



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



Senate
Official Hansard

No. 20, 1962
Wednesday, 16 May 1962

TWENTY-FOURTH PARLIAMENT
FIRST SESSION—FIRST PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

PARLIAMENT OF THE COMMONWEALTH.

TWENTY-FOURTH PARLIAMENT—FIRST SESSION: FIRST PERIOD.

GOVERNOR-GENERAL.

His Excellency the Right Honorable Viscount De L'Isle, upon whom has been conferred the decoration of the Victoria Cross, a member of Her Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight of the Venerable Order of Saint John of Jerusalem, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia from 3rd August, 1961.

SEVENTH MENZIES GOVERNMENT.

(As RECONSTITUTED 22ND DECEMBER, 1961.)

| | | | | |
|--|----|----|----|---|
| Prime Minister | .. | .. | .. | The Right Honorable Robert Gordon Menzies, C.H., Q.C. |
| Minister for Trade | .. | .. | .. | The Right Honorable John McEwen. |
| Treasurer | .. | .. | .. | The Right Honorable Harold Edward Holt. |
| Vice-President of the Executive Council; and Minister for National Development | .. | .. | .. | Senator the Honorable William Henry Spooner, M.M. |
| Minister for Defence | .. | .. | .. | The Honorable Athol Gordon Townley. |
| Minister for Territories | .. | .. | .. | The Honorable Paul Meernaa Caedwalla Hasluck. |
| Minister for Labour and National Service | .. | .. | .. | The Honorable William McMahon. |
| Minister for Civil Aviation | .. | .. | .. | Senator the Honorable Shane Dunne Paltridge. |
| Postmaster-General | .. | .. | .. | The Honorable Charles William Davidson, O.B.E. |
| Minister for Immigration | .. | .. | .. | The Honorable Alexander Russell Downer. |
| Minister for External Affairs; and Attorney-General | .. | .. | .. | The Honorable Sir Garfield Edward John Barwick, Q.C. |
| Minister for Primary Industry | .. | .. | .. | The Honorable Charles Frederick Adermann. |

(The above Ministers constitute the Cabinet.)

| | | | | |
|--|----|----|----|---|
| Minister for the Army | .. | .. | .. | The Honorable John Oscar Cramer. |
| Minister for Social Services | .. | .. | .. | The Honorable Hugh Stevenson Robertson. |
| Minister for Customs and Excise | .. | .. | .. | Senator the Honorable Norman Henry Denham Henty. |
| Minister for the Interior; Minister for Works; and Minister assisting the Attorney-General | .. | .. | .. | The Honorable Gordon Freeth. |
| (¹)Minister for the Navy; Minister in Charge Commonwealth Scientific and Industrial Research Organization; and Minister assisting the Minister for External Affairs | .. | .. | .. | Senator the Honorable John Grey Gorton. |
| Minister for Shipping and Transport | .. | .. | .. | The Honorable Hubert Ferdinand Opperman, O.B.E. |
| Minister for Health | .. | .. | .. | Senator the Honorable Harry Walter Wade. |
| Minister for Supply | .. | .. | .. | The Honorable Allen Fairhall. |
| Minister for Air; and Minister assisting the Treasurer | .. | .. | .. | The Honorable Leslie Harry Ernest Bury. |
| Minister for Repatriation | .. | .. | .. | The Honorable Reginald William Colin Swartz, M.B.E., E.D. |

(¹) Appointed Minister in Charge Commonwealth Scientific and Industrial Research Organization, 16th February, 1962.

THE MEMBERS OF THE SENATE.

FROM 1ST JULY, 1959.

TWENTY-FOURTH PARLIAMENT.—FIRST SESSION: FIRST PERIOD.

President—Senator the Honorable Sir Alister Maxwell McMullin, K.C.M.G.

Leader of the Government in the Senate—Senator the Honorable William Henry Spooner, M.M.

Deputy Leader of the Government in the Senate—Senator the Honorable Shane Dunne Paltridge.

Chairman of Committees—Senator the Honorable Albert David Reid, M.C.

Temporary Chairmen of Committees—Senators Kenneth McColl Anderson, Archibald Malcolm Benn, Albion Hendrickson, Gerald Colin McKellar, Dorothy Margaret Tangney, and Ian Alexander Christie Wood.

Leader of the Opposition—Senator the Honorable Nicholas Edward McKenna.

Deputy Leader of the Opposition—Senator the Honorable Patrick John Kennelly.

Leader of the Australian Democratic Labour Party—Senator George Ronald Cole.

Deputy Leader of the Australian Democratic Labour Party—Senator Francis Patrick Vincent McManus.

| | | | | | | |
|---|----|----|----|----|----|-------------------|
| Amour, Stanley Kerin† | .. | .. | .. | .. | .. | New South Wales |
| Anderson, Kenneth McColl† | .. | .. | .. | .. | .. | New South Wales |
| Armstrong, Hon. John Ignatius† | .. | .. | .. | .. | .. | New South Wales |
| Arnold, James Jarvist‡ | .. | .. | .. | .. | .. | New South Wales |
| Aylett, William Edward‡ | .. | .. | .. | .. | .. | Tasmania |
| Benn, Archibald Malcolm† | .. | .. | .. | .. | .. | Queensland |
| Branson, George Howard‡ | .. | .. | .. | .. | .. | Western Australia |
| Brown, Hon. Gordon‡ | .. | .. | .. | .. | .. | Queensland |
| (†)Buttfield, Nancy Eileen | .. | .. | .. | .. | .. | South Australia |
| Cameron, Hon. Donald† | .. | .. | .. | .. | .. | Victoria |
| Cant, Hartley Gordon James‡ | .. | .. | .. | .. | .. | Western Australia |
| Cole, George Ronald‡ | .. | .. | .. | .. | .. | Tasmania |
| Cooke, Joseph Alfred‡ | .. | .. | .. | .. | .. | Western Australia |
| Cooper, Hon. Sir Walter Jackson, M.B.E.† | .. | .. | .. | .. | .. | Queensland |
| Courtice, Hon. Benjamin† | .. | .. | .. | .. | .. | Queensland |
| (†)Davidson, Gordon Sinclair | .. | .. | .. | .. | .. | South Australia |
| Dittmer, Felix Cyril Sigismund‡ | .. | .. | .. | .. | .. | Queensland |
| Drake-Brockman, Thomas Charles, D.F.C.‡ | .. | .. | .. | .. | .. | Western Australia |
| Drury, Arnold Joseph‡ | .. | .. | .. | .. | .. | South Australia |
| Gorton, Hon. John Grey‡ | .. | .. | .. | .. | .. | Victoria |
| Hannaford, Douglas Clive† | .. | .. | .. | .. | .. | South Australia |
| Hannan, George Conrad‡ | .. | .. | .. | .. | .. | Victoria |
| Hendrickson, Albion† | .. | .. | .. | .. | .. | Tasmania |
| Henty, Hon. Norman Henry Denham† | .. | .. | .. | .. | .. | Queensland |
| Kendall, Roy, R. D.‡ | .. | .. | .. | .. | .. | Victoria |
| Kennelly, Hon. Patrick John† | .. | .. | .. | .. | .. | South Australia |
| Laught, Keith Alexander‡ | .. | .. | .. | .. | .. | Tasmania |
| Lillico, Alexander Elliott Davidson‡ | .. | .. | .. | .. | .. | New South Wales |
| McCallum, John Archibald† | .. | .. | .. | .. | .. | New South Wales |
| McKellar, Gerald Colin† | .. | .. | .. | .. | .. | Tasmania |
| McKenna, Hon. Nicholas Edward† | .. | .. | .. | .. | .. | Victoria |
| McManus, Francis Patrick Vincent† | .. | .. | .. | .. | .. | New South Wales |
| McMullin, Hon. Sir Alister Maxwell, K.C.M.G.‡ | .. | .. | .. | .. | .. | Queensland |
| Maher, Edmund Bede‡ | .. | .. | .. | .. | .. | Tasmania |
| Marriott, John Edward‡ | .. | .. | .. | .. | .. | South Australia |
| Mattner, Edward William, M.C., D.C.M., M.M.† | .. | .. | .. | .. | .. | South Australia |
| Nicholls, Theophilus Martin† | .. | .. | .. | .. | .. | Tasmania |
| O'Byrne, Justin‡ | .. | .. | .. | .. | .. | South Australia |
| O'Flaherty, Sidney Wainman† | .. | .. | .. | .. | .. | New South Wales |
| Ormonde, James Patrick‡ | .. | .. | .. | .. | .. | Queensland |
| O'Sullivan, Hon. Sir Neil, K.B.E.† | .. | .. | .. | .. | .. | Western Australia |
| Paltridge, Hon. Shane Dunne† | .. | .. | .. | .. | .. | Tasmania |
| Poke, Albert George† | .. | .. | .. | .. | .. | Queensland |
| Rankin, Dame Annabelle Jane Mary, D.B.E.† | .. | .. | .. | .. | .. | New South Wales |
| Reid, Hon. Albert David, M.C.† | .. | .. | .. | .. | .. | South Australia |
| Ridley, Clement Frank‡ | .. | .. | .. | .. | .. | Western Australia |
| Robertson, Agnes Robertson† | .. | .. | .. | .. | .. | Victoria |
| Sandsford, Charles Walter† | .. | .. | .. | .. | .. | Western Australia |
| Scott, Malcolm Fox‡ | .. | .. | .. | .. | .. | Victoria |
| Sheehan, James Michael† | .. | .. | .. | .. | .. | Victoria |

THE MEMBERS OF THE SENATE—*continued.*

| | | | | |
|------------------------------------|----|----|----|-------------------|
| Spooner, Hon. William Henry, M.M.† | .. | .. | .. | New South Wales |
| Tangney, Dorothy Margaret† | .. | .. | .. | Western Australia |
| Toohey, James Philip‡ | .. | .. | .. | South Australia |
| Vincent, Victor Seddon† | .. | .. | .. | Western Australia |
| Wade, Hon. Harry Walter† | .. | .. | .. | Victoria |
| Wardlaw, Robert† | .. | .. | .. | Tasmania |
| Wedgwood, Ivy Evelyn‡ | .. | .. | .. | Victoria |
| Willesee, Donald Robert† | .. | .. | .. | Western Australia |
| Wood, Ian Alexander Christie‡ | .. | .. | .. | Queensland |
| Wright, Reginald Charles† | .. | .. | .. | Tasmania |

Dates of retirement of Senators—† 30th June, 1962. ‡ 30th June, 1965.
 (?) Filling casual vacancy.

THE COMMITTEES OF THE SESSION.

JOINT.

AUSTRALIAN CAPITAL TERRITORY.—Senator McCallum (Chairman), Senator O'Byrne, Senator Toohey, Senator Vincent, Senator Wood and Mr. Coutts, Mr. England, Mr. Fox and Mr. J. R. Fraser.

FOREIGN AFFAIRS.—Mr. Mackinnon (Chairman), Senator Buttfield, Senator Cole, Senator Maher, Senator Mattner, Senator McCallum, Senator Robertson, Senator Scott and Mr. Cleaver, Mr. England, Mr. Failes, Mr. Fairbairn, Mr. Forbes, Mr. Malcolm Fraser, Mr. Haworth, Mr. Holten, Mr. Howson, Mr. Jess, Mr. Snedden and Mr. Turner.

HOUSE.—Mr. Speaker (Chairman), The President, Senator Arnold, Senator Drake-Brockman, Senator Hannaford, Senator Sandford, Senator Tangney, Senator Wardlaw and Mr. D. J. Cameron, Mr. Failes, Mr. J. R. Fraser, Mr. Howson, Mr. Stewart and Mr. Stokes.

LIBRARY.—Mr. Speaker (Chairman), The President, Senator Arnold, Senator Cant, Senator Kendall, Senator McCallum, Senator Robertson, Senator Tangney and Mr. Bryant, Mr. Drummond, Mr. Forbes, Mr. Gray, Mr. Kearney and Mr. Wentworth.

PARLIAMENTARY PROCEEDINGS BROADCASTING.—The President, Senator Arnold, Senator Marriott and Mr. Speaker, Mr. Chaney, Mr. Falkinder, Mr. Fuller, Mr. Fulton and Mr. Turnbull.

PRINTING.—Mr. Erwin (Chairman), Senator Buttfield, Senator Cooke, Senator Marriott, Senator Ormonde, Senator Robertson, Senator Sandford, Senator Scott and Mr. Johnson, Mr. King, Mr. McNeill, Mr. Stewart, Mr. Uren and Mr. Wilson.

PUBLIC ACCOUNTS.—Mr. Davis (Chairman), Senator Benn, Senator McKellar, Senator Wedgwood and Mr. Ian Allan, Mr. Cope, Mr. Costa, Mr. Kelly, Mr. Thompson and Mr. Whittorn.

PUBLIC WORKS.—Mr. Dean (Chairman), Senator Anderson, Senator Drake-Brockman, Senator Ormonde and Mr. Brimblecombe, Mr. Buchanan, Mr. Griffiths, Mr. McIvor and Mr. O'Connor.

SENATE.

DISPUTED RETURNS AND QUALIFICATIONS.—Senator Anderson, Senator Benn, Senator Cant, Senator Hannaford, Senator Hannan, Senator Kennelly and Senator Robertson.

REGULATIONS AND ORDINANCES.—Senator Wood (Chairman), Senator Arnold, Senator Cooke, Senator Laught, Senator McKellar, Senator Willesee and Senator Wright.

STANDING ORDERS.—The President (Chairman), The Leader of the Government in the Senate, The Chairman of Committees, Senator Cooke, Senator Kendall, Senator Nicholls, Senator O'Byrne, Senator Vincent and Senator Wright.

PARLIAMENTARY DEPARTMENTS.

SENATE.

Clerk.—R. H. C. Loof.

Clerk-Assistant.—J. R. Odgers.

Second Clerk-Assistant.—R. E. Bullock.

Usher of the Black Rod.—K. O. Bradshaw.

HOUSE OF REPRESENTATIVES.

Clerk.—A. G. Turner.

Clerk-Assistant.—N. J. Parkes, O.B.E.

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

Third Clerk-Assistant.—D. M. Blake.

Serjeant-at-Arms.—A. R. Browning.

PARLIAMENTARY REPORTING STAFF.

Principal Parliamentary Reporter.—L. D. O'Donnell.

Second Reporter.—W. E. Dale.

Third Reporter.—A. K. Healy.

LIBRARY.

Librarian.—H. L. White.

Assistant Librarian.—L. C. Key.

JOINT HOUSE.

Secretary.—W. I. Emerton.

THE ACTS OF THE SESSION.

(FIRST SESSION: FIRST PERIOD.)

Appropriation Act (No. 2) 1961–62 (Act No. 54 of 1962)—

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

Appropriation (Works and Services) Act (No. 2) 1961–62 (Act No. 55 of 1962)—

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

Australian Universities Commission Act 1962 (Act No. 28 of 1962)—

An Act to increase to Seven the Maximum Number of Members of the Australian Universities Commission, and for purposes connected therewith.

Civil Aviation (Carriers' Liability) Act 1962 (Act No. 38 of 1962)—

An Act to amend the *Civil Aviation (Carriers' Liability) Act 1959*.

Coal Loading Works Agreement (Queensland) Act 1962 (Act No. 45 of 1962)—

An Act relating to an agreement between the Commonwealth and the State of Queensland with respect to certain Coal Loading Works.

Commonwealth Banks Act 1962 (Act No. 3 of 1962)—

An Act to increase the Capital of the Commonwealth Development Bank of Australia by the sum of Five million pounds.

Commonwealth Electoral Act 1962 (Act No. 31 of 1962)—

An Act to give to Aboriginal Natives of Australia the right to Enroll and to Vote as Electors of the Commonwealth, and to provide for certain Offences in relation thereto.

Customs Tariff 1962 (Act No. 22 of 1962)—

An Act to amend section thirteen of the *Customs Tariff 1933–1961*.

Customs Tariff (No. 2) 1962 (Act No. 32 of 1962)—

An Act relating to Duties of Customs.

Customs Tariff (No. 3) 1962 (Act No. 33 of 1962)—

An Act relating to Duties of Customs.

Customs Tariff (Canada Preference) 1962 (Act No. 34 of 1962)—

An Act to amend the *Customs Tariff (Canada Preference) 1960–1961*.

Customs Tariff (Federation of Rhodesia and Nyasaland Preference) 1962 (Act No. 36 of 1962)—

An Act to amend the *Customs Tariff (Federation of Rhodesia and Nyasaland Preference) 1960–1961*.

Customs Tariff (New Zealand Preference) (No. 1) 1962 (Act No. 23 of 1962)—

An Act to amend section eleven A of the *Customs Tariff (New Zealand Preference) 1933–1961*.

Customs Tariff (New Zealand Preference) (No. 2) 1962 (Act No. 35 of 1962)—

An Act to amend the *Customs Tariff (New Zealand Preference) 1933–1961*.

Dairy Produce Export Charge Act 1962 (Act No. 48 of 1962)—

An Act to impose a Charge upon the Export of Dairy Produce.

Dairy Produce Export Control Act 1962 (Act No. 49 of 1962)—

An Act to amend section twenty-one of the *Dairy Produce Export Control Act 1924–1958*.

Dairying Industry Act 1962 (Act No. 46 of 1962)—

An Act to make provision for the Payment of Bounties on the Production of Butter, Cheese and certain other Butter Fat Products, and for other purposes.

Excise Act 1962 (Act No. 37 of 1962)—

An Act to amend the Excise Act 1901–1958, and to validate certain Refunds of Excise Duty.

Gold-Mining Industry Assistance Act 1962 (Act No. 52 of 1962)—

An Act to extend by Three Years the Period of Operation of the *Gold-Mining Industry Assistance Act 1954–1961*, and for purposes connected therewith.

Income Tax and Social Services Contribution Assessment Act 1962 (Act No. 39 of 1962)—

An Act relating to Income Tax.

Income Tax and Social Services Contribution (Provisional Tax) Act 1962 (Act No. 15 of 1962)—

An Act relating to Income Tax.

Income Tax and Social Services Contribution (Rebate) Act 1962 (Act No. 14 of 1962)—

An Act to amend the *Income Tax and Social Services Contribution Act 1961*.

International Wheat Agreement Act 1962 (Act No. 53 of 1962)—

An Act to approve the Signature and Acceptance by Australia of the International Wheat Agreement, 1962, and for other purposes.

Loan Act 1962 (Act No. 19 of 1962)—

An Act to authorize the Raising and Expending of a sum not exceeding Sixty million pounds for Defence Purposes.

- Loan (Housing) Act 1962 (Act No. 17 of 1962)—**
 An Act to authorize the Raising and Expending of a sum not exceeding Seven million five hundred thousand pounds for the purposes of Housing.
- Loan (International Bank for Reconstruction and Development) Act 1962 (Act No. 24 of 1962)—**
 An Act to authorize the Raising of a Loan from the International Bank for Reconstruction and Development in relation to certain Works to be carried out by the Snowy Mountains Hydro-electric Authority, and for purposes connected therewith.
- Pay-roll Tax Assessment Act 1962 (Act No. 41 of 1962)—**
 An Act to amend the *Pay-roll Tax Assessment Act* 1941–1961.
- Processed Milk Products Bounty Act 1962 (Act No. 47 of 1962)—**
 An Act to make provision for the Payment of Bounty on the Export of certain Processed Milk Products.
- Rayon Yarn Bounty Act 1962 (Act No. 50 of 1962)—**
 An Act to amend the *Rayon Yarn Bounty Act* 1954–1959.
- Sales Tax Assessment Act (No. 1) 1962 (Act No. 40 of 1962)—**
 An Act to amend the *Sales Tax Assessment Act (No. 1)* 1930–1953.
- Sales Tax Act (No. 1) 1962 (Act No. 5 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 1)* 1930–1961.
- Sales Tax Act (No. 2) 1962 (Act No. 6 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 2)* 1930–1961.
- Sales Tax Act (No. 3) 1962 (Act No. 7 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 3)* 1930–1961.
- Sales Tax Act (No. 4) 1962 (Act No. 8 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 4)* 1930–1961.
- Sales Tax Act (No. 5) 1962 (Act No. 9 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 5)* 1930–1961.
- Sales Tax Act (No. 6) 1962 (Act No. 10 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 6)* 1930–1961.
- Sales Tax Act (No. 7) 1962 (Act No. 11 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 7)* 1930–1961.
- Sales Tax Act (No. 8) 1962 (Act No. 12 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 8)* 1930–1961.
- Sales Tax Act (No. 9) 1962 (Act No. 13 of 1962)—**
 An Act to amend the *Sales Tax Act (No. 9)* 1930–1961.
- Sales Tax (Exemptions and Classifications) Act 1962 (Act No. 4 of 1962)—**
 An Act to repeal the Fourth Schedule to the *Sales Tax (Exemptions and Classifications) Act* 1935–1961.
- Social Services Act 1962 (Act No. 1 of 1962)—**
 An Act to amend the *Social Services Act* 1947–1961.
- States Grants (Additional Assistance) Act 1962 (Act No. 20 of 1962)—**
 An Act to grant and apply out of the Consolidated Revenue Fund sums for the purpose of Additional Financial Assistance to the States.
- States Grants Act 1962 (Act No. 16 of 1962)—**
 An Act to grant Financial Assistance to certain States.
- States Grants (Universities) Act 1962 (Act No. 51 of 1962)—**
 An Act to amend the *States Grants (Universities) Act* 1960.
- Stevedoring Industry Charge Assessment Act 1962 (Act No. 44 of 1962)—**
 An Act to amend the *Stevedoring Industry Charge Assessment Act* 1947–1960.
- Stevedoring Industry Charge Act 1962 (Act No. 18 of 1962)—**
 An Act to amend the *Stevedoring Industry Charge Act* 1947–1958.
- Sugar Agreement Act 1962 (Act No. 29 of 1962)—**
 An Act to approve an Agreement relating to Sugar, and certain Sugar Products, made between the Commonwealth and the State of Queensland, and for other purposes.
- Sulphate of Ammonia Bounty Act 1962 (Act No. 30 of 1962)—**
 An Act to provide for the Payment of a Bounty on the Production of Sulphate of Ammonia for use in Australia as Fertilizer.
- Supply Act 1962–63 (Act No. 56 of 1962)—**
 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 sixty-three.
- Supply (Works and Services) Act 1962–63 (Act No. 57 of 1962)—**
 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 sixty-three, for the purposes of Additions, New Works and other Services involving Capital Expenditure.

Tariff Board Act 1962 (Act No. 21 of 1962)—

An Act to amend the *Tariff Board Act* 1921–1960.

Tobacco Charges Assessment Act 1962 (Act No. 43 of 1962)—

An Act to amend the *Tobacco Charges Assessment Act* 1955.

War Service Homes Act 1962 (Act No. 2 of 1962)—

An Act to reduce by Seven hundred and fifty pounds the Minimum Deposit required from Purchasers, and to increase by that sum the Maximum Advance available to Borrowers, under the War Service Homes Act 1918–1961.

Wool Tax Assessment Act 1962 (Act No. 25 of 1962)—

An Act to amend the *Wool Tax Assessment Act* 1936–1961.

Wool Tax Assessment Act (No. 2) 1962 (Act No. 42 of 1962)—

An Act to amend the *Wool Tax Assessment Act* 1936–1961, as amended by the *Wool Tax Assessment Act* 1962.

