreed to.

Bill reported without amendment; report adopted.

Bill read a third time.

### WINE GRAPES CHARGES BILL 1937.

Bill received from the House of Representatives.

Standing and Sessional Orders suspended.

Bill (on motion by Senator BRENNAN) read a first time.

*SECOND READING.*

**Senator BRENNAN** (Victoria—Assistant Minister) [5.31].—I move—

That the bill be now read a second time.

This is a very short bill. It deals with one matter only, namely, the references in the act to the board controlling the marketing overseas of Australian wines. Honorable senators will recall that, at the end of last session, the Wine Overseas Marketing Act 1929-1936 was amended to provide for a change of the designation of the Wine Overseas Marketing Board to the Australian Wine Board. References to the original board appear in the Wine Grapes Charges Acts 1929, and the purpose of this bill is to alter such references. Accordingly, references in the Wine Grapes Charges Acts to the "Wine Marketing Board" are to be read as referring to the "Australian Wine Board."

Question resolved in the affirmative.

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

### DAIRY PRODUCE EXPORT CHARGES BILL 1937.

Bill received from the House of Representatives.

Standing and Sessional Orders suspended.

Bill (on motion by Senator BRENNAN) read a first time.

*SECOND READING.*

**Senator BRENNAN** (Victoria—Assistant Minister) [5.35].—I move—

That the bill be now read a second time.

The bill relates to the alteration of the name of the board created to control the export of dairy produce. By an amendment of the Dairy Produce Control Act made in 1935, the name of the board appointed under that act was altered from the Dairy Produce Control Board to the Australian Dairy Produce Board. In the Dairy Produce Export Charges Act 1924-1929 the old name still appears and the amendments contained in this bill are necessary to provide for the alteration.

Only one other matter is dealt with in the bill. In 1936 the levy under the act was amended on the recommendation of the Australian Dairy Produce Board, although the Dairy Produce Export Charges Act at that time provided that the recommendation should be by the Dairy Produce Control Board. The present bill proposes that the action taken in 1936 shall be validated.

Question resolved in the affirmative.

Bill read a second time.

*In committee:*

Clauses 1 to 4 agreed to.

Clause 5 (Validation of Statutory Rules 1936, No. 108).

**Senator E. B. JOHNSTON** (Western Australia) [5.39].—May I take it that the validation of regulations made in 1936 will not do an injustice to any one?

**Senator BRENNAN**.—Nobody will be damaged; it is only to regularize the matter that this validating clause has been inserted in the bill.

Clause agreed to.

Title agreed to.

Bill reported without amendment; report adopted.

Bill read a third time.

**COMMONWEALTH PUBLIC  
SERVICE BILL 1937.**

Bill received from the House of Representatives.

Standing and Sessional Orders suspended.

Bill (on motion by Senator Sir GEORGE PEARCE) read a first time.

**SECOND READING.**

Senator Sir GEORGE PEARCE (Western Australia—Minister for External Affairs) [5.42].—I move—

That the bill be now read a second time.

The object of this measure is a worthy one because it seeks to overcome the hardship suffered by certain officers of the Commonwealth Public Service. The Development and Migration Act passed in 1926 made provision for the preservation of the existing and accruing rights of Commonwealth and State public servants who were transferred to that commission, but it did not specify what those rights were. In 1928 the Officers' Rights Declaration Act was passed specifying the rights preserved to Commonwealth officers transferred to the staff of the Development and Migration Commission, but no action was taken to specify the rights of State officers appointed to that body. The bill now before the Senate is for the purpose of remedying that omission. It indicates the rights which it was intended to preserve to State officers under the Development and Migration Act. Under the Commonwealth Public Service Act an officer of the public service of a State who transfers to the Commonwealth Public Service is entitled to have the period of his employment in the State counted for purposes of computing sick leave and furlough, provided, of course, that his service in the State and Commonwealth is continuous. Because of the omission of which I have spoken the service of State officers appointed to the Development and Migration Commission is not counted as continuous service. The bill will overcome that difficulty.