Wool Tax Act (No. 1) 1962 (Act No. 26 of 1962)—

An Act to amend the *Wool Tax Act* (No. 1) 1957–1961.

Wool Tax Act (No. 2) 1962 (Act No. 27 of 1962)—

An Act to amend the *Wool Tax Act* (No. 2) 1957–1961.

BILLS OF THE SESSION.

Australian Capital Territory Representation Bill 1962. Initiated in the House of Representatives. Second Reading.

Designs Bill 1962. Initiated in the House of Representatives. Second Reading.

Northern Territory (Administration) Bill 1962. Initiated in the House of Representatives. Second Reading.

Northern Territory Representation Bill 1962. Initiated in the House of Representatives. Second Reading.

Patents Bill 1962. Initiated in the House of Representatives. Second Reading.

THE PARLIAMENT CONVENED.

TWENTY-FOURTH PARLIAMENT—FIRST SESSION.

The Parliament was convened by the following proclamation ("Gazette", No. 7 of 1962):—

PROCLAMATION

Commonwealth of
Australia to wit.
DE L'ISLE
Governor-General.

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

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

Now therefore I, William Philip, Viscount De L'Isle, the Governor-General aforesaid, in the exercise of the power conferred by the said Constitution, do by this my Proclamation appoint Tuesday, the twentieth day of February, One thousand nine hundred and sixty-two, as the day for the said Parliament to assemble and be holden for the despatch of divers urgent and important affairs: and all Senators and Members of the House of Representatives are hereby required to give attendance accordingly in the building known as Parliament House, Canberra, at the hour of ten-thirty o'clock in the morning on the said twentieth day of February, One thousand nine hundred and sixty-two.

(L.S.) Given under my Hand and the Great Seal of the Commonwealth of Australia this 24th day of January, One thousand nine hundred and sixty-two and in the tenth year of Her Majesty's reign.

By His Excellency's Command,

ROBERT G. MENZIES

Prime Minister.

GOD SAVE THE QUEEN!

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WEDNESDAY, 16 MAY 1962

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Wednesday, 16th May, 1962.

The PRESIDENT (Senator the Hon. Sir Alister McMullin) took the chair at 3 p.m., and read prayers.

LIBERAL PARTY OF AUSTRALIA.

Senator KENNELLY.—I ask a question without notice of the Leader of the Government in the Senate. Has the Minister seen a series of articles that have appeared recently in the "Sydney Morning Herald" setting out in the most objective manner the way in which the Liberal Party has betrayed the liberal principles that it enunciated in 1949? In particular, I ask the Minister whether he has seen the statement in to-day's "Sydney Morning Herald" that lately his influence—

. . . has been strengthened by the fact that he is one of the few remaining "go-betweens" for major contributions to party funds.

Does the Minister in fact collect donations from big business in order to finance the very expensive campaigns conducted by the Liberal Party? Has he ever collected money from the banks, the Broken Hill Proprietary Company Limited or other large monopolies? Will he tell the Senate how much he has collected, and from whom he has collected it, so that the public may understand the reasons for the introduction of many of the pieces of legislation submitted by this Government?

Senator SPOONER.—Yes, I have read with great interest the articles referred to. Senator Kennelly calls them objective articles. I heard an honorable senator behind me interject and refer to the articles as objectionable. I prefer the description given by my colleague to that given by Senator Kennelly. As for the collection of party funds with which to finance the expensive election campaigns, as Senator Kennelly described them, I only hope that some day the Liberal Party will be able to afford to run campaigns as expensive as those that are run by the Australian Labour Party. I only wish that the Liberal Party had at its disposal funds as large as those at the disposal of the Labour Party. There is a vast difference between the amounts available to the two parties. Labour's funds are vastly in excess of our funds. The people who work for the Labour Party in con-

junction with their trade union activities far exceed in number the workers that we have available to us. The Liberal Party collects its funds on a voluntary basis. It does not raise money by levies or other compulsory methods. I have not taken any personal part in collecting money for some years now. I refute most emphatically the allegation that any funds that we receive are subject to any strings or any reservations at all. We leave it to the Labour Party to pay for favours rendered. We on this side of politics do not do that.

TELEVISION.

Senator MARRIOTT.—In order to raise the proceedings out of the party political mud, I direct a question to the Minister representing the Postmaster-General. Is there any truth in the rumours current in radio and television circles that the new Melbourne television channel 0 telecasts possibly will cause interference with Hobart ABT channel 2 telecasts?

Senator WADE.—I assure Senator Marriott that the Postmaster-General's Department is confident that channel 0, when it commences operations in Melbourne, will not interfere with channel 2 in Tasmania. In point of fact, channel 0 has been chosen for the Melbourne area in order to avoid, as far as possible, interference with other stations operating at the present time.

SAFETY BELTS.

Senator POKE.—I preface my question, which I address to the Minister for Customs and Excise, by saying that it does not involve party funds. In view of the consistent recommendations of the Australian Road Safety Council, the Senate Select Committee on Road Safety and police authorities, and the ever-increasing toll of death in road accidents, does the Minister agree that car safety belts offer a real measure of protection, and can be a very important factor in saving the lives of people involved in car accidents? Will the Minister advocate during the forthcoming Budget discussions the elimination of sales tax on safety belts in order to offer a further inducement to motorists to install these life-saving devices in their cars?

Senator HENTY.—I have read with great interest various items of literature on this

subject which I have received recently from the Australian Road Safety Council and manufacturers of safety belts. I believe that in some accidents they are a great factor in saving life. The honorable senator has asked me a question about sales tax. I should have thought that he had been in the Senate long enough to know that sales tax comes under the control of the Treasurer. Apparently he does not know that. If he puts his question on the notice-paper, addressed to the Treasurer, my colleague will furnish him with a reply.

SPACE RESEARCH.

Senator VINCENT.—Has the Leader of the Government in the Senate seen a statement in to-day's press to the effect that the Soviet Union has asked the Australian Government for permission to construct a satellite tracking station somewhere in Australia? Can the Minister inform the Senate whether that press statement is true? If it is true, can he tell the Senate the nature of the request and any other circumstances that would be of interest to the Senate?

Senator SPOONER.—Some negotiations are proceeding. As yet, they have not been concluded. We have received a request. We have referred that request to Great Britain and the United States of America. Both those countries have replied to the effect that great scientific advantages would accrue from such a station being located in Australia. The matter is still under negotiation and consideration.

DAIRYING.

Senator LAUGHT.—My question is directed to the Minister representing the Minister for Primary Industry. I refer to the statement in to-day's press that the Australian Dairy Produce Board has signed an agreement with the object of increasing sales of Australian dairy products in South-East Asia. Apparently, the board has formed a company in association with a Malayan-Chinese merchant, Mr. Leong Kwai Chun, to develop and process dairy products from Australia in Malaya, Thailand, Burma and the Philippines. The Minister for Primary Industry claims that the project does not involve the Australian Government. My questions are: From

what fund or funds will the Australian component of this enterprise come? Has the Government in the past provided any part of such fund or funds? Is it true that the proposed company will arrange for the formation and establishment of operating companies and plants in various Asian countries to process dairy products from Australian raw materials, such as butter oil and skim milk powder? Will any Australian nationals be employed by these companies and in these plants? If so, what will be the proportion? Before giving support to a plan involving the expenditure of this money in Asia, did the Minister explore every possibility of having Australian dairy products processed in Australian factories and then sent to the Asian market? I have in mind particularly the great lift that such factories, specially geared for Asian outlets, would give to South Australian dairy products, particularly in the Mount Gambier, Penola and Millicent areas.

Senator WADE.—The project to which Senator Laught refers does not involve Government backing or the use of Government funds. The money required for the project is, I understand, being supplied by the Australian Dairy Produce Board. It is available as a result of levies that have been imposed by that board. The money will be used specifically for the purpose of promoting the sales of dairy products and allied commodities. I cannot tell the honorable senator to what degree, if at all, Australians will be employed in this undertaking, but I point out to him that there is a possibility that the establishment of undertakings of this kind in the countries mentioned will give rise to a great demand for our products. Such a demand would be reflected in our production and exports.

RICE.

Senator McKELLAR.—I direct my question to the Minister in charge of the Commonwealth Scientific and Industrial Research Organization. It relates to a question I asked him last week, and also to one asked yesterday by Senator Anderson, in connexion with the Humpty Doo rice-growing project in the Northern Territory. I ask this question knowing that the Minister has just returned from that area. Is he in a position to give me

any information additional to that contained in the answers he gave recently? Have the four share-farmers who were mentioned yesterday been given any rights in regard to tenure of the land that they have been working? Their understanding and their hope twelve months ago was that they would be given some security of tenure. Has the Minister any information on that subject?

Senator GORTON.—This matter is not the responsibility of the C.S.I.R.O. in any way. However, it so happens that I talked to one of the share-farmers when I was at Humpty Doo during the week-end. He informed me that the share-farmers were still working on a yearly tenancy from the Northern Territory Administration.

BROADCASTING.

Senator BRANSON.—I direct a question to the Minister representing the Postmaster-General. Previously, in reply to a question I had asked, he stated that quotes had been sought for a 1-watt very-high frequency translator unit. Can he tell me why such a small unit, which has a coverage of only approximately 12 miles, is being sought? Can he explain why a 10-watt unit was not considered? Am I correct in assuming that the Australian Broadcasting Control Board intends to experiment with one of these units? If so, will the Minister consider recommending that the experiment be carried out in Western Australia, where, in the huge areas to be covered, there is ideal terrain which is free from interference?

Senator WADE.—The honorable senator has asked a technical question which requires a considered answer by a responsible officer of the Postmaster-General's Department. Rather than ask him to place the question on the notice-paper, I shall bring his representations before the Postmaster-General and get a reply in writing as soon as possible.

POTATOES.

Senator O'BYRNE.—My question is directed to the Minister representing the Minister for Trade. He is no doubt aware of the decline that is occurring in the Tasmanian potato industry and also of the eminent suitability of the climate and soil of Tasmania for the growing of this basic item of our diet. Does the Minister know

that an order has been received from Ceylon for 100 tons of Tasmanian potatoes, and that this is a great source of hope for the growers in Tasmania because they see in it evidence of a potential market in Ceylon? Will the Minister consider the advisability of including a representative of the Tasmanian potato marketing authorities in future trade delegations that go to Ceylon, Singapore, Indonesia, Malaya and India, with a view to exploring possible avenues for the export of Tasmanian potatoes?

Senator SPOONER.—I am sorry to say that I have not heard of the order from Ceylon mentioned by Senator O'Byrne. I shall consult Mr. McEwen and bring the honorable senator's question to his notice. Expressing a personal opinion, I should think there would be a good deal of merit in the honorable senator's suggestion, if its adoption were to lead to the opening up of a new market for Tasmanian potatoes.

BUTTER.

Senator SCOTT.—I ask the Minister representing the Minister for Primary Industry: Is it a fact that the New Zealand Dairy Board is offering in Ceylon a Holden motor car each month as a prize for the lucky purchaser of New Zealand butter with a certain number printed on the wrapper? Can the Minister say whether the Australian Dairy Produce Board intends to compete with New Zealand in this market and other markets of the world in the sale of butter?

Senator WADE.—I believe it is a fact that a prize of a Holden motor car is being offered by the New Zealand authorities for the lucky holder of a numbered wrapper from butter that is sold in Ceylon. I cannot say that the Australian Dairy Produce Board is adopting similar measures to promote the sale of Australian butter, but I can say that the board is vigorously exploiting all possible markets. It will be remembered that Senator Laught referred earlier to-day to a proposal relating to the Malayan market. I think we shall see something of a new era in the promotion of our dairy products, because the board is faced with the possible effects of the European Common Market arrangements, and it is determined to leave no stone unturned to protect the industry.

FLOOD WARNINGS.

Senator ORMONDE.—Can the Minister in charge of the Commonwealth Scientific and Industrial Research Organization say whether there is anything that the organization can do to assist in establishing a flood warning system throughout Australia, so that people likely to be affected by floods, as in the Hunter valley recently, may receive assistance in preparing to meet such an eventuality? Will the Minister examine the possibility of an organization of that kind, if it were established, co-operating with the various State government instrumentalities?

Senator GORTON.—The C.S.I.R.O. is essentially a body which has been established to carry out scientific research into new and improved methods of growing plants or making things. The results of its scientific activities are used in extension services by State departments of agriculture and other departments. It is no part of its charter—nor could any possible extension of it so provide—to be involved in the establishment of a flood warning system. Such a task would be entirely the responsibility of the various State authorities which deal with water supplies, such as the State Rivers and Water Supply Commission in Victoria, and similar organizations in other States.

COMMONWEALTH GAMES.

Senator BRANSON.—As the Leader of the Government is no doubt aware, the Commonwealth Games are scheduled to take place in Perth during the last week of November this year. Is he in a position to say whether the Commonwealth Parliament will rise for this very important event?

Senator SPOONER.—The answer I give Senator Branson is, "I hope so".

FLAX.

Senator HENDRICKSON.—By way of preface, I remind the Minister representing the Minister for Primary Industry that on 3rd May I asked question No. 12 standing in my name on the notice-paper. As the Parliament is rising, I understand, on Thursday or Friday of this week, I ask the Minister whether he can give me a reply to that question before the rising, for these reasons: I have just learned that

to-day there are 400 unemployed persons in the Wangaratta district, and if a subsidy is not granted to flax-growers no flax will be grown and 30 more persons in the district will be unemployed.

Senator WADE.—I have been assured that as a result of my continued representations a reply to that question will be available before the Senate rises.

CUSTOMS FACILITIES.

Senator LAUGHT.—Has the Minister for Customs and Excise any say in relation to the structure or premises in which his officers work and which persons dealing with Her Majesty's Customs visit at Outer Harbour, South Australia? Will he call for a report on the suitability or otherwise of the customs offices on the wharf at Outer Harbour?

Senator HENTY.—I have no knowledge of the condition of the quarters provided for customs officers at Outer Harbour. I appreciate the fact that the honorable senator has directed my attention to this matter. I shall inquire into it immediately.

PHOTOGRAPHIC EQUIPMENT.

Senator HANNAN asked the Minister representing the Minister for Defence, upon notice—

1. Have the Department of Air and the Department of the Army recently called tenders for the supply of Exata single-lens reflex cameras manufactured in and sold from Soviet-occupied Germany, sometimes called East Germany?
2. Is it not a fact that at least equivalent, if not better, equipment is available from sources in the free world, including West Germany, Japan and Switzerland?
3. In view of the political as well as the economic significance of placing Government orders unnecessarily with Communist countries, will the Minister have the requirements of the two departments re-examined to ascertain whether they can be met by manufacturers in the free world?

Senator SPOONER.—The Minister for Defence has supplied the following answers:—

1. The Department of Supply on behalf of the Department of Air called open tenders for nine 35-mm. cameras to Defence (Aust.) Specification No. 2008. The requirements in this specification can be met by a number of makes and no reference is made to Exata cameras.
2. Equipment to meet the above specification is available from other sources such as the German Federal Republic, Japan and Switzerland.

However, no tenders were received for the supply of a camera manufactured in Switzerland and the German Federal Republic. Of the nine tenders received by the Department of Supply six offered the Exacta camera, two offered the Japanese makes and one other originated in the Eastern zone of Germany. All tenders were carefully evaluated and the Exacta was considered to be the most suitable and is considerably cheaper.

3. As these are commercial type cameras and are not specialized items of military equipment and as normal service procurement procedure has been observed, it is not considered necessary to re-examine the matter.

OVERSEAS LOANS.

Senator BENN asked the Minister representing the Treasurer, upon notice—

1. What sums, in Australian currency, were borrowed overseas annually during the period 1st July, 1950 to 30th June, 1961?

2. What was the total amount owing at 30th June, 1961?

3. What sum has to be paid annually on the total amount borrowed over the same period?

Senator PALTRIDGE. — The answers supplied by the Treasurer are as follows:—

1. The amounts borrowed overseas annually during the period 1st July, 1950 to 30th June, 1961 are shown in the following table:—

| Year ending 30th June. | Amount.(a) | | |
|---------------------------|--------------------|----------------------|--------------------|
| | Cash Loans. | Conversion Loans. | Total. |
| 1951.. .. | £'million. 44.6 | £'million. .. | £'million. 44.6 |
| 1952.. .. | .. | .. | .. |
| 1953.. .. | 22.3 | 14.8 | 37.1 |
| 1954.. .. | 30.2 | 13.5 | 43.7 |
| 1955.. .. | 30.4 | 11.2 | 41.6 |
| 1956.. .. | 9.5 | 8.2 | 17.7 |
| 1957.. .. | (b) 35.6 | 16.3 | 51.9 |
| 1958.. .. | (c) 17.0 | 20.0 | 37.0 |
| 1959.. .. | (d) 31.3 | 25.0 | 56.3 |
| 1960.. .. | 43.5 | .. | 43.5 |
| 1961.. .. | (e) 40.2 | 42.4 | 82.6 |

(a) Converted at the then current rates of exchange.
(b) Includes £12,000,000 for Qantas Empire Airways.
(c) Includes £5,800,000 for Qantas Empire Airways.
(d) Includes £1,300,000 for the Australian National Airlines Commission.
(e) Includes £13,400,000 for Qantas Empire Airways and £900,000 for the Australian National Airlines Commission.

2. The amount of these borrowings outstanding at 30th June, 1961 was £402,200,000.

3. The annual interest liability on the amount of these borrowings outstanding at 30th June, 1961 was £20,100,000.

DENTAL HEALTH.

Senator VINCENT asked the Minister for Health, upon notice—

1. Is it a fact, as stated by certain Australian authorities on the subject, that the general level of dental health of the Australian people is about the worst in the civilized world, and that the dental health of Australian children is undoubtedly the worst in the world?

2. If not, then what is the general standard of dental health in Australia?

Senator WADE. — The answers to the honorable senator's questions are as follows:—

1. and 2. I am advised that international comparisons relating to dental health are very difficult to assess because of a paucity of reliable information on a world-wide basis. The State governments have traditionally exercised responsibility in relation to dental health matters and they provide free school dental services, and dental hospitals where free treatment is available, subject to a means test. The Commonwealth Government is also most active in the discharge of its responsibilities which include—(a) the valuable work carried out by the Commonwealth Bureau of Dental Standards, with regard to the standardization and quality of dental materials; (b) the Australian Capital Territory Child Dental Health Service, which provides free treatment for children attending all infants' and primary schools in the Australian Capital Territory; (c) the Northern Territory Dental Service, under which free dental treatment in the Northern Territory is provided for children up to the age of sixteen years, pensioners and aborigines.

IMMIGRATION.

Senator KENNELLY asked the Minister representing the Minister for Immigration, upon notice—

Now that separate figures are issued for the number of migrants coming to this country can the Minister advise what is the Government's immigration target for the year 1961-62?

Senator HENTY. — The answer supplied by the Minister for Immigration is as follows:—

The new statistical information to which the honorable senator has referred does not necessitate any change in the immigration target of 125,000 long-term and permanent arrivals set for 1961-62.

TAXATION.

Senator McCALLUM asked the Minister representing the Treasurer, upon notice—

Will the Treasurer reconsider his refusal to grant deductions from income tax assessments to donors to the David Stewart House which is conducted by the Workers' Educational Association, a recognized educational body of high standing?

Senator PALTRIDGE.—The Treasurer has supplied the following answer:—

The relevant provisions of the income tax legislation authorize the deduction of gifts to a public fund established and maintained exclusively for providing money for the acquisition or maintenance of a building used or to be used as a school or college by a society or association which is carried on otherwise than for the purposes of profit or gain to the individual members of that society or association. The Commissioner of Taxation, on whom the responsibility rests to determine matters of this nature, has advised me that, after considering all the information made available to him regarding the W.E.A. Building Fund, the purposes to which the fund was applied and the occupation of David Stewart House, he has been obliged to decide that the fund and the building do not comply with the relevant provisions of the income tax legislation and accordingly that gifts to the fund are not allowable deductions for income tax purposes.

PUBLIC SERVICE.

Senator BRANSON asked the Minister representing the Prime Minister, upon notice—

1. Has the Commonwealth Government the same policy as the British Government in regard to personnel security in the Public Service?

2. Does it follow the same practice as that laid down by Lord Attlee, then Mr. Attlee, in March, 1948, and still followed in Britain, whereby Communists and Fascists and their associates are debarred from employment in the civil service in connexion with work that is vital to the security of the State?

3. If the Commonwealth Government does follow this practice, is the screening of applicants left to the department concerned or is it done by the security service?

Senator SPOONER.—The Prime Minister has supplied the following answers:—

1. Yes, in the sense that potentially unreliable persons are excluded as far as possible from access to Government classified information and work that is vital to the security of the State.

2. See answer to question 1.

3. The Australian Security Intelligence Organisation is the responsible Commonwealth authority for carrying out the necessary security screening measures. As their role is only an advisory one, the ultimate decision as to whether a person has access or not is made by the Commonwealth Public Service Board and/or the Commonwealth department or authority concerned.

DARWIN HIGH SCHOOL.

Senator WEDGWOOD asked the Minister representing the Minister for Territories, upon notice—

1. Is it a fact that air-conditioning has been deleted from the plans for a new high school at Darwin?

2. In view of the difficult climatic conditions in the Northern Territory and their effect upon children, can the Minister inform the Senate why this modern and necessary amenity will not be provided for children attending the Darwin High School?

3. Will the Minister have the plans re-examined and include air-conditioning?

Senator PALTRIDGE.—The Minister for Territories has supplied the following answers:—

1. Yes.

2. When the high school was first planned a number of alternatives were considered including natural ventilation, mechanical ventilation and air-conditioning. These alternatives were closely examined by the Parliamentary Standing Committee on Public Works which endorsed the proposal for air-conditioning. Subsequently Cabinet, for reasons of accommodating the project within the financial resources available to the Northern Territory Administration, approved of plans that provided for forced air ventilation. The additional cost of installing air-conditioning would have been £68,000. The school is in course of construction. The authorized expenditure is £472,222.

3. Funds available at present do not permit the installation of air-conditioning. If, however, this should become possible at a later stage, the equipment and ducts required for forced ventilation can be used as part of the installation for air-conditioning.

COMMONWEALTH SERUM LABORATORIES.

Senator McMANUS asked the Minister for Health, upon notice—

1. Have there been retrenchments recently at the Commonwealth Serum Laboratories in Melbourne?

2. If so, what is the extent of these retrenchments, and what is the reason for them?

3. Are further retrenchments contemplated? If so, why?

Senator WADE.—I now provide the following answers:—

1, 2 and 3. Since the commission took over the Commonwealth Serum Laboratories on 2nd November, 1961, there has been no retrenchment of staff. The commission has, however, decided, because of increased efficiency and the need to reduce expenditure, to limit recruitment for the time being only to vacancies created by resignations and retirements. The policy is, however, being reviewed continuously by the commission.

LEAVE TO MAKE STATEMENT NOT GRANTED.

Senator SPOONER (New South Wales—Vice-President of the Executive Council and Minister for National Development).—I ask for leave to make a statement on

the employment of physically handicapped persons in the Public Service.

The PRESIDENT.—Is leave granted?

Senator Kennelly.—No, the statement may be made on the motion for the adjournment of the Senate.

RAYON YARN BOUNTY BILL 1962.

Second Reading.