Question resolved in the affirmative.

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

**THERAPEUTIC SUBSTANCES  
BILL 1937.**

Bill returned from the House of Representatives without amendment.

**SPECIAL ADJOURNMENT.**

Motion (by Senator Sir GEORGE PEARCE) agreed to—

That the Senate, at its rising, adjourn till Wednesday next at 3 p.m.

**ADJOURNMENT.**

**NAVAL BASE AT FREMANTLE—MUNITIONS FACTORY IN WESTERN AUSTRALIA—VALEDICTORY—ALKALI MANUFACTURE: COMPENSATION CLAIM—BROADCASTING COMMISSION: PAYMENT TO CHAIRMAN.**

Senator Sir GEORGE PEARCE (Western Australia—Minister for External Affairs) [5.48].—In moving—

That the Senate do now adjourn,

I shall take the opportunity to read the replies to two questions asked, *upon notice*, to-day by Senator E. B. Johnston.

The honorable senator asked the Minister representing the Minister for Defence—

With reference to the increased expenditure on defence—

1. Is it intended to proceed with the completion of the Henderson Naval Base at Fremantle?

2. If not, why not?

3. What is the total expenditure already incurred in connexion with the Henderson Naval Base?

4. When will the work be resumed?

The Minister for Defence has supplied the following answers:—

1. No.

2. The large fleet proposed in the Henderson Report for which this base was planned is not being provided. Moreover, the completion of the Singapore Base has affected the situation.

3. The sum of £1,130,000 was expended over a period of eight years. This includes the cost of the extensive area of land reserved and plant, including dredges.

4. See answers to 1 and 2.

Senator E. B. Johnston also asked the Minister representing the Minister for Defence—

With reference to the increased expenditure on defence—

1. What new capital expenditure from the defence votes on works or otherwise will be spent in Western Australia?

2. Will the desirability of establishing a factory for munitions in Western Australia be considered?

The Minister for Defence has supplied the following answers:—

1. The estimated amount is £394,000.
2. The Minister for Defence stated in his speech on the Defence Estimates that, though the new avenues of munitions production have been provided by extensions to existing factories, consideration will be given by the Government in any future new expansion to the practicability of decentralizing production where possible. When new factories need to be established, consideration will be given to the possibility of locating them in other States, but when additions can be economically made to existing factories for work similar to that at present being done in such factories, that policy will be followed.

It is always with mixed feelings that one moves the motion for the adjournment at the last meeting of the Senate before general elections, because one wonders what changes will take place in the composition of the Parliament when it reassembles. Of course, new senators, if there are any, will not take their seats until June, but nevertheless there may be changes in the positions occupied by honorable senators in the chamber.

On behalf of the Government I desire to say how much it appreciates the general courtesy extended to it by honorable senators during the session. Also, I thank the President who, unfortunately—because of an accident from which we hope he will speedily recover—has been compelled to remain away from the Senate during the present sittings. My thanks are also extended to you, Mr. Deputy President, not only as Deputy President but also as Chairman of Committees, and to the officers of the Senate and members of the various staffs associated with this chamber. Honorable senators owe to all of these officers their best thanks for the consideration they have shown to them, and particularly for the manner in which they have overlooked those weaknesses of human nature which become so noticeable in political life. I can only express the hope that Fate may be kind to all of us.

**Senator COLLINGS** (Queensland) [5.54].—Before associating myself with the expressions of thanks and goodwill just voiced by the Leader of the Government in the Senate (Senator Pearce) I wish to bring up a matter which I have not had an opportunity to raise earlier to-day, mainly because of the pace at

which we have been dealing with the business of the Senate. Some time ago—I think it was three weeks ago—a request was made to the Prime Minister that a commission of inquiry should be set up to investigate the establishment of the alkali industry in South Australia in which a Mr. G. K. McPhail was very much interested. I understand that the Prime Minister received a letter from Mr. McPhail's solicitors submitting a claim for compensation and asking that such an inquiry be instituted, I shall not go into the merits of the case at the moment, although I have quite a fund of information in relation to this matter, but I believe that it calls for further inquiry. I am addressing my remarks to the Minister in Charge of Development (Senator A. J. McLachlan) because I understand that the matter comes within the purview of his department. I should like to know if he can offer any explanation for the delay.