Debate resumed from 15th May (vide page 1367), on motion by Senator Henty—

That the bill be now read a second time.

Senator KENNELLY (Victoria) [3.37].—The purpose of this bill is to extend the operation of the bounty on sales of acetate rayon yarn to 30th June, 1965, and to increase the rate of bounty from 6d. to 9d. per lb. of yarn. The manufacture of acetate yarn is an interesting process. The yarn is manufactured by dissolving acetate flake in acetone, to which a small quantity of water has been added. The solution is then forced through minute holes into a current of hot air, which evaporates the acetone, leaving threads of pure cellulose acetate. Those threads are commonly used for weaving and knitting. The only firm using this material is Courtaulds (Australia) Limited, which employs ten weavers. The yarn is used mainly in the manufacture of satins, taffetas, brocades and lining fabrics. The knitters, of whom between 200 and 300 are employed, use the material in the manufacture of underwear.

It is obvious that the yarn does not compete in any way with wool. In fact, it may be used as a supplementary material in the manufacture of some woollen articles. It is interesting to note that the only firm in Australia making this yarn is Courtaulds. It produces about £3,000,000 worth of the yarn a year. I am pleased to note also that this industry is not situated in one of the big capital cities. It is situated in the Newcastle area in New South Wales.

The Tariff Board report shows that in March, 1961, there were 354 people directly engaged in the production of acetate rayon yarn. The present production of yarn by the Courtaulds factory is almost sufficient to meet Australia's requirements. In the year ended 30th June, 1959, yarn to the value of £163,983 was imported. In the year ended 30th

June, 1960, the amount imported was worth £105,617. In the year ended 30th June, 1961, the value of imports of yarn rose to £615,227, but for the six months ended December, 1961, the value of imports had dropped to £223,132. It would appear that in 1960 and 1961 the full effects of the Japanese Trade Agreement were felt. I am pleased to see that for the six months ended December, 1961, imports were less than during the earlier part of 1961.

Senator Wright.—Have you any information to show whether that decline in imports was due to commercial action or government interference.

Senator KENNELLY.—Having spoken to persons associated with the textile industry I am convinced that imports rose because of the effects of the Japanese Trade Agreement. I am glad to know that imports are not now as high as they were when we felt the first blast of the Japanese Trade Agreement. Courtauld's is now producing so much rayon yarn that within a very short time it will not be necessary to import any.

I am delighted to know that Senator Wright is interested in this bill. He usually displays a keen interest in matters such as this. Under the bill the maximum amount of bounty payable per annum will be £130,000. The Tariff Board report to which I earlier referred states that 354 persons are employed by Courtaulds in the production of acetate rayon yarn. The report also says that 46 persons are employed in selling, distribution and administration. So, it is fair to say that overall 354 people are employed in this industry. Under this bill a bounty of up to £130,000 a year can be paid.

Senator Wright.—How much is that per employee?

Senator KENNELLY.—About £370. I am delighted that Senator Wright asked that question. I always have been and still am a very strong supporter of protection; but one wonders just how far it can go. This bill means that for every person employed by Courtaulds (Australia) Limited in this industry the Government hands out a bounty of £370 a year. That is not bad.

Senator Mattner.—That is about £7 a week.

Senator KENNELLY.—That is true. The honorable senator does not want the Government to pay the whole wage, does he? The Government is going a fair way towards that already. On the other hand, it is true that by paying this £130,000 a year we are saving £1,500,000 in our balance of payments.

I wonder whether there should be an inquiry into this industry similar to that made by the McCarthy committee into the dairy industry. That committee reported that there are some uneconomic dairy farms in Australia. I wonder whether there are some uneconomic industries, as some members of the Country Party told me when I was speaking about the report of the McCarthy committee.

Senator Wright.—That figure of £370 per employee is not a record, is it?

Senator KENNELLY.—If Senator Wright can tell me about any other industry that is receiving bounty equal to that amount per employee, I will be very interested to listen. I went to the trouble of ascertaining whether this material was important to defence. I thought it might be used in parachutes and similar things that are used in modern warfare. I was told by an officer of one of the departments that a proportion of this material can be used in motor tires. So, we can wipe out the defence aspect. I am not opposing this bounty, but there are times when deeper consideration should be given to these matters. I admit that this Government is not known by the letters P.I.G., as the Victorian Government is known. In Victoria those letters stand for "Public Inquiry Government". All the Victorian Government seems to do is hold public inquiries. However, I believe that more inquiries should be made. I admit that the Tariff Board report says that Courtaulds (Australia) Limited is most efficient. It is true that acetate yarn is not the only material with which that company deals. It is a big firm.

I am interested to see that in the bill the Government has laid it down that the firm cannot make more than 10 per cent. profit without the bounty being affected. But I am a little disturbed by portions of the Tariff Board report. We are dealing with only one article manufactured by this firm.

The report says that the firm is efficient. It then sets out a table of the profits that the firm has made. As we are dealing only with acetate rayon yarn, it would have been better if the firm had been asked to supply figures on that material. The report says that dividends paid on ordinary stock by Courtaulds (Australia) Limited since the formation of the company were stated to be as follows:—Nil in 1954-55, 2 per cent. in 1955-56, 4½ per cent. in 1956-57, 4½ per cent. in 1957-58, 5 per cent. in 1958-59, nil in 1959-60, and 2½ per cent. in 1960-61. I regret that the firm has not made larger profits over that period; but the report does not state the profit made by this branch of the company's operations, taking the bounty into consideration.

I ask the department, through the Minister, what I should infer from these words: "Dividends paid on ordinary stock by Courtaulds since the formation of the company were stated to be as follows . . .". I believe in a very famous saying—"In God we trust". But I want to know whether any examination of the figures is made or whether the profit is taken as it is stated. I am not saying that the firm has been wrong; but when a bill providing for a bounty of £130,000 a year is submitted to this chamber, such an examination should be made. If I remember correctly, the Minister, in his second-reading speech, said that over the last five or six years this firm had received bounty to the extent of £450,000. I do not swear that that is the figure, because I am speaking without having the second-reading speech in front of me. If I am correct, I want to know how far this protection is going. How far can we go in this matter from an economic point of view? Does the Government say that it is worth while to pay bounty of £130,000 a year to save £1,500,000 in our balance of payments?

Senator Wright.—Surely that is not the dominating factor.

Senator KENNELLY.—It is one factor. Whilst it is true that to-day the 354 textile workers might find it difficult to secure other remunerative employment, that is the position only because of the Government's put-and-take economic policy. That was not always the position. I have no reason to do this firm any harm. I am delighted

that it is providing employment in New South Wales. But this matter goes much further than that.

It is easy to bring in a bill to increase the bounty from 6d. to 9d. per lb., as this bill does, and increase the total amount that can be spent each year from £100,000 to £130,000. The Government is paying this firm £370 per employee per year. That is about £7 a week. So it had better double that amount and say to the employees, "You need not work at all". I do not know if that will ever come about, but I believe that this Government would do almost anything to ensure that it stayed in office. Over the years, I have been intrigued and delighted to read the reports of the Tariff Board on a number of subjects, but I cannot say that I obtained much pleasure from reading this report, because I do not think it is as complete as it ought to be. I speak in that manner because I believe that when a member of the Senate gets to his feet in this chamber he should not just agree with everything that is contained in the bill he is discussing. I think he is entitled to examine the measure thoroughly and to make his comments upon it.

I will be most interested to learn how the acetate yarn industry progresses in the future. The Tariff Board is of the opinion that it is efficient, but I often wonder how many of our industries, primary and secondary, are really efficient. One often wonders whether the engineering shops and iron foundries, for instance, that one passes when moving around his own city are efficient, particularly when the buildings in which they are housed are old, tumble-down places. Of course, a casual observer has not the requisite knowledge to make up his mind whether or not they are efficient.

If the acetate rayon yarn industry needs the protection that is proposed, and apparently it does, then I am prepared to support the bill, if only because of the employment that the industry provides. I recall that in Victoria the Ford Motor Company changed the location of its main factory from Geelong to Melbourne, and that the employees had to decide whether to travel 45 miles to work or to sell their homes in Geelong on a depressed market and obtain other homes near where the works were established. Despite the fact that this is a small bill, I think I have been entitled to

make the remarks that I have made. I will vote for the measure, if necessary.

Senator WRIGHT (Tasmania) [3.59].—

I was greatly interested in the remarks made by Senator Kennelly. If we could expect the Opposition to adopt to each and every measure dealt with in this chamber the attitude that Senator Kennelly adopted to this measure, our confidence would be enhanced. It is proper that a bill to give protection to the degree that is proposed now should be submitted to real scrutiny, even if it is based on recommendations contained in a report by the full Tariff Board.

Senator Kennelly called attention to the volume of imports, and I asked him to what he attributed the steep decline in the volume of imports in 1961. I understood him to say that that was brought about by the fact that Courtaulds (Australia) Limited was getting mastery of the market. He did not think it was due to ministerial communications between our Department of Trade and the Japanese department. As we know, when the Japanese trade treaty was being arranged the Minister for Trade (Mr. McEwen) had the forethought to equip himself with authority from this Parliament. If imports from any country constituted an excessive threat to an industry in this country, he had, under that authority, executive power summarily to reduce or terminate those imports. The measure giving that power was a thoughtful piece of legislation. The Minister for Trade has kept in touch with these matters in a remarkably practical way, and he has assured us that the Japanese Government has honoured the spirit of the arrangement in that regard. It requires only an indication from the Australian Government that, in its opinion, imports from Japan are exceeding the proper volume for them to be brought under control. I understand that the diminution in the volume of imports was not brought about by an indication of that kind from the Minister. If it was brought about because Courtaulds' production is now such as to satisfy the Australian market, thus reducing imports to this extent, that is indicative of some soundness in our protectionist policy.

The other factor that appeals to me in regard to this bill is that, as I understand, the acetate rayon yarn industry is a new industry in Australia. It is a decentralized

industry. It is isolated. In these matters, we must pay some regard to commercial good faith. If, for the purposes of national development, we encourage an industry to establish itself here on the basis that it will have protection in the more general sense, and we find subsequently that the challenge to that industry from imports or because of costs has become somewhat severe, commercial good faith demands that we should protect it in any emergency arising from imports or costs.

I am sure that honorable senators know that I am not the most ardent advocate of protectionism, but I am still a supporter of the general policy of protecting industry in Australia at our stage of development. With regard to this industry, I believe those two factors demand our very serious consideration. This industry has gone through the traditional process of having its claim for protection submitted to the scrutiny of the full Tariff Board—not merely the emergency, interim, cursory consideration of a deputy chairman of the board. The Tariff Board has submitted a proposal based on its findings. First, it records the fact that it is satisfied that the industry is efficient. We in this Parliament must rely upon the skill of the board and its continuous association with commercial arrangements, to scrutinize an industry's efficiency. Such a judgment can be made only by considering the industry in relation to other industries. Whatever may be the consequences, Mr. Acting Deputy President, I for one renounce any claim to be able to judge the efficiency of an industry. We have the judgment of the Tariff Board to guide us.

The next matter I notice in the report of the Tariff Board is that quite a careful scrutiny has been made of the costs of the industry. I hope that Senator Kennelly will take particular note of the reference to this aspect of the industry's predicament. After referring to the whole of the costs of the industry, the report of the Tariff Board, at page 8, points out that Courtaulds (Australia) Limited is manufacturing at a disadvantage in respect of costs amounting to no less than 39.5d. per lb. of packaged yarn. Allowing for the fact that overseas competitors would have to pay freight on yarn consigned to this country, Courtaulds (Australia) Limited is at a disadvantage of 29.8d. per lb. That is a factor that brings into proper focus in this debate the cost

structure in this country. I have vehemently and continually advocated in this chamber that consideration should be given to costs. If we have built a cost structure that is affecting adversely an isolated, efficient new industry, we are bound to tide that industry over by means of protection, not permanently, but for the initial period of disadvantage after its formation.

The next matter we should consider in deciding whether or not to give effect to the report of the Tariff Board, as is proposed in the bill, is the nature of the protection that is being given to the industry. As on the last two occasions, the board has recommended that the protection should be divided into two parts, the first consisting of a bounty, and the second of a tariff. The report explains that the bounty will enable a price to be charged for the products of the industry retailed in Australia which will attract a substantial portion of the Australian market and maintain the industry on a favorable basis in comparison with its competitors. The tariff should operate so as to deter undue competition from abroad and, at the same time, preserve a degree of equity between exports and imports.

I have noted those aspects of the report, and I still feel that confidence can be retained in reports of the Tariff Board concerning the efficiency of the industry. If the members of the Tariff Board take the trouble to read this speech, I hope they will accord full significance to my use of the word "still". Having regard to the demands of our economy and the need to protect only efficient industries which are being operated on an economic basis, I believe it is proper that we should vote for the payment of this bounty, in accordance with the recommendation of the Tariff Board. For those reasons, Sir, I support the bill.

Senator ARNOLD (New South Wales) [4.10]. — Unlike Senator Kennelly, the Deputy Leader of the Opposition in the Senate, and Senator Wright, I have no hesitation in supporting the bill wholeheartedly. I do so because I have seen this industry being established over the years and developed to the stage where, to-day, it has approximately £7,000,000 or £8,000,000 worth of plant. It has been established in an area near the Hunter

River, between Newcastle and Raymond Terrace, which was virtually waste land. Because of the establishment of this industry, a model village of 400 or 500 homes has been developed by this company. Continuous employment has been provided for many of the people of the district. Knowing something of the circumstances in which the company was brought to Australia, I have no hesitation in saying that the Government ought to adopt the recommendation of the Tariff Board. If it were my prerogative to do so, I would add a little more to the amount of bounty than that recommended.

Senator Kennelly stated that he did not know of any defence aspect of this industry. Few people are aware that it was because of a vital defence requirement that the Australian Government induced the company to come to Australia some ten or twelve years ago because supplies of yarn for the manufacture of motor tires were very difficult to secure during the war period. At that time, there was rationing of motor tires. One of the components of tires is the rayon yarn that is spun by this company. As honorable senators know, ships bringing supplies to Australia during the war years were torpedoed and the supplies were lost. Australian industry and also the defence effort were hampered as a result. Before this company was established, there was no means of making tire yarn in this country. The Australian Government and the defence authorities were therefore eager, after the war had ended, to induce this industry to come to Australia, so that we would not be in similar difficulties should another conflict occur. Because of those considerations, the Australian Government entered into some commitments with the company. It offered the company certain considerations, and eventually it was induced to come to Australia.

The company brought with it some capital and also the necessary know-how, but most of its capital has come from the Australian public. Unfortunately, the people who invested in the industry and were determined to see it established, have not had a proper return from their investment. My deputy leader has handed me figures showing the return to investors. They indicate that the investors would not have received much more than 3 per cent. during

the seven or eight years that the company has been operating. The Government has a duty to give this industry every protection possible. I should like to see the industry in such a flourishing condition that it could expend money on experimenting with new forms of production and the use of various materials. For instance, it has conducted some experiments in the use of wood. I believe that these have arrived at the stage at which the company can use eucalypts, and it is gradually substituting an Australian commodity for a commodity that had a high import content. If the company were given the money and the opportunity to extend this experimentation and to expand on the scale proposed when it first came to Australia, a task of national importance would be performed.

The company came out to Australia, I think, in 1953. It took quite a long time for us to induce anybody to come, because the industry is large and about £7,000,000 or £8,000,000 worth of plant is involved. I heard my Deputy Leader explain the process. It is very difficult to understand just what is involved, unless one has seen it. The acetate flake undergoes a process in which it is forced through jets, coming out in a very fine stream. Hot air is blown over the threads. They are kept pliable until they are wound on to the bobbins, where they solidify and become ready for fabrication. It is necessary to utilize the plant continuously throughout the year, because if these nozzles are allowed to dry, there is a tendency for the chemical to freeze, and it is then a very costly operation to get the equipment ready again for production. On the section of the plant in respect of which protection is sought, and on other chemical processes of the same kind, 1,200 persons are employed.

The company takes a very great risk, because the level of protection against fibres from overseas is very low. The Tariff Board has recommended a bounty, as it is so difficult to afford real protection because of the new fibres continually being developed. If a duty is imposed on a particular fibre, within a week a new fibre is developed, and the whole process of applying for protection has to be gone through again. These fibres just cannot be shut out effectively. Therefore, the Opposition agrees with the Government's action in paying a bounty to the industry.

With the huge amount of plant and capital involved, it is difficult to throw out plant as it becomes obsolete. Throughout the world, this is a very great industry, involving hundreds of millions of pounds. In America and England, new plant and machinery and new processes are constantly being introduced in order to keep up to date in the race to sell this fibre. A strong industry also exists in Italy.

When the company first came to Australia, it had the most modern machinery, and people with the latest technical knowledge to operate it. The company has been quite efficient, but, because of the new processes and new machines introduced in other countries, the Australian firm has great difficulty in keeping up with the competition. So, while I appreciate what the Government is doing in terms of the bill, and believe that it is acting rightly, if it were wise it would go beyond the recommendations of the Tariff Board. The company must continue to exist, and it should be allowed to expand, which it cannot do unless it can make profits. Its profit record at present is not likely to attract public capital. I am doubtful whether the industry will be able to maintain its place in the race to supply Australia with fibres, unless it is able to build up its reserves and plough back into the industry more money to keep it efficient. For this reason I appreciate what the Government is doing.

I know personally many of the people who have gone into the industry. The training of operatives is a very long, difficult and expensive task. Very expensive fibres are wasted while they are learning to operate machines. The closing down of the plant would mean the loss of these skilled operatives. It would be difficult to restart the plant, and therefore the company must try to continue to utilize the whole of the plant all the time, hoping to be able to sell its product on the Australian market. Although the Tariff Board tries to afford protection, we do suffer a form of dumping on the Australian market. The only other way in which we have been able to help is by paying a bounty of 6d. per lb., to rise now to 9d. per lb., on the production of fibre.

The industry is most valuable to Australia. During the war, we found that inability to procure this commodity hampered the whole Australian community. It hampered industry, because we were not able to utilize our motor vehicles and tires as efficiently as we should have liked to do. The company has come to Australia with a very efficient plant, at very great expense. It has trained operatives and built homes for its workers in the locality. It is one of the best industries in Australia. It has a system of incentives for operatives. All the people who work in the industry are very proud to be in it. The Courtaulds organization has been quite fair in what it has asked of the Government. It has done a great task, and I commend the Government on the bill.

Senator HENTY (Tasmania—Minister for Customs and Excise) [4.24].—in reply—I agree with Senator Arnold's statement that this is a very worth-while industry to have in Australia, one to which the Government should give every encouragement for the reasons he mentioned. The company does not manufacture only this particular material on which the bounty is paid. It also manufactures viscose tire yarns and fabric for tires. That was one of the great reasons for its development. It is an industry that is built upon volume production. I point out to the Deputy Leader of the Opposition that neither he nor the operatives were quite right in their assessment that it was only the Japanese Trade Agreement which upset the position in 1961. If the honorable senator refers to page 7, he will see that it was from Canada and the United Kingdom that the huge increase came in 1961. Imports from Canada in 1959 were practically nothing; in 1960 there were none at all, and in 1961 they were 114,039 lb. Imports from the United Kingdom rose from 112,000 lb. to 321,000 lb. in 1961. The United Kingdom sent by far the biggest proportion of the 615,227 lb. that were imported in that year.

Senator Wright.—That would not be the parent company of Courtaulds, would it?

Senator HENTY.—I do not know that, but I do know that we had to take anti-dumping action against those countries. The volume of output is one of the great difficulties that we have to face in competing with factories in other parts of the

world. Because they have large home markets, they can keep their machinery going continuously, thereby reducing costs, and their surplus production can be disposed of on other markets. We warned the governments concerned, particularly the Canadian Government, and, to a much lesser extent, the Japanese Government. The Japanese were not really responsible for the position.

The increase of the bounty rate from 6d. to 9d. per lb. has been recommended by the Tariff Board, which is a very competent authority. I always give credit to the Tariff Board. A great deal of the information on which it makes its recommendations is given in confidence. In the report before this one, the board pointed out that Courtaulds had provided for a capacity output of 4,000,000 lb. The board, in its judgment, did not think the company could reach anywhere near that output. The board said that, because of this huge overcapacity, the company was over-capitalized, and it recommended a bounty of only 6d. per lb. Further examination of the situation later disclosed that at one time the output had risen to 3,500,000 lb.—not far short of the figure which had been set. Taking that into account, the board recommended that the bounty be increased by 3d. per lb. to 9d. per lb.

The Department of Customs and Excise is charged with the task of examining relevant costs before bounties are paid. It has closely examined, and will continue to closely examine, this particular industry. The department advises me that so far, in the aggregate, the result in this industry is a loss, even with the bounty. The Government will continue to keep an eye on the position.

The Tariff Board does not make a recommendation for the payment of a bounty unless it is satisfied that the efficiency of the industry is such as to make it worthy of a bounty and that the industry is not making good profits without a bounty. I think this is one of the industries which will grow as Australia grows. As our home market becomes larger, the value of the industry will become more and more apparent to all. A good many of our industries are at a disadvantage because of the small home market that is available to them at present. It must be borne in mind that it

is not possible to build up an industry unless assistance is provided during the early stages of its development, particularly when it has only a small home market available. While there is only a small home market, this industry is being assisted, but the Tariff Board has recommended that the position be further examined in three years' time. The board does not give industries hand-outs for all time. I can assure the Senate of that. It examines all these cases and treats them on a proper basis.

In addition to the assistance that has been given by way of bounty and duty, the Government has taken action so far as dumping is concerned. I was interested to hear Senator Arnold speaking on this industry, which is in his State. It is good to know that he keeps an eye on matters affecting his constituents. That is good politics. He has shown clearly that he knows this industry and knows that it is worth while. I appreciate the way in which honorable senators are supporting this bill.

Question resolved in the affirmative.

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

SUSPENSION OF STANDING ORDERS.

Motion (by Senator Spooner) agreed to, with the concurrence of an absolute majority of the members of the Senate—

That so much of the Standing Orders be suspended as would prevent him from making a statement relating to the permanent employment of physically handicapped persons in the Commonwealth Public Service.

EMPLOYMENT OF PHYSICALLY HANDICAPPED PERSONS.

Senator SPOONER (New South Wales—Vice-President of the Executive Council and Minister for National Development).—The Government has approved a recommendation of the Public Service Board that, subject to the maintenance of the requirements of efficiency for the duties to be performed, wider opportunities should be provided in the Commonwealth Public Service for the permanent appointment of physically handicapped persons.

The Public Service Board's recommendation followed consideration of the results of an inter-departmental investigation and of recommendations by the Boyer Committee of inquiry into Public Service Recruitment.

In the past, the general rule has been that permanent appointees to the service should be in sound health and likely to remain so until retiring age. Associated with this has been the requirement that permanent officers shall be members of the Superannuation Fund, which provides retirement, invalidity and widows' pensions.

For returned soldiers this rule was relaxed. The Public Service Act provides that a returned soldier may be permanently appointed "although he is not free from physical defects due to service in the War", if the board is satisfied that "the returned soldier is free from such physical defects as would incapacitate him for the efficient discharge of the duties that he would, on appointment, be required to perform". Such appointees are not admitted to the Superannuation Fund but are required to contribute to the Provident Account.