I wholeheartedly associate myself with the remarks of the Leader of the Government in the Senate regarding the work of all sections of the Senate staff during the session. They have done much to make our work lighter, and to contribute to our convenience. I also wish sincerely to thank you, Mr. Deputy President (Senator Sampson), for the way in which you have discharged the duties of President. We all regret the unfortunate accident to the President and I hope that he is progressing steadily towards complete recovery. Our thanks are especially due to members of the *Hansard* staff for the efficient manner in which they have performed their duties. On an occasion like this we should not forget members of the Library staff. I am sure that the Leader of the Senate will agree with me when I say that we get splendid help from all of the Library officials in the carrying-out of our duties. It is not necessary for me to say much more. Some of us are sure to be returned, for a time at least. Others are not quite sure. The fate of my new colleague (Senator Courte) is in the hands of the electors of Queensland. Of course, I hope that he will come back to this chamber with my other colleague, Senator Brown. Having said so much, honorable senators will

understand that I have some sort of intuition regarding my own fate. Whatever may be the constitution of the new Parliament when it assembles, I am sure that however much we may differ politically, all hearts will go out in sympathy for those who are slain by the wayside, but we shall give a warm welcome to all newcomers. Finally, I am hopeful that, as the result of the elections, Labour's strength in the Senate will be increased substantially and honorable senators now on the ministerial benches will find themselves in opposition.

**Senator A. J. McLACHLAN** (South Australia—Postmaster-General) [5.58.]—In reply to the Leader of the Opposition (Senator Collings), the claim by Mr. McPhail for compensation in connexion with the alkali deposits in South Australia will be considered by the Prime Minister in conjunction with myself. The honorable gentleman will, I hope, understand that during the last ten days or so, there has not been much time to deal with the matter. Also in the stress of public business during the last few days I am afraid that my reply to the Leader of the Opposition with regard to Mr. Alexander Hordern may have been misunderstood. But, it is a matter of no moment, because no person of that name is employed by the Australian Broadcasting Commission. As to the payment by the commission to Mr. Cleary, the honorarium of £2,000 was for services rendered over a period of nearly eighteen months. It is not intended that he should receive any further emolument than that provided in the act.

**Senator COLLINGS.**—I think the Minister's information as to the term is wrong. I understand that the payment was for only five months' services.

**Senator A. J. McLACHLAN.**—Mr. Cleary was acting as manager of the commission for five months, but the special services for which he received an honorarium of £2,000, extended over a period of eighteen months in all.

The DEPUTY PRESIDENT (Senator Sampson).—Before putting the motion I wish to express to Ministers, to the Leader of the Opposition and his colleagues, and to all honorable senators, my thanks for the kindness and consideration shown to me during this short session in

the absence of our President who, I am glad to state, is making a satisfactory recovery from his accident. I have been informed that he left the St. John of God Hospital on Wednesday last.

HONORABLE SENATORS.—Hear, hear!

The DEPUTY PRESIDENT.—I endorse all that has been said by the Leader of the Senate (Senator Pearce) and the Leader of the Opposition (Senator Collings) as to the value of the services rendered by all branches of the Senate staff, and I would include the refreshment-room staff, who are called upon to work irregular and sometimes very long hours in catering for the wants of honorable senators. On occasions their work is almost equivalent to active service conditions. I appreciate very highly all that they have done for us. As to the future, all I need say is, I hope that all honorable senators who are seeking re-election will get what they deserve.

Question resolved in the affirmative.

Senate adjourned at 6.3 p.m.

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