Experience in Australia and overseas has shown that, subject to careful selection and placement, many persons who cannot be certified as in sound health and likely to remain so until retiring age are nevertheless able to compete in employment on their own merits. It is now generally agreed that physically handicapped persons should be afforded an equal opportunity with persons in sound health to perform work for which they are qualified.

Accordingly, subject to the overriding requirement to maintain the efficiency of the service and on the basis of careful selection and placement, the Public Service Board will now consider for permanent appointment to positions for which they are qualified physically handicapped persons who are not at present eligible. Persons appointed at the lower medical standard will not be admitted to the Superannuation Fund. They will be required to contribute to the Provident Account. This relaxation accords with the main recommendations of the Boyer committee.

SUSPENSION OF STANDING ORDERS.

Motion (by Senator Spooner) agreed to, with the concurrence of an absolute majority of the members of the Senate—

That so much of the Standing Orders be suspended as would prevent him from making a statement connected with European Common Market matters.

EUROPEAN COMMON MARKET.

Senator SPOONER (New South Wales—Vice-President of the Executive Council and

Minister for National Development).—The statement I am about to make is one that the Prime Minister has made in the House of Representatives. Therefore the first person pronoun in the statement refers to the Prime Minister and not to myself.

After close consideration of the immense importance of the Common Market negotiations to Australian production and trade, and to the political future of the British Commonwealth, I have decided that, as the head of the Australian Government, I should make a brief visit, during the parliamentary recess, to Great Britain and the United States.

Mr. Macmillan has, in correspondence with me, expressed the hope that I can do this. My colleague, Mr. McEwen, whose recent efforts command our admiration and gratitude, is himself convinced that, in this period when the negotiators are beginning to get to grips with the practical issues, on-the-spot discussions by myself are necessary. I hope to do what I can to reinforce and, where appropriate, supplement his own advocacy. What is clear is that we cannot spare any efforts to see that whatever decisions ultimately emerge will not be arrived at without the fullest and clearest understanding of Australia's case, a case which rises superior to any domestic political differences. The political implications of an entry by Great Britain into the European Economic Community must be very significant. I would wish to discuss them in London at an early date under circumstances not always easy to achieve during the course of a comparatively brief Prime Ministers' conference.

Other great problems confront us, such as the state of affairs in South-East Asia and in New Guinea. These concern not only us, but our partners in Seato and Anzus—our friends generally. My Government feels that I should take the opportunity of top-level talks not only with the Government of Great Britain, but also with the President of the United States of America. There will be a Prime Ministers' conference in September, a conference of historic significance. My own participation in it will, I have concluded, be rendered more effective by the knowledge I hope to gain in my talks in June. The more these great issues are clarified in our own minds, and those of others, the better should it be

for wise and fruitful ultimate conclusions. Certainly, as Prime Minister, I must seek completely to discharge my responsibilities, by all means within my power, to the Parliament and people of Australia.

I now pass to other, and important, aspects of the great matters to which I have been referring. The first is that it would be a misfortune if, during the September conference, Parliament should be sitting at Canberra. I am not alluding to the problem of pairs, for I know that the Opposition would appreciate the importance of Australia being represented at the conference. But those representing Australia in London should not, if our case is to be presented with singleness of purpose, be distracted by political events in Canberra. We have therefore proposed to the Leader of the Opposition that, when the general Budget debate is disposed of, at the end of August, the House should adjourn, not for the customary week, but for four weeks. Adjustments can be made thereafter to ensure that the total period of the Budget session will not be abbreviated.

There is a second matter of some novelty and importance. The Common Market problem concerns both sides of this House, and all sections of the Australian community. When the September conference has concluded, and its results are reported to this Parliament, it seems to us to be most important, in a matter which transcends our domestic political differences, that leaders on both sides should have had an opportunity of informing their minds, overseas, on the views and attitude of the negotiators and governments concerned. I have made it clear to the Leader and Deputy Leader of the Opposition, who understand and accept what I have said, that a Prime Ministers' conference is private, and that interim statements cannot come out of it. But at the same time we have invited the Opposition to send some of its leading members overseas, so that, by consultations of their own choosing, they may acquaint themselves at first hand, with no commitments to us and with no restrictions by us—on the contrary, with every reasonable facility—with the currents of opinion which have such a bearing upon the future of Australia. I have also informed the Leader of the Opposition that should one or two of the

persons chosen by the Opposition desire to make his or their journey during the coming parliamentary recess rather than in September, that will be acceptable to us.

STATES GRANTS (UNIVERSITIES) BILL 1962.

Second Reading.

Debate resumed from 15th May (vide page 1368), on motion by Senator Spooner—

That the bill be now read a second time.

Senator TANGNEY (Western Australia) [4.43].—When this bill was introduced into the Senate yesterday the Minister for National Development (Senator Spooner) indicated that it was in two parts. He said that the first part referred to grants to the States, in the manner to which we have now become accustomed, and dealt with the determination of university salaries. The first part of the bill amends that section of the principal act in which it is stated that the standard for professorial salaries is set at £4,000 per annum. This bill increases that amount to £4,250 per annum. That figure does not become the maximum or the minimum, but is a yardstick by which professorial salaries can be measured.

Coming as I do from Western Australia, I am not very happy about one section of this first part of the bill. It perpetuates that section of the act by which the Commonwealth gives to the universities £1 for every £1.85 which is raised by the State Government or by fees paid to the university. As I said in the Senate a few nights ago we in Western Australia regret very much the passing of our free university. We were very proud that we had a free university in Western Australia, but because the university did not receive fees it was penalized in that the Commonwealth Grants Commission could not recommend that the State receive extra money from the Commonwealth. The commission had to take into account the total subsidies received from the States Government and the amount of money received from students in fees. The university of Western Australia is now on the same footing as most eastern States' universities in that fees are being charged at the same rate as in the eastern States.

I have noticed, however, that a number of publications from Western Australia aimed at attracting migrants to that State still use the free university as one of the baits by which to attract migrants from England. That is one feature of the university scene that has disappeared. A few years ago, we had in Canberra the only post-graduate research university in Australia. That university has now merged with the Canberra University College and, although the new university does excellent work, I feel that it will not attract scholars of the same high standard as were attracted to the university when it was purely and simply a research university. I do not doubt for a moment that the work to be performed in the research sections of the Australian National University will be of the very highest standard. Nor do I doubt for a moment that the undergraduate section of the university will derive very great benefits from the fusion of the original two institutions. All I say is that the last few years have witnessed the passing from the university scene of two features of our university life that were unique. I refer to the free university of Western Australia, and to the research university in Canberra.

I now come to a most important part of the bill. We find that the Commonwealth is entering into a completely new field of subsidies for teaching hospitals connected with universities. This is a very important provision. The university course for a medical degree differs from other degree courses in that much of the practical work is done not within the walls of the university itself, but within the wards of our teaching hospitals. Many of our present teaching hospitals were not originally designed as teaching hospitals. They have been adapted as teaching hospitals in order to assist in the training of medical students.

This year sees the centenary of the establishment of the first medical school in Australia at the University of Melbourne. That school was established in 1862. Since its establishment, it has turned out many thousands of young men and women who have been a credit to the medical profession. Those people have been of very great value, not only to the country as a whole, but also to the millions of sufferers within our community who must give thanks that

these young people undertook the very difficult medical course in the last 100 years.

The University of Sydney now has the largest medical faculty in Australia. That faculty was founded in 1863. The University of Adelaide medical school was established some time after that date. Many years elapsed before another medical school was established. For many years, medical students from all over Australia had to undergo their medical training at Melbourne university, Sydney university or Adelaide university. That situation led to a good deal of overcrowding. A great many of our present medical experts received their training in those schools. Many students who received training away from their home State did not return there to practise their profession. They remained in the State in which they had received their medical education.

The next university to establish a medical school was the University of Queensland in 1936. In 1956, twenty years later, the University of Western Australia, of which I am particularly proud, established its medical school. The medical school of the University of Western Australia came into being not as a result of a government grant but as a result of the will and the sacrifice of the people of Western Australia. In the early 1950's it was apparent that the universities of the eastern States, because of commitments to their own students, soon would not be able to accept students from Western Australia. It was obvious that Western Australia would have to establish a medical school. A public appeal for funds was launched. Some people in the community think that the provision of a medical service is a function of government. At the time of the appeal the population of Western Australia was less than 500,000 persons. That population was scattered over a vast area. Hardly one little town, hamlet or settlement failed to send a donation to the appeal. Small communities of half a dozen families would organize functions to raise money for the medical school. The target of £500,000 was quickly exceeded. I think the appeal realized almost £750,000. That was a wonderful effort by a community intent on establishing its own medical school at the university. I understand that the University of Western

Australia has not requested a large subsidy from the Commonwealth. Although its medical school was established by public subscription, it still lacks the buildings necessary to enable it to do all the work that its founders had in mind, but high standards will be maintained.

In 1956, medical schools were established at the University of New South Wales and at the Monash University. With the opening of these new medical schools the number of teaching hospitals must of necessity increase. The increase in the number of medical schools must lead to an increase in the number of medical students. This is a good thing in a country where the community's medical needs are continually increasing. Three years ago, at a meeting of the Prime Minister and the Ministers for Health, a committee was formed to consider how the Commonwealth Government could best assist medical training in universities. The grant provided under this bill will assist hospitals to meet the heavy expenditure incurred in teaching medical students. Here a complex problem arises. It is difficult to distinguish between expenditure incurred by a hospital on its teaching activities and expenditure incurred on its normal functions of treating and caring for patients. Recurrent costs, hidden costs and various other kinds of costs are referred to in the excellent report presented by the committee that was appointed as a result of that meeting between Federal and State Ministers for Health and the Prime Minister in 1959. The committee presented to the Australian Universities Commission a report on the costs of teaching in medical hospitals. I regret that the report has been presented to this Parliament only in the last week when everybody is so busy with other legislation and the thought of this sessional period ending soon. I do not think that it will receive all the consideration that it deserves.

It is an excellent report. But it is not always happy reading; it is not just a whitewashing report. It is a factual report on conditions as seen by the twelve good men and true who comprised the committee. They were all experts in respective fields of medicine or university administration. The committee was headed by Sir Leslie Martin, the Chairman of the Australian

Universities Commission. It included eleven other very eminent medical and university men.

Senator Wright.—How did they assess the amount of the contributions that they recommended?

Senator TANGNEY.—I will come to that later. The committee, in the introduction to its report, made a statement which I believe is important and which I will read to the Senate for the purpose of incorporating it in "Hansard". It reads—

Medical education depends, like any other educational activity, on sound staffing and adequate accommodation and equipment. It differs significantly, however, from other academic disciplines in that, for more than half of the six years devoted to the medical course, teaching and learning take place in the wards, outpatient departments and laboratories of general and specialist hospitals devoted to providing medical services to the community. Teaching hospitals, therefore, are required to function in a dual capacity. On the one hand they must provide the best in medical care for the community, and on the other the best educational facilities for the training of clinical students. Though these two activities can in theory be dissociated, in practice they involve considerable overlap in the employment of hospital staff, and in the use of services, equipment and accommodation.

Any attempt to evaluate the running or recurrent costs and the accommodation and equipment costs directly attributable to undergraduate training programmes in a teaching hospital is bound to be controversial, and, in some respects, inconclusive. The boundary between direct costs and indirect or "hidden" costs will always be elusive.

We know that that is true. This committee was established to do the special job of inquiring into the recurrent and non-recurrent costs of teaching hospitals, which are directly attributable to the instruction of medical students, and submitting for the consideration of the Universities Commission recommendations on the magnitude and urgency of the assistance to such hospitals which would be appropriate to their special costs.

In order to ensure that no hospital in any State which was helping with the training of students was excluded, the committee sent out to the hospitals a questionnaire under various headings with the object of finding out exactly what the hospitals want, their needs, the conditions under which they are teaching, their teaching centres, the accommodation available for students, the clinical facilities available and so on. Then, after inspections of the hospitals concerned,

consultations with the teaching staff within the medical faculties of the universities, and a due assessment of the requirements as submitted by the hospitals and universities concerned, the committee decided to deal at this stage with non-recurrent expenses only; that is, not the ordinary day-to-day expenses, but the expenditure required to bring the hospitals and universities that are already established more up-to-date and, where a new hospital is being brought into the scheme for the first time, to assist it in respect of the capital cost of any new buildings that are required. There was always the proviso that the committee should exercise its discretion in regard to the amounts required and that the buildings, services and facilities must be necessary only because of the hospitals undertaking special student training work for the universities. I suppose all honorable senators have seen this report. It deals with the conditions that exist at present in the 30 hospitals that come within the ambit of this bill. The report deals with them in a very special way because this is a new field of activity into which the Commonwealth Government is entering. Therefore, the greatest care had to be exercised to ensure that the proper use was made of the funds available, that no hospital was deprived of any essential service and that there was no undue extravagance in respect of the claims submitted by the hospitals.

The hospitals that are associated with the teaching of medicine within the University of Sydney are the Royal Prince Alfred Hospital, Sydney Hospital, St. Vincent's Hospital, Royal North Shore Hospital, Women's Hospital (Crown-street), Royal Hospital for Women and Royal Alexandra Hospital for Children. In 1964, when the first medical students in the University of New South Wales, as distinct from the University of Sydney, have to do their clinical work, which comes in their fourth year, one of those hospitals will be placed solely at the disposal of students from the University of New South Wales and the St. George Hospital will soon be added to the list of hospitals that will be available to medical students. Quite a large amount of money will have to be spent on the Royal Prince Alfred Hospital, which has been working on a temporary basis for many years, to bring it up to date with the requirements of

the new era in medical science. A new building will need to be provided. The cost of that will run into a great deal of money. The Sydney Hospital, of course, is a very historic one. It was built originally under the aegis of Governor Macquarie.

Senator Wright.—It is prehistoric, isn't it?

Senator TANGNEY.—Yes, but it has done a very fine job over the years. Its teaching facilities are congested and inadequate, as one would expect in a hospital that has been functioning for more than 140 years. The work that has to be done at the Sydney Hospital is very extensive. I could go through the list in this way, but I shall not do that.

The story of all these teaching hospitals is that very few, if any, of them have been built as teaching hospitals. Therefore, many of the facilities that are available to the staffs and students are just make-shift. If only make-shift accommodation and conditions are available to our teachers and students, we cannot possibly expect the very best that we need in medical science to-day. Medical science has made such great advances, particularly in the last few years, that it has been almost impossible for doctors to keep up with it. As I go through this list of hospitals and read their histories, I am amazed that the medical profession has reached the high standard that it has reached in view of the inadequacy of the facilities that have been at its disposal over the years.

Under this bill the University of Sydney will receive a grant of £746,370. Half of that amount will be a Commonwealth grant, which is to be matched by the New South Wales Government on a £1-for-£1 basis. The hospitals associated with the University of New South Wales will receive £588,920; the University of Melbourne, £685,475; the Monash University, £831,195; the University of Queensland, £565,310; the University of Adelaide, £216,510; and the University of Western Australia, £65,106. We in Western Australia are a little more economical at this stage, but when next a bill of this type comes before the Senate Western Australia will not be behindhand in asking for that to which it is entitled. We have only a small medical school as yet, and therefore our demands

are rather modest. Those facilities that we have were brought into use only during the last four or five years.

On investigation, it was found also that the cost of providing clinical services, laboratories, teaching aids and so on was very great. I should like to mention at this stage the wonderful work done by the honorary specialists and other honorary staff at our public and teaching hospitals. That is something that cannot be reckoned in terms of pounds, shillings and pence. There are many dedicated men who give remarkable service which we tend to accept as normal. We do not pay a tribute to those honorary doctors in our public hospitals who do such wonderful work for their patients. Even the poorest in the land can receive from these brilliant men and women the best of medical attention. In turn, these men and women pass on to young and enthusiastic students what they can of their skills.

As in other phases of university life, there is the problem in the medical schools of failures during the first year of the course. This problem is common to all university faculties. It was discussed at great length the other night, and I do not intend to deal with it at length this afternoon. I find, going through the various reports of the Universities Commission and the report on teaching requirements in our medical schools, that quite a lot of the blame for these first-year failures can be laid at the doors of the universities themselves. As I said the other night, brilliant men are not necessarily good teachers. There seems to be a need, in medical schools as well as in other faculties of universities, for trained teachers as well as academically brilliant people. However, as this bill is concerned mainly with grants for capital expenditure, I do not intend to deal with that subject now.

I commend the Government for having brought down this measure. I believe it will be of great assistance to those who control our hospitals, and of great value to the whole of the community. From these teaching hospitals will come the men and women in whose hands will be the responsibility for the health of this nation. What is proposed in this bill represents a new departure in government expenditure. There is a great potential for a terrific

return on the money expended. I think this is the wisest form of expenditure that any government could undertake. By the expenditure of £3,698,886—millions do not mean a thing in this place—the Government is ensuring that generations yet unborn will have at their disposal, if unfortunately they need them, the very best medical and scientific techniques that the community can afford to give. Indeed, the community cannot afford not to give them.

According to the report made by the Committee on Teaching Costs of Medical Hospitals—

Our teaching hospitals are geographically, administratively and academically separated from our universities.

We know that is true—

Generally, the lack of administrative responsibilities over the years has resulted in the neglect by the universities of their educational responsibilities in these hospitals.

That is because the teaching hospitals are regarded just as hospitals, and students are sent to learn medicine there. The universities have not had any direct interest in the development of the hospitals—in whether they are capable of providing, or have the capital to provide, the necessary facilities. Of course, these facilities are not easy to provide. The report continues—

All but the most recently constructed were not suitably designed to meet the requirements of clinical teaching, the facilities for which often to-day are overcrowded. The accommodation and equipment all too frequently is out of date, substandard and inefficient, or even non-existent.

Therefore, if this bill will rectify even one phase of this grave situation, we will be doing a fine job. The report goes on—

Patients would protest vigorously if they were compelled to receive treatment under correspondingly unfavourable conditions. Fortunately, our hospitals have kept pace with the remarkable advances in therapy. Modern medicine, however, not only demands modern hospitals offering the best in treatment but also up to date teaching clinical schools, appropriately staffed and equipped to train the doctors of this new age. It is unreasonable to expect the most effective medical teaching to be achieved under the prevailing unsatisfactory conditions obtaining in all but a few of our teaching hospitals.

I conclude by saying that the committee stated—

If Australia is to maintain high clinical school standards and if hospital staff, particularly those serving so generously in an honorary capacity,

are to make the greatest contribution to teaching, they must have more space, better accommodation and modern equipment. Any compromise in teaching standards in teaching hospitals will soon be felt in every section of the community. Local hospital services will deteriorate, family medical care will decline in quality, advances in medical services will be slowed and industrial health programmes will eventually suffer. Teaching hospitals are essential to Australia's industrial community health and security. To help strengthen the clinical training programmes is one of the soundest investments which a community and its government can make.

Senator MATTNER (South Australia) [5.14].—The bill before the House deals with two aspects of Australian university affairs. The first proposal is to increase the point of reference for professional salaries, if I may use that term, from £4,000 to £4,250. The second thing the bill sets out to do is to improve the facilities at teaching hospitals, so as to increase further their efficiency for clinical teaching of university medical students. In Australia our medical teaching hospitals are located apart from our universities. This means that the administrative and academic sides of the medical student's course, during his or her period of instruction at a teaching hospital, are not completely under the control of the university. Perhaps this factor has led some people to believe that the universities have neglected their educational responsibilities at teaching hospitals. The older hospitals were not designed to meet the present-day requirements of clinical teaching. In some cases, the facilities, the accommodation and the equipment are out of date, but I do not want this to be considered as a reflection upon the efficiency of those hospitals. For student training purposes, modern medicine requires modern hospitals with up-to-date facilities for clinical teaching. The work of clinical teaching is very important. If I were to make any criticism of the course that students in the medical faculties undertake, it would be in relation to the lack of proper clinical facilities for their training. A remarkably good job has been done by the people who have had to use the facilities available to date.

I agree with Senator Tangney that, during the time that a medical student spends at a teaching hospital, the honorary medical practitioner plays an important role. If we are to use to the best advantage the talents of the gifted honoraries who give their services so generously, we must see to it

that they are given good equipment and suitable accommodation. Teaching hospitals are essential to the health and security of the Australian people. They are a sound national investment. They serve to equip the general medical practitioner with knowledge and skill to play his important part in the community. Because the general practitioner is of such importance, we must, as a nation, do our best to equip him for his task. When I speak in this manner of the general medical practitioner, I do not wish it to be thought that I am not also appreciative of the outstanding work performed by the specialist in the medical field.

The membership of the committee which was appointed to inquire into the needs of our teaching hospitals comprised a broad cross-section of the medical profession. The members possessed a knowledge of the administration of both hospitals and medical schools. With the concurrence of honorable senators, I shall incorporate in "Hansard" the names of the members of the committee. They are as follows:—

Professor V. L. Collins, M.D., M.R.C.P., D.C.H.
 Professor D. P. Derham, M.B.E., B.A., LL.M.
 Mr. J. Griffith, O.B.E., F.R.A.C.P., F.R.A.S., M.R.S.H.
 Mr. L. B. Hamilton.
 Professor J. G. Hayden, C.B.E., E.D., M.D., F.R.C.P., F.R.A.C.P.
 Mr. P. J. Kenny, M.B., M.S., F.R.C.S. (Eng.), F.R.A.C.S.
 Mr. A. Lendon, M.B., B.S., F.R.C.S. (Eng.), F.R.A.C.S.
 Dr. J. H. Lindell, M.D., M.S., F.P.S., F.R.A.C.P.
 Dr. G. A. Penington, E.D., M.D., B.S., F.R.A.C.P.
 Sir Herbert Schlink, M.B., Ch.M., F.R.A.C.S., F.R.C.O.G., F.R.G.S.
 Professor S. Sunderland, C.M.G., M.D., B.S., D.Sc., F.R.A.C.P., F.R.A.C.S., F.A.A.
 Professor N. G. Sutton, M.B., Ch.M., F.R.C.S. (Edin.), F.R.A.C.S.

The chairman of the Australian Universities Commission, Sir Leslie Martin, C.B.E., F.R.S., served as chairman of the committee, and Mr. D. Dexter and Mr. F. Barnes acted as secretaries.

The committee was given sixteen main points as the basis of its investigations. Honorable senators have the report of the committee before them. A study of it will convince the layman, at least, that the committee has put forward well-considered and soundly based proposals on which the Government has been able to frame the worthwhile bill that is now before the Senate.

The report gives details concerning the number of students enrolled for the medical course at the various hospitals and also the number of students in each year. After exhaustive study, the committee has recommended a grant, based on the total numbers of clinical students enrolled in each faculty of medicine and an average cost of £625 per student per annum. It is recommended that this grant should be made available to universities for their teaching hospitals in each year from 1961 to 1963; that is, over a three-year period.

The committee's recommendations show, under two headings, how the universities should allocate the grant. It is recommended that a further review be made of the period from 1964 to 1966. The bill before us embodies those recommendations in the various schedules. Under these proposals, University of Sydney, with 681 students, will receive £425,625. University of Melbourne, with 470 students, will receive £293,750; the University of Queensland, with 296 students, will receive £185,000; the University of Adelaide, with 228 students, will receive £142,500; and the University of Western Australia, with 111 students, will receive £69,375, making a total for all the universities of £1,116,250 for 1961. That amount will increase to £1,213,750 in 1962 and to £1,300,625 in 1963. I doubt whether there is any one in the community who would query that allocation of funds to the universities.

Turning to the recommendations regarding the grants for buildings and equipment of teaching hospitals for the 1961-63 period, we find that New South Wales, in respect of the University of Sydney and the University of New South Wales, will receive £1,335,290; Victoria, for the University of Melbourne and the Monash University, will receive £1,516,670; Queensland will receive £565,310; South Australia, £216,510; and Western Australia, £65,106, making a total of £3,698,886.

Senator Wright.—The honorable senator speaks as though he has completed the list. Has he mentioned Tasmania?

Senator MATTNER.—No, I have not. In failing to do so, I am in good company, because Tasmania has been omitted from the report, too.

Senator Wright.—You make the same assumptions as the committee made.

Senator MATTNER.—I think that perhaps I can be forgiven for doing so. The report deals with the third, fourth and fifth years of the medical course. I am open to correction on the point, but I do not think that the University of Tasmania has a medical course.

The details I have mentioned are set out in a careful analysis in the report. It is stated that the University of Sydney, with 681 students, is to receive £1,960 for each student. The University of Melbourne, with 470 students will receive £3,226; the University of Queensland, with 296 students, £1,910—

Senator Wood.—Not enough.

Senator MATTNER.—The University of Adelaide, with 228 students, will receive £950 for each student, and the University of Western Australia £650. Senator Wood, who comes from Queensland, says that the Queensland allocation is not sufficient. The University of Queensland is to receive £1,910 for each student, while the University of Adelaide is to receive £950 and the University of Western Australia only £650. I therefore throw back in his teeth the suggestion that Queensland is being neglected.

Senator Wright.—When you stated the amount that the universities will receive per student, were you referring to medical students or to students generally?

Senator MATTNER.—I was referring to medical students. I wish to make that abundantly clear. The report relates solely to the improvement of teaching hospitals where medical students study.

Senator Buttfield.—How have these figures been arrived at? What is the basis of the allocation?

Senator MATTNER.—The report gives all the requirements of the various hospitals, State by State. That is how the figure is arrived at. I want it to be clearly understood that I have taken the amount which has been allocated to each State, and divided it by the number of medical students who will receive instruction in that State.

Senator Tangney.—In some cases the capital cost of new buildings is involved.

Senator MATTNER.—Yes. I was dealing with the question of buildings and

equipment at the university teaching hospitals. This opens interesting avenues of investigation. The Premier of South Australia, for one, is not happy with the allocation. Perhaps a further study of the commission's report may be of assistance in arriving at a better judgment on the apparent anomalies.

The commission stresses two important facts about teaching hospitals. The first of these is very important, namely, the ever-essential need to care for the patient. The second is the need to provide the best facilities for training clinical students. In practice, these two functions are closely related to staff, equipment and accommodation. I believe that the commission has been activated in its deliberations by the fundamental requirement to assist in the graduation of a good general practitioner, who is the very corner-stone, if I may use that phrase, of our public health edifice.

The bill does not seek to establish new teaching hospitals. It provides for immediate assistance to our existing hospitals. It endeavours to put into operation the recommendations of the committee on the teaching costs of medical hospitals, and on the salaries of university staffs. Because I believe that the bill will benefit the people of Australia greatly, I have pleasure in supporting it.

Senator LAUGHT (South Australia) [5.28].—I am delighted to support the bill, which is in two parts. The first part deals purely with administration. I see great importance in it, because in the future deliberations of the Australian Universities Commission professorial salaries will be based on a figure of £4,250 instead of £4,000, as at present. This will be the basis for all calculations which, from time to time, flow from the findings of the commission. As a member of the Australian National University council, I can testify to the importance of such a base figure, because in the next triennium the finances of all the universities are to be carefully considered.

On behalf of the Opposition, Senator Tangney gave the bill a rather lengthy but very interesting blessing. I was interested to hear her reference to the splendid story of the medical school of the University of Western Australia, and the wonderful

public response, which was important in the establishment of that school. As a South Australian, I can assure her that it was a pleasure to have university medical students from Western Australia training at the Adelaide University for many years. But, as she rightly said, the pressure became so great that the universities of the eastern States, including the Adelaide University, were not able to cope with the number of students, and so the University of Western Australia expanded.

The purpose of this bill is to maintain the already high standards of the great teaching hospitals in Australia. The Commonwealth Government is not entering the field of hospital functions generally, but is entering that part of the field which relates to the training of medical students. Under the bill, the Commonwealth will make certain grants, and then the States, in accordance with the provisions of the States Grants Act, will contribute on a £1 for £1 basis.

I shall devote a few minutes of my time to the teaching of medical subjects in the hospitals of South Australia. I was very interested to read in the report of the Martin committee of inquiry references to the Royal Adelaide Hospital, the Queen Elizabeth Hospital, the Queen Victoria Maternity Hospital and the Adelaide Children's Hospital. The report states that the Royal Adelaide Hospital was established in the mid-nineteenth century. It refers rightly to the antiquity of the buildings and the present rebuilding programme, which will provide an additional 480 beds for this important hospital. One paragraph, however, rather surprised me. It reads—

Clinical teaching units exist in the hospital for medicine and surgery. While these units are not comparable with other more adequate units elsewhere, no request has been made for improvement during this triennium.

It may be that the point which was raised by Senator Mattner can be explained by the fact that no request was made for improvement to the clinical teaching units for the next three years. No doubt the reason for that is a practical one. The rebuilding programme for the Royal Adelaide Hospital is at present progressing, and it was not appropriate on this occasion to seek the additional money that is undoubtedly required.

Reference is quite rightly made to the Queen Elizabeth Hospital, which is a modern hospital situated in the western suburbs. A fine tribute is paid in the report to the Queen Victoria Maternity Hospital and the great part that it has played in teaching university students the subjects appropriate to such a hospital. The reference to the Adelaide Children's Hospital shows that the extensive rebuilding programme is well under way. This programme provides for a ten-story outpatient block. I want to stress the point that, although the amount of money allocated to South Australia is low in comparison with the amount allocated to other States, emphasis has been correctly placed on the various hospitals that are dealt with. For instance, the Royal Adelaide Hospital under this legislation will receive, on the capital side, an amount of £19,000. The smallness of this amount is due, possibly, to the factor that I have already mentioned. Sixteen student ward laboratories will be built at the Royal Adelaide Hospital; that is the major item of expenditure there. The modern Queen Elizabeth Hospital at Woodville, which has cost £6,000,000 or £7,000,000 during the last ten years, only requires £2,500. Where the State has constructed a hospital recently, a comparatively small amount is required. The 60-year-old Queen Victoria Maternity Hospital, a much older hospital, requires £33,000. I am particularly interested in the fact that the Adelaide Children's Hospital is receiving £48,000, or almost one-half of the capital payments for South Australia. This money will be expended on the inclusion in the new hospital building of a new clinical teaching unit, locker rooms, a museum, lecture rooms, an observation room, and conference and tutorial rooms. I think the commission and the Government have been wise in acting in that way in South Australia, because, as honorable senators know, the population bulge is upon us. The importance of improving the treatment of children is apparent and, naturally, improvements in the training of medical students, particularly in connexion with children's disabilities, is also of great importance.

My remarks can be concluded in this way: I welcome the bill, which I have examined from the stand-point of South

Australia. I am conscious of the clause in the report relating to the Royal Adelaide Hospital which indicates that certain evidence that might have been expected was not forthcoming. I believe there are reasons for that. I trust, however, that in future, when the programme of rebuilding the Royal Adelaide Hospital is in full swing, adequate provision will be made for the teaching of university students at the hospital, which is so excellently situated, being within a few hundred yards of the Adelaide University. Accordingly, I commend the bill to the Senate.

Senator DITTMER (Queensland) [5.38].—This measure embraces two principles. First, it determines the basic professorial rate of salary at £4,250 per annum instead of £4,000, as at present. Although there was a great deal of procrastination, for a long time much consideration was given to the question of the salaries of university staffs. Some years ago, a more realistic attitude was adopted. It was found that many of the brilliant graduates of our own universities, who had done post-graduate training here or overseas, were not accepting university posts within Australia, and we were unable to attract many brilliant men from overseas. Consequently, a more realistic attitude was adopted. The salaries were increased, and then it was found that a greater number of applicants applied for positions here.

We must be very careful to ensure that we attract university staff of the right calibre—people who are capable of teaching. Academic qualifications are important but, whether it be in the field of clinical teaching or in the field of general university teaching, serious consideration must be given to the capacity to teach. This has been recognized, and all over the world universities and institutions of tertiary education are seeking staff of suitable calibre. We are now engaged in a highly competitive field, so it is desirable that we offer salaries as high as it is possible for us to pay in order to attract the right type of professors and lecturers.

I now turn to the other section of the bill, which relates to grants to teaching hospitals. The amount of finance involved is not inconsiderable for a triennial period—the years 1961, 1962 and 1963. The amount involved in total is £3,500,000, of which

the States and the Commonwealth will contribute one-half each. I say that the Government should be congratulated on adopting this attitude now, but it should be condemned in no small measure for its dilatory approach to the problem. It has been evident over the years, with the inflationary trend under the present régime, that costs have been increasing enormously. Higher costs have been met, but to the detriment of general hospital services and the teaching of medical students. This bill will, in some small measure, rectify the position and will permit the clinical teaching hospitals to meet the demands made upon them.

The members of the committee which considered this problem have brilliant records. Most of them, over long periods of time, have been teaching in university circles, either full-time or part-time. Many of them, particularly Sir Herbert Schlink, have had considerable experience in hospital administration. Ever since Sir Herbert has been on the staff of the Royal Prince Alfred Hospital, he has been associated with the administration of the hospital, and he was chairman of the hospital board. He is recognized as being an outstanding authority on the question of hospital administration in Australia, and has always taken a keen interest in it. The difficulty of the task which confronted the committee was shown by the fact that it had to send out three questionnaires. The first was all-embracing, and the university authorities, as they naturally saw fit to do, set the sky as the limit, or possibly the ideal. The committee felt that this was beyond the scope of its authority for the short period it was examining the problem. A second questionnaire was then sent out, and again the replies did not meet the committee's requirements. Subsequently, the committee sent out a more detailed questionnaire, embracing what it termed recurrent costs and costs of a capital nature associated with buildings, furnishings and equipment.

So far as recurrent costs are concerned, there can be no exact mathematical approach to the problem. It becomes purely a matter of estimates. As honorable senators will find from the committee's report, the estimates given by the various teaching hospitals in the various States varied from £570 in Queensland to over £1,200 in Western Australia. The committee finally arrived, not at an arbitrary

figure, but at a figure that it believed approximated to the mean—£625 a student. It submitted a recommendation that the Government should make a contribution on that basis towards the recurrent costs.

However, the Government did not see fit to meet only the recurring costs. It is easy to realize that extra costs must be faced by hospital administrations through the presence of students and the services rendered to them. Extra accommodation, additional nurses to tend patients, more orderlies to convey patients from one place to another, extra equipment, including pathological, radiological and other equipment of various types, must be provided. The Government, in its wisdom, has seen fit to meet these demands. It has given serious consideration—and this bill is the result of that consideration—to meeting in no small measure the costs of capital structures, whether for the purpose purely of clinical teaching, or of providing amenities for the students, and laboratory equipment.

The teaching of medicine is changing in a changing world. Perhaps the Government will give consideration, as is being done in other countries of the world, to a complete review of medical education. I think this is beyond the capacity of any one university or medical school, or even of any one State. When one realizes the tremendous part that health plays, not only from the point of view of the human rights of individuals, but also from the points of view of industrial welfare, the prevention of disability and death and contributions to productivity and progress, it is clear that we should aim at making the highest possible standard of education available to those who desire to follow a medical calling. In Australia comparatively minor investigations have taken place. There have been minor changes but no significant alterations in medical education. I know that this has concerned many members of the medical profession in Australia, and the time is coming when the Government will have to take a lead in association with the various sections of the community, namely the universities, the medical profession and any other bodies that can make a real contribution to meet the commitments of the community and the nation.

Even though the committee found that the libraries in the clinical schools were not adequate for the requirements of the students, very little provision is to be made for libraries in the distribution of this money. From memory only one hospital is to be assisted and possibly it has the best library of all the clinical schools. I refer to the Royal Alexandria Hospital for Children. The amount involved is £4,500 of which the Commonwealth will provide half. That is one omission on the part of the committee, which otherwise has done an excellent job. One would have expected the committee to have done something about the libraries, particularly as it criticized the facilities available to students. In clinical schools libraries are helpful not only to students but also to lecturers, professors and others.

The money is to be provided by and large for the erection of new lecture halls or the modification of existing ones, and the provision of new common rooms for male and female students. I must say that over the years the amenities and facilities provided for students at hospitals have been nothing less than disgraceful. They have not compared in any way with facilities provided at the universities themselves. In virtually every university a great deal of attention is being paid at present to the provision of common rooms and other facilities. The lack of these facilities at hospitals is probably due in some measure to the fact that very few hospitals have been designed originally for teaching purposes. The hospitals were established and were separate from the universities. This separation has led to difficulties of administration, servicing and transportation. It is too late now to rectify it. After all you can only have university hospitals where there are large numbers of people. An attempt is being made in Sydney to provide a hospital associated with the University of New South Wales. It is impracticable to do this in respect of the second university in Melbourne; and the new Monash Medical School is to use the facilities at the Prince Henry and the Alfred hospitals which are already established hospitals.

As I perused the report of the committee, I observed that little consideration—I suppose this was not the purpose or the function of the committee—was given to those

who attempted to meet the legitimate needs and commitments of students. Some hospitals, particularly children's hospitals, women's hospitals and the Mater Hospital in Brisbane, have obtained comparatively small contributions. The committee did say, in referring to one hospital, that self-help was a penalty. In other words if a hospital provided for the future in some measure it suffered in that it did not receive a grant. As the purpose of the committee was to rectify disabilities that were existing, I would say that it has fulfilled that purpose. The needs of hospitals are continually changing, particularly in the light of drugs, equipment, pathological and radiological techniques and many other things. Much more equipment is needed in view of the tremendous increase in students at medical schools.

Every one knows the story of the over-crowding of university lecture rooms and the disproportionate ratio of staff to students. We have one of the worst staff-student ratios in the world, as far as modern nations are concerned at any rate. This applies in clinical teaching hospitals, to use the term used in the bill. The complete answer to this problem is not merely the supply of extra finance. There is a lack of availability of suitable staff. Perhaps it could be met in some small way by attracting men in practice to engage in full-time teaching. I think that ultimately that will have to be done. A large proportion of professional men will have to be attracted to academic careers. Whether this can be achieved by offering scholarships for post-graduate training, I am not sure. The nation will have to accept the risk of wastage which will inevitably occur. Many will seek to embark on academic careers but after engaging in post-graduate training they will find that they are not fitted for an academic calling. No doubt a place will be found for them somewhere. Although frustrations will occur it is inevitable that some suitable men will have to be trained to undertake academic careers.

It is becoming more and more evident that visiting specialists at teaching hospitals are finding that teaching is encroaching on their time to a tremendous extent. I do not want to speak derogatively of other callings, but I think that members of the medical profession have given greater service to the teaching of men and women than has

been the case with professional men in other callings throughout Australia, indeed throughout the English-speaking world. However, the demand on the time of these specialists is increasing, and in my opinion it will increase more and more. By and large the first, second and third years are regarded universally as the pre-clinical years in medical training. The University of Western Australia has departed a little from that tradition in that it engages in some clinical training during those three years. It brings a student into contact with hospitals for half a day a week during the first term and for a longer period during the third term. I do not know of any but honorary demonstrators, who visit hospitals to demonstrate anatomy, who are not engaged on a full-time basis, whether as professors or lecturers. Demonstrators are almost always engaged on a full-time basis. Full-time demonstrators will have to be engaged in the fourth, fifth and sixth years in order to meet the demands of students who are attending our universities in ever-increasing numbers, and in order to meet Australia's demand for more doctors. Up to the present, we have been able to meet the demand for doctors by relying on overseas graduates, particularly those from England. But it is now evident that that source is drying up. Doctors, particularly those of a high calibre, are not willing to migrate to Australia. Australia must meet her requirements in doctors from her own population. This need not lead to a reduction in the standard of medicine as practised in our hospitals. Perhaps the standard in our teaching hospitals will improve because the men concerned will be able to devote themselves completely to teaching, investigation and treatment. They will not be harassed by having to conduct a practice. There is no more arduous calling than that of medicine. I hear an honorable senator suggest that politics may be more arduous. If you combine the two callings you are a tiger for punishment.

The bill does not contain provision for additional financial assistance for post-graduate training by clinical teaching hospitals. Many people wish to do post-graduate courses in Australia even though they intend subsequently to go overseas. If they can obtain post-graduate training here, and an appointment to one of our public hospitals, they have started on their

specialist career and can go overseas for further experience. It is almost impossible to succeed as a specialist if you do not have a hospital appointment. If you have a hospital appointment your name is known to the public and successive groups of students.

I regret that in its report the committee made no reference to assisting clinical schools in post-graduate training. Provision for such assistance would be useful. It would mean that the hospitals would have the benefit of graduates with one or two years' hospital experience. They would be able to accept greater responsibility than the ordinary residents. I suggest that the Government request the committee to look into the economic requirements, so far as post-graduate training is concerned, of the clinical schools for the next three-year period.

Sitting suspended from 6 to 8 p.m.

Senator DITTMER.—Mr. President, in the comparatively short time in which I have to complete my speech, I wish to emphasize certain aspects of this bill. As every one realizes, it provides some measure of assistance to the clinical teaching hospitals which have laboured under great financial disabilities over the years. That has been occasioned by the inflationary trend in Australia in recent years. The Government has been dilatory in its approach to this problem. The committee that reported to the Australian Universities Commission on this matter did an excellent job. This afternoon I criticized certain omissions, as they appear to me to be. I commented on the excellence of the personnel of the committee and congratulated them on the worth-while job that they did. Their contribution involved assistance for capital structures, the provision of amenities and facilities for medical students in the years of their clinical training and the provision of essential equipment, the need for which is increasing every year. I refer to laboratory equipment and radiological, photographic and library facilities and the like. We must face this problem in a bigger way.

If there is one thing for which this nation should be grateful to the Prime Minister (Mr. Menzies), it is the interest that he has taken in tertiary education, particularly at

the university level. As I have said before, it is all very well to doll up the roof of a house and do that repeatedly; but if we do not attend to the walls and the stumps, ultimately the roof will have no value. However, for some peculiar or special reason, the Prime Minister always washes his hands completely of the foundation of education—primary and secondary education.

The Senate is now dealing with not necessarily one of the highest, but certainly one of the most essential, forms of education in the life of man and in the interests of the productivity of the nation. I am referring to the final years of the training of medical students. Each and every time the Prime Minister has been asked about the likelihood of the Commonwealth Government taking an interest in that field, he has said that that is a matter for the States. Every one knows that the States have failed in this field. I will not defend them, but I will not condemn them. Whether or not they are short of the necessary finance, that is the position. Time does not permit me to tell the Senate about the lack of facilities, the inadequate equipment, the lack of the necessary buildings, the over-crowding, the shortage of teachers and so on.

I believe that an immediate investigation into education is justified. All people interested in education, from parents to educational experts, have demanded that the Commonwealth go into the field of primary and secondary education, but the Prime Minister has been adamant. A comparatively large sum of money—although not as much as I believe it should be—has been devoted to tertiary education. In one three-year period £55,000,000 has been spent, and another £105,000,000 is to be spent; but among the modern nations of the world Australia is spending the lowest percentage of the national income on education. The preservation of nations, the people and their standards of living will depend on their educational standards in no small measure, as well as on such other factors as the natural endowment of the nation concerned.

We have to be prepared to make sacrifices in the interests of our younger people. I have made a plea to the Commonwealth Government to embark on an investigation of medical education. That is beyond the

authority, the financial resources and probably the ability of individual university or individual State. Such an investigation is long overdue. Irrespective of the suggestions of this committee for further assistance in the triennium from 1964 to 1966, either this committee or a committee with a wider range of personnel should investigate medical training in Australia immediately. This problem is not peculiar to Australia. All the countries of the world are concerned about it. For a long time we have experienced a changing world. For a similarly long period there has been comparatively little change in medical education. By and large, medical education embraces medicine, whether it is in the field of clinical medicine or surgery.

Comparatively little emphasis has been laid on preventive medicine, and practically none has been laid on industrial medicine. Yet both of those fields are vital. I believe that a desirable approach is to seek to prevent disease. In industrial medicine, forgetting all about mortality and human suffering, and looking at it only from an economic point of view, if we can prevent disabilities and loss of income a much greater contribution can be made to the productivity of the nation and the prestige of the nation can be enhanced. I believe that that is the responsibility of the Commonwealth Government to-day. To talk about arguments between the States and the Commonwealth seems to me to be only a mean let-out. Australia is a nation and this National Parliament must accept a national responsibility for all its people. The Commonwealth has the necessary finance. The States to-day just come to the Commonwealth cap in hand, begging as much as they can and accepting no responsibility. We have to accept responsibility. Even if we have not the necessary power, we should give a lead.

In conclusion, Mr. President, I ask you not to think that mine is an isolated thought. I believe that I have a solution to the problem of this nation's needs in medical education. Many other people have ideas similar to mine. In this field of clinical teaching, I do not think I can do better than outline the disabilities from which students suffer, including the poor amenities and facilities and the poor staff-student ratio, which is the worst in the modern world.

The following words sum up what I have said, apart from the finance aspect, which is the least important—

During the twentieth century, there has been a revolution in the pattern of diseases and in our whole thinking about patients and their management, yet the general structure of most medical courses is much the same as it was 50 years ago. The emphasis throughout is on facts, a good memory and examinations, rather than on an inquiring mind and how to train it. . . At clinical level, the facilities and staff of our teaching hospitals are so committed to complex services, specialist training, and research units for every "ology"—

As you know, Sir, I am a specialist in one of them—

that there is a danger that medicine and its teaching will disintegrate into a series of specialities.

Senator WRIGHT (Tasmania) [8.10].—Nothing that Senator Dittmer could say could detract from the worth of this measure which, I remind honorable senators, provides for Commonwealth assistance to universities for the next three years and introduces a new feature by making provision for the capital cost of buildings and equipment for hospitals which provide teaching facilities for medical students. Members of the Opposition who preceded Senator Dittmer during the debate were more generous in their recognition of the importance of assisting medical instruction in Australia. I acknowledge that the Senate takes that view and feels that the Government is worthy of great credit not only for having initiated the scheme but also for providing finance for the assistance and rehabilitation of universities over the past seven or eight years. The Government is now extending these financial benefits so as to enable the capital requirements of teaching hospitals to be met.

The other purpose for which I speak to-night is simply to acknowledge, as a Tasmanian senator, that the whole of the finance for teaching hospitals provided by the bill is being allocated to States on the mainland because they have the privilege of having established medical schools. There is no medical school attached to the University of Tasmania, but proposals were submitted to the Australian Universities Commission, quite recently, for the establishment of a medical school at that university. I am happy to say that we have received an assurance that this measure, which is

wholly devoted to benefiting universities on the mainland, will not prejudice the establishment of a medical school in Tasmania or, when the time comes, the proper allocation to Tasmania of the finance necessary to provide medical instruction at Tasmanian hospitals. I wished to put that assurance on record.

Question resolved in the affirmative.

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

SPACE RESEARCH.

Senator SPOONER (New South Wales—Vice-President of the Executive Council and Minister for National Development)—by leave—At question time to-day I was asked a question by Senator Vincent concerning a satellite tracking station. In my reply I used the words "We have received a request". This might be interpreted to mean that the Australian Government had received a request. It was not a request made to the Australian Government; it was an inquiry to the chairman of the Commonwealth Scientific and Industrial Research Organization from the president of the Soviet Academy of Science.

DISARMAMENT AND NUCLEAR TESTS.

Debate resumed from 5th April (vide page 850), on motion by Senator Spooner—

That the following paper:—

Disarmament and Nuclear Tests—Statement by the Minister for External Affairs, dated 5th April, 1962—

be printed.

Senator MCKENNA (Tasmania—Leader of the Opposition) [8.15].—The statement before the Senate was presented by the Minister for External Affairs (Sir Garfield Barwick) in response to a request made by the Leader of the Opposition in another place, Mr. Calwell, on 7th March. In the course of making his request Mr. Calwell asked for two things. First, he asked for a Government statement on the urgent necessity for an international agreement, with adequate safeguards, to end the testing of nuclear weapons by all nations and to provide for universal disarmament. I direct particular attention to the words, "with adequate safeguards". He also asked the Prime Minister (Mr. Menzies) to submit a

resolution in terms similar to the resolution adopted by the Commonwealth Prime Ministers at their conference in London on 17th March last year. In making those requests the Leader of the Opposition indicated his general approval of the terms of that resolution. I should like to read to the Senate a few extracts to show the nature of the document to which Mr. Calwell referred. In the first paragraph the resolution states—

The aim must be to achieve total world-wide disarmament, subject to effective inspection and control.

The second paragraph reads—

In view of the slaughter and destruction experienced in so-called conventional wars and of the difficulty of preventing a conventional war, once started, from developing into a nuclear war, our aim must be nothing less than the complete abolition of the means of waging war of any kind.

The Senate will realize how broad and precise are the terms of those two paragraphs. One of the many paragraphs under the heading of "Principles" stated—

At the appropriate stage, a substantial and adequately armed military force should be established, to prevent aggression and enforce observance of the disarmament agreement; and an international authority should be created, in association with the United Nations, to control this force and to ensure that it is not used for any purpose inconsistent with the Charter.

Paragraph 7 of the resolution stated—

Every effort should be made to secure rapid agreement to the permanent banning of nuclear weapons tests by all nations and to arrangements for verifying the observance of the agreement.

In paragraph 8, these two sentences appear—

Disarmament without inspection would be as unacceptable as inspection without disarmament. Disarmament and inspection are integral parts of the same question and must be negotiated together.

I have read out those few extracts to show what was in the mind of the Labour Party at the time it sought a debate in the Parliament on the important subjects of disarmament and nuclear testing of the type of which we have had bitter experience in recent months. In view of the statement made last evening in another place by the Leader of my party I find my task very much easier this evening. Mr. Calwell covered the major points raised by the statement submitted by the Minister for External Affairs, and as I am in complete accord with all that Mr. Calwell said I

could merely adopt his statement and then sit down. I believe I would then have adequately carried out my duty to my party in this place. I do not propose, however, to do that. There are some comments which I should like to make on various matters raised in the statement and on side aspects of this vastly important theme.

The statement made by the Minister for External Affairs—he has acknowledged its inadequacy having regard to the vast scope of the matters under consideration and the mass of detail itself that has been put before us in various statements—shows the variety and the complexity of the issues involved in the two simple concepts of disarmament and nuclear testing. The armaments race and nuclear tests are problems which disturb and concern every thinking human being. The ordinary individual has not access to the sources of information that would enable him to appreciate all the complex issues that are involved. The Minister for External Affairs acknowledged that fact when, in the course of his speech, he said—

. . . the pace at which scientific and technological progress is being made is so rapid, that it is hard even for governments to keep abreast of developments and very much harder for individuals.

He also said—

The education of public opinion in all countries as to the range and depth of the issues involved is a matter to which further thought and effort needs to be given.

The Minister went on to direct attention to the excellent work being done by the United States Arms Control and Disarmament Agency, which considers all the problems of disarmament on a full-time basis.

It is a tragedy that the little people of the world, who are always the sufferers in the holocaust of war, are not able to be effectively informed. I agree with the Government's argument that they should be kept informed as fully as possible, but I find nothing in the speech of the Minister for External Affairs which indicates that positive steps are proposed to give effect to that very laudable ideal. I invite some speaker from the Government side of the chamber to indicate to the Senate what the Government proposes to do to put into effect the very fine sentiment that has been expressed by the Minister for External Affairs in this matter.

I must comment on the fact that there is too great a tendency on the part of some Government supporters to stigmatize as Communists and fellow travellers almost any one in this country who raises his voice in the name of peace. It is true that we have in Australia organizations that are Communist fronts, as it were, and which advocate peace on Russian terms. Association with bodies of that kind is completely forbidden to all members of the Australian Labour Party. But apart from those organizations there are many people throughout the length and breadth of Australia who are deeply concerned with the basic human problems involved in the matters that we are discussing to-night. The plea I make is that those people be encouraged and not subjected to slander and character assassination. That kind of thing damages the nation as well as the great cause of peace amongst the countries of the world.

World disarmament presents the most enormous economic, social and other problems. Should world disarmament come about, industrial establishments will have to be dismantled; millions of personnel engaged in the making of armaments, employed for other defence purposes, or being trained for the various armed services, will have to be translated back to civilian occupations. The most severe strains and stresses will be imposed in that process. I mention those as only some of the matters that are involved and which are incidental to disarmament. My suggestion is that the Government should take continuous and well-thought-out steps to keep the Australian public advised at all times of the problems associated with complete and effective disarmament. It is not enough, in the view that the Opposition takes, merely to give lip service to the need for education of the people in this matter.

If the little people of the world fully understood the issues and could be articulate, there would be no wars and no bombs. But, unfortunately, few of them have access to the sources of information. They dumbly accept the ills with which they are afflicted throughout life, be they wars, economic difficulties or other things. One of the great cures for the ills that afflict the world, including war, lies in the little

people understanding the causes of those ills. If they understood them, they would then be articulate and would take into their own hands the task of making a better world.

I should like at this stage to refer to the policy of the Australian Labour Party which has been enunciated from time to time. I refer particularly to the resolution of the party, at the Hobart conference in 1955, relating to international affairs. It was decided that vacillation and delay in arranging high-level political talks was to be deplored, that such talks should take place and that they should aim at the effective prevention of the use of atomic and hydrogen bombs by any nation, whether for war purposes or for experimental purposes. I invite particular attention to the word "effective", which was used again in another paragraph of the same resolution. It stated—

Conference therefore directs the Federal Parliamentary Labour Party to press for effective action directed towards these great ends.

I have not stated the whole paragraph. In the context, it is not necessary for me to do so. That resolution was re-affirmed in almost identical terms in 1957.

We of the Labour Party recognize that the mere making of treaties to ban atomic weapons and, in fact, weapons of all kinds, to ban nuclear tests and to destroy stock-piles of armaments, is not enough. The mere signature of treaties is good, but it is not sufficient. I have no desire to open old sores, but I say to the Senate that we have seen too many examples of perfidy among nations to accept signatures on a piece of paper as an effective safeguard. Therefore, we say that in any system of disarmament, or in any agreement to ban tests, provision must be made for adequate and independent inspection and verification under the auspices of the United Nations Organization. This, of course, is the very point upon which agreement cannot be reached between the conflicting powers in the armaments field. The Western powers are prepared to submit to inspection and verification at all stages. They are seeking an agreement on that basis. Russia will not accept such conditions. Broadly speaking, Russia says that it will accept inspection when disarmament has been completed, but that it will not do so while disarmament is going on.

On the brightest estimation of the time that it will take to secure complete and absolute disarmament throughout the world, one may expect that even if it goes at the best possible pace, it will take quite a number of years. Anybody who appreciates the complexity of the problems associated with the matter will realize that that will in fact be the case. Therefore, we find that Russia objects to inspection at this stage, primarily, perhaps, because Russia is a closed territory. It is not open to the free view of the peoples of the world. It is, as the Minister for External Affairs has said, a closed society. There is an unquestionable military advantage in that fact—I acknowledge that freely—because it means that the Soviet Union's activities can be kept secret from the eyes of the rest of the world. The Russians did not want to vacate that position. From that point, we find conflict on this question of inspection. From time to time, the Soviet Union has come very close to agreement. Then it has retreated. At the moment, it will not consider agreement in any circumstances.

In the annex to the Attorney-General's statement are set out the differences that one finds between the West and Russia on this question of inspection. I shall refer to them briefly, because they give some indication of the difficulties that one encounters at conferences when it is sought to resolve differences. The question of the number of on-site inspections of suspected nuclear explosions was under consideration. The Soviet Union had proposed that there should be three. The United Kingdom and the United States of America proposed a sliding scale of from twelve to twenty per annum, depending upon the number of unidentified occurrences in the country in which the control posts were situated. On that point, we were told quite recently by the Honorable Dean Rusk, the Secretary of State for the United States, that the territory that would require to be inspected would represent no more than one-two thousandth part of the total area of the Soviet Union. The whole country would not need to be under inspection. It was thought that a flexible number of inspections, only in the case of unidentified occurrences, would be adequate. The two sides differed on the number of inspections.

A very big issue arose in connexion with the nationality of the inspection teams and the heads of the control posts. The Soviet Union insisted that the heads of teams should be Soviet citizens. It wanted, in addition, one-half of the inspection team to be Soviet citizens. The West's proposal, on the other hand, was that one-half of the teams should be from either side; in other words, if there were to be inspection in the Soviet Union, the West would provide one-half of the inspectors and the neutral countries would supply the other half. In that proposal, of course, the West was striving for some degree of independence in the personnel who would be making the inspections.

The third point upon which there was difference was that if there were a treaty banning testing, the West wanted an administrator to police the whole arrangement, whereas the Soviet Union wanted a triumvirate—three men. The West's objection to that proposal was that there would never be decision and no real progress would ever be made.

I am now dealing not so much with disarmament in general as with the testing of nuclear weapons and the explosion of thermo-nuclear bombs. Looking at the record, we know that there was a moratorium between the West, or two nations of the West—the United States and the United Kingdom—and Russia. It began back in 1958. There was no written agreement to which the parties were signatory. There were unilateral announcements of intention to discontinue nuclear testing. The first declaration was made by the United States on 22nd August, 1958, when it offered to withhold further tests for one year from October, 1958, if testing were discontinued by the Soviet Union. The United States did in fact suspend tests from 31st October, and the United Kingdom did the same. So two nations were pledged not to resume testing as long as the Soviet Union refrained. Russia, in August, 1959, just about a year later, said it would not test if the Western powers did not test.

Then, at a later date, France entered the nuclear field and made explosions. France was not a party to the moratorium, agreement or understanding. Accordingly, there was no breach by the United States or the United Kingdom. As I understand the

position, neither the United States nor the United Kingdom was enthusiastic about the acquisition of nuclear power by France, but Russia does not believe that. It suspects that France was encouraged and helped to acquire nuclear knowledge, and even encouraged to proceed with these nuclear explosions. But there was no actual violent protest by Russia at that time. The next development was in August last, when Russia announced that it would observe the moratorium no longer, and proceeded on 1st September to explode bombs.

The reaction by the United Kingdom and the United States was to approach Russia to stop testing in the air. They even agreed to rely upon inspection from their own countries with all the mechanical and technical aids that were available to them, if Russia would not proceed further with the tests. At that point, they did not insist upon verification and inspection in Russian territory. That seemed to pave the way for some kind of settlement. It was on the eve of the renewal of the Geneva conference talks on 9th September. But the only answer was more Russian explosions, more bombs exploded. We know that Russia went ahead, over a period of some two and one-half months, with one explosion after another, the greatest being assessed to be an explosion of 50 megatons, which is the equivalent of 50,000,000 tons of t.n.t.

Senator O'Byrne.—More than was exploded during the whole of World War II.

Senator McKENNA.—Yes. The terrific power and effect of an explosion like that in the atmosphere is literally incomprehensible to the mind of man. Unquestionably, it must leave a residue of very great damage throughout the world. It is a terrifying prospect that that type of explosion is possible. If directed at large centres of population, it would wipe out whole communities. If met in kind by those opposed to Russia in the course of a war, no doubt the result would be almost to blot humanity off the earth. Those who were left might need whatever knowledge we have about space flight in order to find a safe place on the moon, or on Venus or some other planet. If a nuclear war of any magnitude took place on this earth, it would not be a safe or happy place for the survivors.

Senator Wright.—It would be better to go with wings, I should think.

Senator McKENNA.—Yes, the honorable senator is right. I suppose that if we were human and had wings we would still have some of the ills that now afflict mankind. We cannot, in this vale of tears, look forward to a state of perfect peace on earth, but at least we can try to make life reasonably tolerable and ensure some peace of mind to the peoples of the earth that they may have some real expectation of continuing to live. That is a duty which rests on everybody.

It is rather interesting to watch the trend of events. I have before me—and I think every member of this Parliament had a copy of the same document sent to him—a copy of a letter addressed by Premier Khrushchev of Russia to the Japanese Prime Minister. The letter, copies of which have been circulated by the Union of Socialist Soviet Republics Embassy in Australia, is in reply to a letter, dated 10th March, from the Japanese Prime Minister urging upon Russia the need not to proceed with further testing of nuclear weapons. It is most interesting from many angles. To me, the first and most significant aspect of it is that, whilst it is devoted entirely to justifying Russia's position in relation to future tests that the Russians now contemplate and which they claim they are forced to undertake by reason of the tests currently being made on Christmas Island, the letter makes not the slightest reference to the Russian tests conducted in September last in breach of the moratorium, which were of the magnitude to which I referred a little while ago. There is not one word to indicate that that development had even taken place. This omission gives an insight into the mind of the Russian Premier and shows the suspicion which exists there. Russia's objection to permitting inspection in her territory to police disarmament and to police observance of the banning of nuclear tests lies in the fact that she fears that this inspection is designed merely to permit a form of espionage by the West which would not otherwise be open to it. There is one passage that I thought might interest the Senate, in which the Premier of Russia said—

Recently they—

That is, the western countries—

came out with a proposal that the control should be extended still further, up to and including

the establishment of inspection for supervising preparations for tests. It is true that if you close the door in the face of uninvited guests, they try to climb in through the window. So great is their desire to peep into some one else's home.

That, and similar touches in the letter, refer to the Russian contention that the United States of America is really seeking to have an espionage network on the territory of the Union of Socialist Soviet Republics under the pretext of control over tests. Statements of this kind show how difficult it is to overcome the distrust and suspicion between nations. I cannot suggest which is the best way to overcome distrust of this type. It is true that every possible step which will bring the nations together so that they may learn to trust each other is to the good. The proposal to co-operate in the study of space problems is a good one. Everything that will bring the peoples of the earth together and let them meet as human beings with a common heritage of life and hope should be done; but one of the great barriers to the peace of the world is the suspicion which exists between nations as to motives. That cannot be cured in any simple way. While it continues I am afraid that we are going to have testing, and war, or at least the possibility of war.

It is interesting to read one comment from the Russian Premier—I refer to page 4 of the letter—in which he said—

The resumption of tests by the United States and Britain will, naturally, compel the Soviet Union to take in reply the appropriate measures which will be needed to ensure its security and the preservation of peace.

The situation is that Russia breached the moratorium on nuclear weapons testing. The American Government felt that, in the interests of its great responsibility to the nation and to the western world, and in order to prevent Russia from getting ahead of America, it must keep up with nuclear developments. Consequently, the United States of America went ahead with further tests, which was a further excuse for Russia also to proceed with tests in order to keep up with the United States. And so the mad race goes on. One nation develops missiles while the other concentrates vast sums of money and scientific knowledge on producing anti-missiles. The first nation then considers it is forced to find a counter to the anti-missiles. There is no end to it. This can keep going on,

and with every fresh development there comes a fresh threat to the peace of the world. One of the greatest needs at present is to get the nuclear powers to agree to a ban. If only they could be persuaded to accept effective supervision the world would be a much better place.

I should like to say a word or two on disarmament—and I mean disarmament in nuclear weapons and every kind of conventional weapon. There is no doubt that all nations of any military power at all must join in any plan to produce world disarmament. For instance, it would be futile if the rest of the world agreed to disarm completely but mainland China was not a party to the agreement. A resolution adopted by the Commonwealth Prime Ministers in March last year said the proposals must extend to all nations. There was no reference to that point by the Minister for External Affairs, as I recall it, in the course of his statement, although it is some time since I read it in detail. If disarmament is to be successful, it must be subscribed to by all the nations of the world. It must proceed by agreed stages, with inspection and verification at all stages. Of course, when the millennium comes and it is, in fact, achieved, there will certainly have to be a United Nations force to preserve peace and to ensure that disarmament, as a concept, is observed. We think that disarmament in both types of weapons—nuclear and conventional—should proceed simultaneously.

I direct particular attention to that part of Mr. Calwell's speech in which he referred to the Antarctic Treaty. As the Senate knows, it is not very long ago since a measure was dealt with in this place whereby Australia joined with other nations to ensure that the Antarctic should be completely free from nuclear activity. I think that every one in the Parliament supported that measure. They welcomed it, believing that at least there was one part of the earth where damage would not result from nuclear tests. The treaty prohibited all measures of a military nature, the carrying out of military manoeuvres and the testing of all types of weapons, including nuclear weapons. Nuclear explosions were also prohibited and the disposal of radio-active waste in the Antarctic was forbidden. The very interesting point is that the contracting nations,

including Russia, are permitted to appoint observers and have the freest access to each other's territory in order to see that all the terms of the treaty are observed. They have all agreed to a system of completely unrestricted aerial observation. That extends from the South Pole to the sixtieth parallel of latitude, as honorable senators know. We of the Labour Party say that that does give some hope that nations can come together and agree upon freeing one part of the earth from mortal strife. Why not extend that principle which is accepted by everybody in this Parliament? Why cannot we extend it from the sixtieth parallel of latitude to include the whole of the southern hemisphere, where there are no nuclear bases and where no nation at the present moment has nuclear power? Why cannot the nations of that area come together in a similar type of treaty to the one that they and other nations approved for Antarctica?

None of the great powers has nuclear interests or bases here. Their targets are not in this area. Whilst there is nothing to prevent adversaries with powerful atomic charged missiles from firing at targets in the southern hemisphere, it surely is a step in the right direction to get the nations of the southern hemisphere to come together and to say, in effect, "We shall not manufacture bombs. We shall not use bombs. We shall not stockpile them." That would be progress towards disarmament. We would be extending that very happy area in Antarctica, where there is practically no population, to the southern hemisphere where there are vast areas of population. It cannot be wrong to attempt to do that, and we commend that action to the Government.

On the question of unilateral disarmament, I think our leader put the position excellently last night. I shall just choose a few sentences which indicate plainly the Labour Party's view on this matter. He said—

I do not advocate or support "unilateral disarmament" and I know of no responsible citizen who does . . . if the term "unilateral disarmament" is taken in a wider sense to mean that the Western alliance should renounce nuclear weapons, irrespective of what the other side might do, it is clearly a concept that takes no cognisance of the actual or possible behaviour of nations. Nobody on this side of the House has ever urged such a course upon the United States . . .

Later he added—

. . . the Labour Party has always supported the American view that any nuclear arms ban must be part of a general programme of total and complete disarmament, made through and backed by the authority of the United Nations and containing adequate safeguards.

In the whole unhappy set of circumstances with which the world is afflicted to-day—suspicion, distrust, testing, and all the implied threats—it is useful to hear what our leader had to say. I shall quote now from the policy speech he made at the end of last year. He said—

If, however, war should be forced upon the free world, Australia, whether we wish it or not, will be involved. In those circumstances we who belong to the free world will stand with the free world and will give wholehearted support to its cause. There could be no other course for those who cherish freedom and believe in democracy. We of the Labour Party have always been found on the side of liberty because we hate tyranny and abhor oppression.

Senator GORTON (Victoria—Minister for the Navy) [8.55].—As the Leader of the Opposition (Senator McKenna) stated at the beginning of his speech, one of the documents which should be debated—and the document which, indeed, gives rise to this debate—was the report to the Parliament by the Minister for External Affairs (Sir Garfield Barwick) on disarmament and negotiations to try, not to ban nuclear tests, but to effectively prevent nuclear tests. This document presented by the Minister for External Affairs sets forth the beliefs of the present Australian Government in this field, and the desire of the Government that tests should be prevented. I speak for the moment only of tests although the paper deals with other things. By the word "prevented" I emphasize that we mean effectively prevented, and the only means of prevention is an effective means of inspection and control to ensure that agreements and declarations that tests will not take place shall be adhered to by all nations.

The statement of the Australian Government's beliefs was endorsed by the Commonwealth Prime Ministers' meeting in London which set forth the same recommendation, practically word for word. These beliefs were previously, as the Leader of the Opposition has pointed out, accepted by the Australian Labour Party. In its conference at Hobart it indicated the

need for effective control. When the Leader of the Opposition in another place (Mr. Calwell) asked for this statement to be made, he indicated his belief in the necessity for effective control. I am not sure whether the Australian Labour Party still adheres to this absolute belief in the complete necessity for effective control. I should like to be told. If the Labour Party does still agree that it is essential—before any effective agreement for banning tests can be made—that there must be effective control, then there is little or nothing between the beliefs of the Government and the Opposition. If the Opposition does not believe in the absolute necessity for effective control, then there is a considerable difference between the Opposition and the Government on this matter.

I am led to emphasize this point, because, as I understand it, the policy of the Opposition on this matter is unresolved at the moment.

Senator O'Byrne.—You are all haywire yourself.

Senator GORTON.—Try and keep this debate on a higher level.

Senator O'Byrne.—You are trying to make it party political.

Senator GORTON.—Surely this is a matter of great importance to the people of Australia. They have a right to know without equivocation the policy of both parties in this Parliament. Is there any reason why the Australian people should not know these policies? I am merely saying that I understand—I would like to be corrected if I am wrong—that the policy of the Labour Party is not resolved, because it has been referred to the federal executive of that party, and, pending a decision by that body, the policy is in a state of flux. If, in fact, I can be told that the policy is not subject to review by the federal executive, and has not been altered in any way, then there is little difference between us; but if it is unresolved then we must wait to see what the federal executive of the Labour Party will decide before we can tell whether there is a difference between us on this most important matter.

I hope there is no change in policy, because I believe it is absolutely essential that we should not mislead the people of Australia, or of the world, into thinking

that anything other than effective control and inspection can lead ultimately to safety. It would be leading them into grievous danger if we allowed them to think that there could be some agreement, to which they could be subject, which does not contain absolute and effective methods of control and inspection. If the Labour Party eventually decides that it will oppose unconditionally all atomic tests, whether or not an effective means of control is devised—if it decides that, despite the fact that agreement for effective controls cannot be reached, it will oppose under all circumstances tests by our allies, even when they are necessary in order to keep abreast of tests made by our enemies—then that decision should be clearly delineated and set before the Australian people so that they may assess it without equivocation on either side.

Senator O'Byrne.—Your Government is opposed to tests.

Senator GORTON.—Let me make the position clear. I am not opposed to the present series of tests being conducted by the United Kingdom and the United States. The Australian Government believes that those tests are necessary because the Soviet Union broke the moratorium on tests. Right up to the very threshold of the first test in this series, the United States and the United Kingdom were prepared to abandon tests if an agreement involving inspections could be reached with the Soviet Union. Since that was not possible, we do not oppose the tests. As I understand the situation, the proposition to be sanctioned by the federal executive of the Labour Party is that the party deplores the breach of the three-year moratorium—as we do—and the resumption of tests without any end in sight—as we do—and declares its opposition to nuclear tests at any time by any nation. This Government does not now oppose the tests being carried out by the United States and the United Kingdom. If the federal executive of the Labour Party agrees with the proposition that has been put before it, it will oppose the present tests.

Senator Aylett.—You are putting an unfortunate interpretation on the matter.

Senator GORTON.—Let us place the correct interpretation on it and see if we agree, which I hope we do. But if we do

not agree, let the position be clear and completely delineated. We must wait to see whether there is in fact a wide divergence of opinion between Labour and the Government.

I do not want to deal in detail with the long periods of time spent by the West and Russia in attempting to come to some agreement. Senator McKenna said that there was a need to get the nuclear powers together. That is so. They have in fact been together, on and off, for the last sixteen years in an endeavour to solve this problem. They will undoubtedly continue their discussions, but if those discussions do not lead to a ban with effective controls, they will be completely abortive.

Because the holding of atomic tests and the conditions under which we may look for freedom from further tests are but one aspect of this discussion, I would like to move on to the suggestion that it would be in the interests of Australia, and, indeed, of all the world, for the present Antarctic Treaty arrangements to be extended to the entire southern hemisphere. That suggestion was put forward by the Leader of the Opposition in another place and endorsed to-night by Senator McKenna, the Leader of the Opposition in the Senate. They have advocated the creation of an atom-free zone in the southern hemisphere, in the same way as it has been agreed to create such a zone in Antarctica. In considering that proposition, my first comment is that it seems unreasonable and unreal to attempt to draw an analogy between Antarctica and other parts of the southern hemisphere. Antarctica is an area of land completely unpopulated. Antarctica has no population that may be swayed one way or another by atomic blackmail—by the threat of atomic attack. In Antarctica there is no nation the activities of which could affect the outcome of any conflict that might arise, in the way in which the activities of a populated industrial state could affect the outcome of a conflict. No territorial claim to any part of Antarctica is universally admitted. Although the Leader of the Opposition said to-night that the Soviet Union and the United States allowed in Antarctica inspection of each other's territories, in fact they do not lay claim to any territories there. Nor do they admit anybody else's claim to territory in Antarctica. It is impossible to

draw an analogy between this vast, white, silent and unpopulated land, which could not have any effect on a struggle, and a populated industrial area in the southern hemisphere, the attitude of which could have an effect on a struggle.

Senator Wright.—The suggestion seems to leave you cold.

Senator GORTON.—I hoped I was giving the impression that the suggestion gave me a little warmth. Having expressed my belief in the unreality of the suggestion, I would like to be told in a little more detail exactly what is meant by an atom-free zone. The term quite clearly does not mean a zone that is free from the risk of atomic attack, because, as was admitted, any part of the southern hemisphere—for that matter, any part of the world—is open to atomic attack from intercontinental ballistic missiles and other methods of delivery. Any part of the world is open to attack from submarines—the United States and the Soviet Union each has the requisite craft—sailing beneath the seas. There is no question of any nation or any part of the world being able to contract out of the danger from atomic attack. No case arises of a country being able to be free from the risk of atomic attack if it does not give in to threats.

Senator Aylett.—Would you support the suggestion if it did mean that?

Senator GORTON.—That is a hypothetical question. In fact the suggestion does not mean that, as the honorable senator's interjection shows. That being so, precisely what does the suggestion mean? It means, I suppose, that in the southern hemisphere, although countries may be subjected to the threat of atomic attack, they will agree not only to refrain from having under their control means of retaliation and of deterring such threats, but also will refuse to allow countries on which they depend—in our case the United States and the United Kingdom, because we look to them for our sole protection in this regard—to use their weapons to counter any attacks that may be made. In other words, the proposition is that we in Australia—I look at Australasia alone for a moment—would say that we will not possess the means of deterring atomic attack or of retaliating against it; we will look to the United States of America and the United Kingdom to deter atomic attack on us or

to retaliate if we are attacked, but we will not allow either of those countries to use any of our facilities in any way in order to protect us in this way. If that is what was meant by the Leader of the Opposition in another place when he said, "We will stand for the free world and give full support to it in any crisis", as was stated to-night, in my view that is a pretty poor way to stand by one's friends.

Let us look more closely at this proposition that the southern hemisphere should be entirely free of nuclear weapons. The land masses in the southern hemisphere consist of all of Australasia—that is the whole of Australia, New Guinea and New Zealand—part only of Africa, part only of South America and part only of Indonesia. So, the proposition is that in order to make this alleged great step forward, part of South America, part of Africa and part of Indonesia should be unable to allow themselves to be defended or to defend themselves, but not all of South America, all of Africa or all of Indonesia should be unable to allow themselves to be defended or to defend themselves. Of course, in the case of Indonesia the argument falls down completely because there is no suggestion that these weapons should not be able to be stationed in the part of Indonesia that is in the northern hemisphere. The whole proposition seems to me to be so sloppily thought out as to create great distress in the minds of people who hoped that both responsible sections of the Parliament would give deeper attention to these matters.

If my statements are doubted, let me quote the words used by the Deputy Leader of the Opposition (Mr. Whitlam) in the debate on this matter in another place last night. Speaking on this question of the stationing of atomic weapons on Australian soil and the United Kingdom or the United States of America wishing to do so for our protection—not of our possession of them or their being under our control—Mr. Whitlam said—

If any other country in this hemisphere manufactured or acquired or received nuclear weapons, admittedly Australia would have to consider its position; but Australia should not be the first country in the southern hemisphere to manufacture or acquire or receive nuclear weapons.

He made it quite clear, as Mr. Calwell did in his speech, that he was saying that

if some other country in the southern hemisphere allowed atomic weapons to be stationed on its soil we would have to reconsider the whole matter and give serious consideration to allowing atomic weapons to be stationed on our soil.

The whole basis of this argument and the whole genesis of it seem to rely on the assumption that being attacked by an atomic bomb from some body in the northern hemisphere is a different proposition from being attacked by an atomic bomb from some body in the southern hemisphere. According to this argument, it is all right to allow Indonesia to station atomic bombs north of the equator, if she ever wants to. I do not believe that she does want to do that. According to this argument, we do not need to worry about that; but if atomic bombs were stationed in Indonesia south of the equator we would have to reconsider our whole position.

Senator Kennelly.—There is no doubt about you. You put them up and knock them over.

Senator GORTON.—If such silly things are put up, they deserve to be knocked over.

Senator Kennelly.—It is a game of Aunt Sallys.

Senator GORTON.—I would like to hear Senator Kennelly deny that the Deputy Leader of the Opposition in another place advanced that argument. His interjection that this is a game of Aunt Sallys, in my view, is not the way in which this question should be approached. If Senator Kennelly, when he gets up to speak, can say that the Deputy Leader of the Opposition in another place did not put up that argument and can prove that, I will be happy to withdraw my statement. I would like to have replies—

Senator Kennelly.—You will get them.

Senator GORTON.—No doubt I will get replies, but I would like to have sensible and logical replies to my proposition. I hope I will get them. I wanted to reply to the proposition that we can live in the southern hemisphere, look to our allies to protect us, refuse to allow them to use our facilities to protect us, and allow bombs

with which we could be attacked to be stationed north of the equator by other countries but leave the whole of the southern hemisphere free of them, and in that way we will be safe or free from attack, although we will be contributing nothing whatever to our own protection and to the protection of the people in the free world.

The Leader of the Opposition referred to "the little people". I am not sure to whom he referred when he used that phrase. I take it that he meant the men in the street, to use another phrase, in all the countries throughout the world. They are not dumb. On recent occasions they have seen that they are the people who suffer under a tyranny. They have seen people similar to them herded into the gas chambers in Nazi Germany. They have seen other people starved by the millions in Soviet Russia. They have seen, and many of them have experienced, what it is like to live without the rule of law, waiting for the knock on the door of the Gestapo, or whatever it is, coming to get them in the middle of the night. I believe that knowing those things they are prepared, as they have been prepared before, to take the risk which always has to be taken to maintain a free way of life. They believe, with Aristotle, that survival is not the main end and the only end of life and that a man who says that survival is all and not that survival in free conditions is all is morally dead. They have proved that before, and I believe that they would be prepared to stand fully with the free world in proving it again.

On the document that we are discussing, the matters about which I have just been talking do not come into issue; but they do come into issue as a result of the statements made by the Leader of the Opposition in this place to-night and by the Leader of the Opposition in another place previously. The sooner the Australian people know whether this atom-free zone and this complete and unconditional renunciation of protection from the United Kingdom and the United States of America by the establishment of bases on Australian soil are to be Labour Party policy, the sooner will the question be able to be set clearly before the Australian people in the way in which it should be set before them, to wait their judgment.

Senator KENNELLY (Victoria) [9.19].—Mr. President, I was rather amazed by the speech of the Minister for the Navy (Senator Gorton). On a question as big as this, upon which the fate of civilization itself hinges, one would not have expected from him a speech half of which consisted of putting up Aunt Sallys to be knocked over. That is an easy party political game. It has been played for years. In discussing where we stand in regard to atomic bombs, one would have thought that the Minister, in answering on behalf of the Government the speech made by the leader of the Opposition (Senator McKenna), would have attempted to enunciate or amplify the statement that was made on this important question on behalf of the Government.

It is true that there were differences of opinion when this matter was discussed in the Australian Labour Party caucus. It would be a bad party meeting if there were no difference of opinion. This question is so big and important that I would have been ashamed if a body of some 80 or 90 men, after discussing the matter for only about an hour or an hour and a half, could have come to some understanding about drafting without some difference of opinion. As one who was at that meeting and played some important part in the discussion which ensued, I assure honorable senators, if they do not already know, that the actual differences of opinion were mainly, or wholly, related to drafting.

It is true, as the Minister for the Navy (Senator Gorton) has said, that the rules of my party provide that all matters of policy shall be decided by a policy-making body. There is a similar body in his own party. Recently I read where his parliamentary party had discussions with the federal executive of the Liberal Party and, if the press can be believed—I admit there are times when one feels prone not to believe it—there was not complete agreement at that meeting. I believe that Sir Philip McBride had a few words to say on that occasion. I have wondered whether out of that meeting came the gifts to the banks that the Government incorporated in its new banking proposals.

This debate was sought by the Leader of the Opposition in another place, and one can truthfully say that it has been the

Labour Party that has initiated proposals for the taking of positive steps to end the threat of war. Government supporters talk about the defence of Australia, but what actions did they take in 1941 when the Japanese were at our door? The Liberal Party had a majority in both Houses then, but what did it do? The people of Australia have not forgotten. I admit that the Minister for the Navy might not know what happened, because at the time he was away fighting in order to protect this country, for which we give him great credit, but the history is there to be read. The Liberal Party had an opportunity to govern, but it could not and did not. What happened is common knowledge. Therefore, do not say that the Labour Party would not defend this country. Our record in 1914-18 and in 1939-45 is on the wall for every one to read. Beat it if you can. The Labour Party has always stood for the defence of Australia, and there is no fear that it will ever diverge from that position. My party is composed of the little people about whom the Minister for the Navy spoke—the people who, in the main, shed their blood during the two world wars.

Senator Kendall.—It is not very noticeable when one looks around the chamber.

Senator KENNELLY.—I do not want to plead that I was too young for the first war and much too old for the second, but there are many members of my party who fought in either one of the wars. The record of achievements of the little people, to whom the Minister for the Navy referred, is also on the wall for any one to read. What reason is there to imply that my party will not do anything within its power to defend this country and to ensure that this bomb, which can do so much damage to mankind, is outlawed?

I propose now to refer to the resolution adopted by the Commonwealth Prime Ministers' Conference held in London in March, 1961. In requesting a debate in the House of Representatives, the Leader of the Labour Party directed attention to that resolution. Its most important features were, first, that disarmament is the most important question to-day; secondly, that the Prime Ministers considered that the time—March, 1961—was ripe to undertake negotiations to establish whether or not

something could be done about this important question; thirdly, that all countries of the British Commonwealth should aim at general and complete disarmament, subject to effective inspection and control; fourthly, that there should be a permanent banning of nuclear weapons by all nations, with arrangements for verifying disarmament; and fifthly, the Prime Ministers noted the dangers arising from new nations possessing the bomb.

At that conference it was stated that an agreement was urgent because other countries might soon become nuclear powers, which would increase the danger of war and further complicate the problem of disarmament. I am sure that no honorable senator opposite will disagree with a resolution containing these principles. In fact, to judge by the statement made by the Minister for External Affairs, there is not much difference between the views of the Government on the one hand and the views of the Opposition on the other hand. For example, we agree that there is virtually no likelihood of achieving complete disarmament in the immediate future and that disarmament will proceed by a series of partial disarmament measures—and that is exactly what is said in the statement. Partial measures can lower tensions and build up a climate of confidence which will facilitate further moves towards disarmament. I mention those matters to show that the majority of the views expressed in the Minister's statement could be agreed upon by the Government and the Opposition. Measures such as the Irish proposal to prevent the wider dissemination of nuclear weapons and to produce a nuclear test ban treaty are immediate projects whose achievement would hasten the way towards the ultimate goal of complete disarmament. Does any honorable senator disagree with that? Of course, no one would. I shall now state the views of the Labour Party, as enunciated in this debate. I admit quite candidly that the matter will be finally resolved by those persons in my party with the power to do so. As one who knows something about the party, I have no fear of what will happen.

What are the views of the Australian Labour Party on the variety of matters covered by the general subject of disarmament? It has been said that we believe in

unilateral disarmament. The Labour Party would never accept one-sided disarmament. It would be stupid for us to disarm ourselves and to advocate that our Western allies should do likewise, in the hope that Russia and the Eastern nations also would disarm. Does any one believe that we should destroy our arms and say to every other Western nation that they should do the same, in the hope that the Eastern nations would follow our good example? I do not believe that any sensible person would agree to that proposition.

Senator Wright.—Do you agree, then, that the present American tests are justified?

Senator KENNELLY.—I shall come to that matter later. We would welcome and support multilateral disarmament, but we would not disarm by ourselves. When every one does it, then it is time for the West to do it also.

A way must be found to break the deadlock that exists in the world to-day. I admit that conferences have not as yet met with much success; but I have always believed that it is far better to keep people talking than to send them home. If you are to achieve anything by getting people to meet around a table, Mr. President, there is only one way to do it, and that is to keep them there. I have had experience in my lifetime of attempting to settle strikes. My main purpose was to keep the parties talking, because generally speaking good results were achieved in the end. That can be done on the lowest level, and I believe it is a wise principle to adopt in top-level discussions. The Labour Party says that Australia should not be deprived of nuclear defence in the face of a nuclear threat. I can assure the Senate that if I were threatened with nuclear weapons I would want to have them, too. It is foolish to think that our wives and our children could be blasted by nuclear weapons, or even threatened with it, without our having weapons with which to meet the threat. I believe that there are only two alternatives which can save the world from a holocaust. They are for the West to be as strong as the East, or for neither the East nor the West to have nuclear weapons.

It has been implied in some sections of the press that we of the Labour Party have not condemned Russia for breaking its

undertaking. Of course we condemn it. At the same time, we deplore the fact that the United States of America and the United Kingdom have been forced into the position where, in order to keep pace with scientific developments and the development of these dreadful weapons, they are now having nuclear bombs tested in the Pacific area. The Labour Party opposes the production and use of nuclear bombs by all nations. Is there anything wrong with that? Is there an honorable senator opposite who is prepared to say that he does not believe that the production and use of these weapons by any nation should be stopped? Certainly, there is not. I should be most surprised if any one rose to support such a proposition.

The Labour Party is opposed to tests, conducted by any nation, which are designed to improve the power and performance of nuclear weapons. The party deplores the resumption of nuclear tests by the Union of Socialist Soviet Republics, in breach of the three-year moratorium on nuclear tests, and it also deplores the testing of nuclear weapons in the Pacific at the present time. In order to show that this is not the first time that we have deplored the breach of the moratorium by Russia, I point out that the Leader of the Opposition (Mr. Calwell) made a statement to the press, at a time when the Parliament was not sitting, deprecating the fact that Russia had broken the agreement. The Labour Party is of the opinion that the Commonwealth Government, should, through the United Nations and every other available channel, advocate adequate inspection and safeguards. I personally would not be satisfied unless provision were made for adequate inspection. The nuclear weapon is the most terrible thing the world has ever known. Much as we might wish to accept the word of other nations, because of the great destructive force of nuclear weapons, we are entitled to know and, in fact, to see with our own eyes, that no nations have such weapons if the Western nations do not have them also. The Minister for the Navy spent some time in ridiculing the suggestion of the Labour Party that the Government should approach the Antarctic treaty powers and also Burma, Cambodia, Ceylon, China, India, Indonesia, Japan, Laos, Malaya, Pakistan, the Philippines, Thailand, Viet Nam and all

the countries of Africa and South America, with a view to making the southern hemisphere a nuclear-free zone.

What is wrong with making the attempt? The Minister, in ridiculing the idea, said that Indonesia is not in the southern hemisphere. Is not that a paltry attitude to adopt in relation to such an important question as this? What is wrong with attempting to bring all those countries round to our way of thinking? Of course, a question that is worrying all the Pacific nations to-day is the stage of development of nuclear weapons that China has reached. The Government, in its wisdom—we say, in its stupidity—has said that China should not be admitted to the United Nations. How is it possible to bind a nation if it is not in the team? Surely that is sufficient reason for admitting China to the United Nations. We say that the Government should approach the countries I have mentioned. We do not know whether any of them has nuclear weapons. After having attempted to ascertain this information in many places, I cannot say whether or not China has nuclear weapons. In view of the vast importance of the matter, why do we not attempt to establish a free zone? I should want an inspection. I should want everything that honorable senators opposite would want in the way of safeguards. We should be happy if the southern hemisphere, and those countries of Africa and South America that are not in that hemisphere, were a nuclear-free-zone. If we achieved that, we would be doing a service.

Honorable senators opposite need have no fear of whatever decision the Australian Labour Party makes on this matter. I reiterate that the differences that were expounded at the meeting were differences in relation to drafting rather than differences of principle. I finish on this note: Labour has never let Australia down. Labour never will.

Senator McMANUS (Victoria) [9.42].— Almost everybody who matters in the world to-day supports nuclear disarmament. Where differences of opinion occur, they occur between those who believe that nuclear disarmament should be without conditions and those who claim that nuclear disarmament is impossible without agreements involving proper inspection and

regulation. The governments of the two countries with which we are most closely associated in this matter, namely, the United Kingdom and the United States of America, both believe that nuclear disarmament is not possible without inspection and regulation calculated to make such disarmament effective. The Democratic Labour Party supports that view, which is also shared by the Australian Government.

That view has been rejected by the Government of the Soviet Union which, over a period, has stultified and made ineffective all negotiations with a view to proper inspection and regulation, even though, as spokesmen for the Opposition have pointed out, that inspection would not involve interference—if it could be so called—with a very considerable part of the territory of the Soviet Union. But an attitude of suspicion of the motives of the Soviet Union has been created in the world, because the Soviet has resumed atomic testing. It was believed that thereby the Soviet sought to gain a lead in the nuclear arms race. As a result, the United States announced that it was reluctantly compelled also to resume nuclear testing. My party believes that that decision was inevitable and supports it.

The Democratic Labour Party further believes that the decision that Australia should refuse to give guarantees against the stockpiling of atomic weapons in this country for its own defence was justified and should be supported by those who have the best interests of this country at heart. I want to make it clear that although the countries that we usually refer to as the democracies were the first to bring into existence this dreadful bomb, they did not develop it originally with the idea of using it as an offensive weapon. They developed it originally because they believed that it would be necessary for them to use it as a deterrent.

The inspiration for the action which the United States took to develop the atomic bomb came originally from a number of scientists who were forced, for political and racial reasons, to leave Germany during the Hitler regime. Some of those scientists passed over to the United States. They were aware that just before they had left Germany, which was rearming under Hitler, there had been great interest there in the question of splitting the atom. Some

of those scientists were gravely concerned lest Germany should first develop the bomb and use the terror of it for the purpose of forcing the rest of the world to Hitler's will. They were so concerned that they persuaded Albert Einstein, the leading scientist, to write to President Roosevelt, pointing out the implications for America if Germany first developed the bomb, and suggesting to Roosevelt that an organization be set up in his country so that Germany would not be permitted to have a monopoly of that weapon. Those were the circumstances under which Roosevelt set up a commission to bring into existence the atomic bomb—under the persuasion of a group of scientists who believed that Germany was taking action in that direction.

Senator Vincent.—Which it was.

Senator McMANUS.—As it turned out, Hitler and those who advised him on scientific matters did consider undertaking the development of the atomic bomb, but the strength of Germany was so involved in the war that it was fighting upon so many fronts that the Germans were unable to proceed very far in developing the bomb. As a result, the Allies first had it and then, towards the end of the Second World War, arose the question whether it should be used.

Records are available now of the conference that was held by the leaders of the American armed forces to consider whether the bomb should be used on Japan, which had been under massive assault for a considerable period by the American Air Force and the American Navy. The leaders of these services believed that they could force the surrender of Japan, without invasion, by air power and sea power, but the commanders of the American Army maintained that an actual invasion would be necessary, and that if it were made with conventional weapons, America must look forward to the loss of, possibly, half a million men. It was therefore determined that it would be less costly and more in the interests of the United States to force Japan into surrender by the dropping of an atomic bomb.

Dreadful as were the effects of the bomb, they should not obscure the fact that infinitely greater damage was done to Japan by the use of conventional weapons before

the first atomic bomb was dropped. The records show that the American Air Force and Navy, prior to the dropping of the first atomic bomb, had destroyed 2,200,000 houses in Japan and killed and wounded hundreds of thousands of people, both military personnel and civilians. The Government of Japan has stated that some 10,000,000 Japanese people suffered either in property or in person as a result of the attacks that were made upon Japan by conventional weapons. I suggest, therefore, that it is necessary, to some extent, to adopt a commonsense attitude in examining the problem of the atomic bomb. Obviously, the atomic bomb is a terrible weapon. But just as much damage—or more—was done during the Second World War by means of conventional weapons as could be attributed to the atomic bomb.

Three or four years ago, I attended a civil defence school at which we were addressed by Sir Kingsley Norris, the Commanding Officer of the Australian Medical Forces during the last war. He said that, prior to the outbreak of the last war both sides had available a weapon almost as terrible in nature and in degree as the atomic bomb. He told us that both the allies and the forces of Hitler had huge quantities of a nerve gas in store. That gas could cause paralysis and death over vast areas. In his view, as a medical man, it was almost as terrible as the atomic bomb, but neither side was prepared to use the gas for fear of retaliation. After all, that should be the basis of our thinking in regard to the atomic bomb to-day. It can be a powerful deterrent, provided both sides are armed with it. That is why the leaders of the democracies to-day insist that they can concede no nuclear advantage and no monopoly of the bomb to the other side. They believe that the availability of the deterrent will ultimately make for peace. That, too, is why my party supports the attitude of the Governments of the United States of America, Great Britain and Australia on this issue.

On the question of whether we should have the atomic bomb available in our own country, we are often told that this is unnecessary, and that we should rely upon the possession of the bomb by the United States of America. I hope that that is true, but it does not appear to me to be wholly

realistic. After all, in the event of an attack upon us, involving the use of atomic weapons, before the Government of the United States of America would come to our assistance it would have to make a decision, with the welfare of 180,000,000 Americans on one end of the scales and the welfare of 11,000,000 Australians on the other end. I would like to think that the American Government's decision would be that it would risk the welfare of 180,000,000 American people in order to help the 11,000,000 Australian people, but I am realistic enough to see that there is no certainty that it would make the decision that we would want. Therefore, if we run any risk of atomic attack, I believe it is in our interests to have the weapon with which to reply.

It has also been suggested very strongly by the Opposition that it would be desirable for Australia to say that there should be a free area set up in the southern Pacific; in other words, that area south of the equator should be entirely free from atomic weapons. The Minister for the Navy (Senator Gorton) has shown the fallacy in that suggestion. If we agreed that there should be no atomic weapons in the southern hemisphere it would mean that the southern hemisphere countries would be open to attack but would be unable to retaliate. As honorable senators know, intercontinental ballistic missiles and the atomic submarine, which could surface or remain below the surface hundreds of miles from this country and fire its missiles onto our shores, place us in a situation where there would be no safety in a proposal that all areas south of the equator should be free of atomic weapons.

There is another point which the leaders of the Opposition have missed. Let us examine the position of Indonesia, which is divided almost in halves by the equator. Northern Sumatra, the northern Celebes, Indonesian Borneo and the Halmaheras are situated in the northern hemisphere, and therefore the policy enunciated by the Opposition means that the Labour Party is prepared for Indonesia to have the nuclear weapon but for Australia not to have it. When one looks at Indonesia to-day—her threatening attitude, her purchase of weapons from Russia, and the fact that, with the exception of Russia and China, she

has the largest Communist Party in the world to-day, one can only come to the conclusion that it involves a very great act of faith for the Opposition to say that Indonesia, in her territory north of the equator, should be conceded the right to the bomb, while we in Australia should be denied that right.

The policy of my party on this issue was determined at a meeting of its federal executive last week-end. We consider that any party which wants to hold any public regard should solve this question quickly and not wait for one, two, three or four months before doing so. Therefore, the Democratic Labour Party decided that while communism made effective nuclear disarmament impossible by rejecting plans for proper inspection and regulation of a ban on atomic weapons, the democratic countries, including Australia, must be conceded the right to nuclear arms, particularly as a deterrent. The Democratic Labour Party rejected the Communist-inspired "ban-the-bomb" campaign and accepted the view of the British Labour Party and its courageous leader, Mr. Gaitskell, that Communist countries could not be conceded a monopoly of nuclear arms. Finally, the Democratic Labour Party supports the right of Australia to hold the nuclear deterrent.

I am glad that three of the four political parties in this Parliament have made their attitude clear prior to this week. I am pleased that leading representatives of the Opposition have also made their attitude clear, but I hope that, to avoid any further doubts, they will arrange for their federal body, which, after all, still has the right of veto, and which has been conceded the right to determine this matter, to make a decision at the earliest possible moment. We have heard something of possible rifts in the Labour "camp", but Senator Kennelly says that in the Labour Party, even at conferences or in caucus, that is nothing unusual. Of course, in the old days, I attended many Labour conferences and watched with admiration Senator Kennelly's ability to organize and achieve the decisions that he wanted. I congratulate both Senator Kennelly and Senator McKenna—I bracket the two of them together—upon their masterly performances over the last five or six days. It is obvious that there are those

within the ranks of the Labour Party who support unconditional nuclear disarmament.

Senator Ormonde.—Not very many.

Senator McMANUS.—Senator Ormonde admits that they are there. They are in some cases much more vocal than the members which support the majority view, as I know Senator Ormonde does. As they are so vocal it becomes more important that the body of his party which has been conceded the right to determine this matter should make its decision at the earliest possible moment.

I hear the so-called left-wingers in the Labour Party putting up propositions which are very close to those of the Communist Party. Some of these left-wingers attacked the policy of national service, which my party advocates, as a form of militarism. When they do so, my mind goes back to the early days of the Labour Party, about which I have read. It was made clear by the socialists of the early days of Labour that national service was socialist policy. The old pioneers said that the defence of the country should not be left to a professional class, but rather should be undertaken by the whole of the forces of the citizenship.

Senator Ormonde.—It has not altered a bit.

Senator McMANUS.—It may not have altered in the mind of Senator Ormonde, but when members of my party have advocated national service in the present difficult circumstances, we have been told that national service is anti-Labour and anti-socialist and that it is war-mongering.

I am glad that we have had a statement from leading members of the Opposition to-night indicating that there is to be, I hope, a bi-partisan policy on the bomb. I have read in the press that it has been suggested that if the Australian Labour Party made a different decision it would be to the advantage of the Australian Democratic Labour Party. I will cheerfully sacrifice any advantage the D.L.P. will get if the A.L.P. will stick to the policy enunciated by Senator McKenna and Senator Kennelly. I believe that what they have said, and what has been said on the other side, is for the good of all Australia. We ought to forget about party political advantage and think only of what is best for our country.

The last thing to which I wish to refer is the allusion by Senator Kennelly to aspersions sometimes cast on some members of his party for their association with peace councils. He said that that did not necessarily mean that those members were in tow with the Communists. As one who had something to do with the Labour Party years ago, I point out that in the old days members were not merely told that they could not join bodies that were run by the Communists, but were also told that they could not join an organization of a political character which might affect their loyalty to the policies of their own party. In the old days Labour men were forbidden to join these peace councils and so-called ban-the-bomb organizations. There were men who attended conferences and councils who said that no Labour man should join these bodies. They did not bring communism into it at all; they left it out. They said, "You cannot join peace councils or ban-the-bomb organizations because it is a firm Labour principle that you cannot be associated with a body that makes decisions of a political character".

Senator Ormonde.—It is still the rule.

Senator McMANUS.—Senator Ormonde says that it is still the rule. It may be the rule in some States, but it is not the rule in my State. In my State they have exemption from rules on nuclear tests, unity tickets and everything of that sort.

Senator Ormonde.—We are working south.

Senator McMANUS.—I hope that it does not do Senator Ormonde any harm. I will not be here much longer, but in conclusion let me say that I have been very heartened to-night. I do not want any advantage for the Australian Democratic Labour Party from a decision of the Australian Labour Party. I have a feeling that there has been a struggle in the ranks of the Labour Party and that the signs are that the struggle will be resolved in the right way.

Senator VINCENT (Western Australia) [10.6].—For some years now I have had the pleasure of listening to Senator McManus. I do not expect I will have the privilege of listening to him for very much longer. Every time the Deputy Leader of the Australian Democratic Labour Party

has taken part in a debate he has added something of a worth-while character, and has certainly done nothing to reduce his own stature as a great Australian in so doing. It is with a certain amount of regret that I say that very soon we will no longer hear Senator McManus on the rostrum of this Senate.

I have a few observations to make in this debate. I shall make them against the background of what I am now about to say. It involves the little people referred to by Senator McKenna. When I was a boy I remember distinctly the closing stages of World War I, when the blood of many Australians was spilt on many battlefields. I heard many other Australians who survived the war say on many occasions that there would have been no war if Britain and France had been prepared. They kept on saying that for a long time. Unfortunately, as time moved on, people seemed to forget to say those things. Not only in this country but also in Europe and America the lessons of World War I. were soon forgotten. Even Sir Winston Churchill, that magnificent radical of pre-World War II. years, could not arouse the people to the dangers that were creeping on them prior to 1939. He was one of the few statesmen of the world who was right. Again after World War II. we heard the people who did not spill their blood say, "Of course, we would never have had World War II. if we had been properly prepared and America had been properly prepared". How many little people said that during World War II.? How right Churchill was prior to World War II! I emphasize, as a background to what I am going to say in this debate, that the only thing that has stopped World War III. from breaking out has been the high level of the defence forces that have been maintained by Britain and America in particular, and by their allies in general. That has been the only deterrent to the outbreak of World War III.

Unfortunately we do not hear too many people these days saying that, and we do not very often hear people saying that it was because of the unpreparedness of the Allies that World War II. started. It is a pity those things are not said a little more often.

I congratulate Senator McKenna and Senator Kennelly on the tone of their

remarks. Nobody in this country in his right senses—in any country of western Europe or in America for that matter—would consider total or even partial disarmament to be a possibility unless it was on a multilateral basis. That is where we must start any discussion on disarmament. Such disarmament must be multilateral. I propose to read a statement, to which I subscribe, from a document that may be of interest to my friends opposite. The statement is—

The development of atomic weapons has reached such dimensions that the peoples of the world are now faced with the stark and terrifying spectacle of a possible atomic world war causing a danger to the very fabric of the earth, its atmosphere and all its inhabitants, which is so real that distinguished scientists refer to the prospect with a sense of desperation.

Those words are probably very familiar to the members of the Opposition because they are taken from the policy of the Australian Labour Party. That statement is one with which I entirely concur. That policy was enunciated at the 1955 conference. In 1957 a very similar statement was issued by the Labour Party. Senator McKenna adverted to that statement. It, too, is a statement with which I concur. But until to-night those statements represented the sum total of Labour's policy in relation to this matter. Labour's policy begins and ends with what has become a trite statement about nuclear disarmament and disarmament generally. I submit that such a statement is hardly the beginning of a policy on disarmament. It is a little like adopting a policy of abhorring criminal activities but doing nothing about establishing courts to administer justice and setting up a police force to enforce the law. I suggest with great respect to the Opposition that merely to repeat what is now trite and known by everybody on this side of the iron curtain is not a policy on disarmament. It is hardly the beginning of a policy.

We must be more realistic than that about policies not only on disarmament but also on the more difficult matter of nuclear bombs. I suggest to the Senate, and particularly to the Opposition, that no policy on this subject will get very far unless it is admitted that total multilateral disarmament will almost certainly never be achieved in our time, and probably not in the next generation. In fact, there is a distinct

possibility that it will never be achieved. That is where we must start when talking about disarmament and banning nuclear weapons. I propose to quote Sir Garfield Barwick's statement on this subject, because it epitomizes the beginning of a policy. Sir Garfield Barwick takes Labour's policy much further than Labour takes it. I do not suggest that Labour does not agree with what I am saying, but it has not said so in its policies. If you turn to the records of Labour Party conferences year after year you do not find any statement of policy in relation to this subject except a repetition of trite statements about peace and disarmament. With all respect to the Labour Party, those statements are not a policy, On 5th April last Sir Garfield Barwick said—

The ultimate objective of disarmament negotiations is general and complete disarmament. This means the abolition of armed land, sea and air forces, weapons, armaments, military aircraft, naval vessels, delivery vehicles of all nations throughout the world, with of course the exception of forces and weapons needed for police purposes. I call this the ultimate objective because clearly it must be a very complex operation, which will take a long time to implement even after the terms and conditions have been agreed on—and experience has shown that that takes long enough.

We must start there when we talk of disarmament. Then we must consider some of the factors that contribute to the almost hopeless situation that faces us when we discuss multilateral total disarmament and the complete banning of nuclear weapons with proper inspection. The first and obvious difficulty to overcome is the mutual distrust between the Western world on the one hand and the Soviet Union and China on the other hand. There is no need to elaborate that statement because the fact is well known. I do not think the situation is improving. I do not think that the degree of suspicion now extant between West and East is decreasing at all. I think there are suggestions that it is probably growing worse. While that suspicion and distrust exist, nobody in his right senses can hope to achieve multilateral disarmament.

From there we go to what may be a related but not necessarily a directly related problem—the racial hatreds that exist in Europe and the intense fears that are felt by certain people there. I refer, for example, to the hatred felt by the Hungarians and the Poles for the Germans. That is

something that cannot be appreciated unless it is seen. Then there are the deep suspicion and fears of the White Russians for some of the other elements in Russia. You have the intense hatred of the Czech for the Hungarian. Those fears and hatreds have existed for hundreds of years and they must be borne in mind when we think of multilateral disarmament.

What about red China? Here Senator McKenna hit the nail on the head, as does everybody who talks about red China. Red China does not agree to anything. Its express policy is frankly one of open conflict against the democracies in order to attain its ends. In the case of the other Communist powers, we have a veiled policy in relation to the West. Some people go so far as to say that Russia would not now provoke a world war; she merely is content with defeating the democracies by means of the cold war and trade wars. That may be so, but while that policy exists how can we possibly achieve multilateral agreement on disarmament? The Soviet Union is continually striving to expand in various parts of the world. Until the things to which I have referred are ended our chances of reconciliation with the Soviet to the extent of disarmament are pretty hopeless. As Senator McKenna said, the Soviet has consistently refused to discuss the subject of inspection in connexion with atomic disarmament. She will not have a bar of it. Over ten years we have not got one stage further in this matter, and that has not been for want of trying on the part of the Western democracies. I suggest that any one of those factors would be serious enough to warrant a statement that the chances of reaching an agreement on a multilateral basis would be almost hopeless; but when they are all added together, in my view the future does not look very bright at all. As a matter of fact, it looks completely black. In those circumstances I believe that we must admit that it could be generations before any real attempt could be made by the West and the East to reconcile their differences.

I go from there to the matter of policy. Here I have to join issue with the Australian Labour Party in regard to its policy. I have referred to statements of its policy. They are the only authoritative statements that have been made and of which the people of this country are entitled to take

notice. I shall now refer to some of the statements made by Mr. Calwell which have tended to elaborate the A.L.P. policy on this matter. In the debate on this matter in the other place Mr. Calwell made a statement that I believe should be quoted. I suggest that he, as the Leader of the Parliamentary Labour Party, was endeavouring to broaden the Labour Party's policy. I completely agree with the statement. He said—

If the term "unilateral disarmament" is taken in a wider sense to mean that the Western alliance should renounce nuclear weapons, irrespective of what the other side might do, it is clearly a concept that takes no cognisance of the actual or possible behaviour of nations.

Nobody on this side of the House has ever urged such a course upon the United States, although a certain Sydney newspaper, in its corrosive hatred of Labour, has tried to create just that impression.

I agree with that statement of policy made by the Leader of the Opposition. Had he left the matter there, I would have been extremely pleased; I would have been as pleased as Senator McManus was. However, he did not leave it there. He went on to say something about a nuclear-free zone. I want to bring that proposition into the discussion because apparently it is now part of the policy of the A.L.P.

Senator Ormonde.—Not yet.

Senator VINCENT.—This is what Mr. Calwell said about that proposition—

As I have said, the Labour Party believes that the spirit of the Antarctic Treaty serves as a light to guide us along the road to fulfilling our aspirations of world peace. The signatory nations of the treaty include the four powers who already possess nuclear weapons, as well as Argentina, Australia, Belgium, Chile, Japan, New Zealand, Norway and the Union of South Africa. The Labour Party believes that the Australian Government should call upon the treaty nations, together with China, India, Pakistan, Ceylon, Burma, Malaya, Thailand, Laos, Cambodia, Viet Nam, the Philippines, Indonesia, and all countries in Africa and South America to meet together in conference with a view to extending the nuclear-free zone beyond the 60 degrees south latitude, the present limit of the Antarctic Treaty, so as to include the whole of the southern hemisphere.

That is an addition to the existing Labour policy on disarmament to which I have referred. I suggest to the Senate that the two statements made by the Leader of the Opposition in the other place are completely contradictory. In the first place, as honor-

able senators will remember, he made a statement that his party would not have anything to do with unilateral disarmament, and he said—

Nobody on this side of the House has ever urged such a course.

That is his first proposition. His second proposition is the establishment by Australia and the other nations of the southern hemisphere of a unilateral agreement on nuclear disarmament. There can be no doubt at all about that. I do not think that Senator Kennelly, who had an opportunity to controvert Senator Gorton's argument on this matter, even tried to do so. I go further than Senator Gorton went and say that those two statements of policy by Mr. Calwell are completely contradictory. One is an acceptance of the principle of multilateral disarmament and the other is a suggestion by the A.L.P. that Australia should embark upon a policy of unilateral disarmament in the southern hemisphere. I can see Senator McKenna indicating that he disagrees with me,

I want to take the argument a stage further by referring to an article in the "Sydney Morning Herald" of 10th May, Senator McKenna's newspaper.

Senator Kennelly.—I know that it is a friendly newspaper at the moment, but we cannot be held responsible for everything that appears in it.

Senator VINCENT.—No, you cannot. Senator Kennelly knows what I am about to read. Nobody on the Labour side of the Parliament has contradicted this statement. The Leader of the Opposition and Deputy Leader of the Opposition in the Senate both had an opportunity to do so to-night. Therefore, I am interested to know why it was not contradicted. This is what it says is the proposed policy of the Labour Party on the matter that we are now discussing—

Senator Ormonde.—How long ago was this?

Senator VINCENT.—This article appeared on 10th May. It said that this proposition was put forward—

The House . . . believes that the Government . . . should assure the United Nations that Australia, in its desires to make the Southern Hemisphere a nuclear free zone, will renounce—

I emphasize that word—

nuclear tests, stockpiling and bases on Australian soil.

If that is not a unilateral statement of policy on the abolition of nuclear tests on Australian soil, I would like to know what is. If it is not a contradiction of Senator McKenna's very good contribution to-night and Senator Kennelly's contribution, I would like to be corrected.

Senator Wright.—They advocated that the area south of the equator should be nuclear test free. They did not make it clear that they would go as far as you say.

Senator VINCENT.—I am only quoting from the "Sydney Morning Herald" that report on A.L.P. policy. The report has not been denied. I would have thought that in a debate of this nature, when the very reverse policies were being propounded by Senator McKenna and Senator Kennelly, they would have been very anxious to say, "Those lines about us that you read in the 'Sydney Morning Herald' are a complete and utter fabrication". But they did not say that. It is still open to members of the Labour Party to stand up and deny the statement. If it is not true, it should be denied. In the absence of a denial in this debate, I can only come to the conclusion that there must be some grain of truth in the statement.

Senator Gorton.—The proposition is inherent in calling for a nuclear-free zone.

Senator VINCENT.—Of course. The newspaper report also states—

Senator Kennelly criticized the motion in its present form, particularly the last paragraph—

That is the one I read—

which he said would give the public the idea the A.L.P. was urging Australians to take unilateral action against nuclear testing.

Of course, he is perfectly right. That paragraph would do that. In his half-hour speech Senator Kennelly did not say one word about this matter. All he did was make a pretty guarded remark—that the differences in the Labour Party amounted only to differences in drafting. On any other occasion when Senator Kennelly is speaking on this subject, I suggest that he should discuss this matter a little further and tell honorable senators what those differences in drafting were and whether the

article in the "Sydney Morning Herald", to which I have referred, is or is not correct. When you boil it down, we can be expected to take notice only of undenied reports in a newspaper as being substantially true, and I think we must leave it at that.

Senator Kennelly.—Would you want me to deny everything that appears in the Melbourne "Herald"?

Senator VINCENT.—It is your newspaper. It has a very soft spot for your side of the political fence. That is why I am tempted to quote from it now. It has been a little bit leftish in its views in the past twelve or eighteen months. It is almost time that the Opposition did some clear thinking about its policy in relation to disarmament and nuclear power instead of just saying that peace is a good thing, that it does not want nuclear wars and that it is against the testing of atom bombs and so on. With great respect, I submit that that is not a policy. We have been thinking about these things in the Senate, to my knowledge, for the past twelve years, and during that time this is the first occasion on which the Opposition has attempted to put some views on the subject other than those that have been appearing in its policy booklet and which do not really attempt to deal with the problem. The Labour Party does not face up to the problem, whereas we on this side of the political fence have a policy which we have pursued, ever since I have been a member of the Senate, with a good deal of opposition at times from the other side of the chamber. In addition, that policy has been published, stated and repeated by the Prime Minister time and time again, and has not been changed in twelve years. It gets down to the reality of the problem, and there is nothing new in it. That policy, which has not been accepted by the Opposition until to-night, is that the maintenance of an armed force in Australia, including a nuclear force, is absolutely essential to the adequate defence of this country at all times until a multi-lateral agreement is reached with our potential enemies. I repeat, the policy has been in existence for twelve years.

Senator Ormonde.—It is in every platform of the Labour Party.

Senator VINCENT.—It is a policy to which I sincerely subscribe. I believe, as

Senator Kennelly said to-night, that we are reaching a stage where perhaps the Australian Labour Party, the Democratic Labour Party and the Liberal Party are at least prepared to forget the foolishness of party politics and try out a national policy on a subject that concerns not only the small man referred to by Senator Gorton, but every man. There should be no grave cleavages in ideology either in the presentation of that policy or in its implementation.

I ask for leave to continue my remarks at a later stage.

Leave granted; debate adjourned.

GOLD-MINING INDUSTRY ASSISTANCE BILL 1962.

Bill received from the House of Representatives.

Standing Orders suspended.

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

Second Reading.

Senator GORTON (Victoria—Minister for the Navy) [10.35].—I move—

That the bill be now read a second time.

The purpose of this bill is to re-enact the provisions of the Gold-Mining Industry Assistance Act 1954-1961 for a further three years. That act provides for the payment of subsidy on the production of gold in Australia and the Territories of Papua and New Guinea up to 30th June this year. The effect of the bill is to extend the operation of the subsidy scheme to cover gold produced in the years 1962-63, 1963-64, and 1964-65.

The gold subsidy scheme was introduced in 1954 in order to provide assistance to the gold-mining industry in the light of increases in costs and a fixed official world price for gold, and so to help to maintain communities in isolated areas which are largely dependent upon the continuing operation of gold mines. The subsidy scheme was originally introduced for a period of two years and it has successively been extended since that time. The maximum rates of subsidy were increased in 1957, and again in 1959 following rises in costs in the industry. At present, subsidy rates stand at a maximum of £3 5s. per

fine ounce in respect of large gold producers, and small gold producers are eligible for payment of a flat rate subsidy of up to £2 8s. per ounce.

For the convenience of honorable senators I shall briefly outline the main provisions of the scheme. A gold producer is not eligible for subsidy unless the value of his gold production in a financial year is more than 50 per cent. of the total value of his mining output in that year. For subsidy purposes producers are divided into two classes; small and large producers. A small producer is one whose output is not more than 500 ounces of fine gold in a subsidy year, but a producer whose output falls between 500 and 1,075 ounces in a year may elect, under an amendment which was made to the act in 1961, to be classified as a small producer.

A small producer is eligible, irrespective of his costs of production, for subsidy at the rate of £2 8s. per ounce, subject to a sliding scale reduction of the rate of subsidy in the case of producers of between 500 and 1,075 ounces who elect to be regarded as small producers.

A large producer is eligible for subsidy at a rate per ounce equal to three-quarters of the amount by which his average cost of production in a subsidy year exceeds £13 10s. per ounce, subject to a maximum rate of subsidy of £3 5s. per ounce and provided that his profits after subsidy do not exceed 10 per cent. of the capital employed by him in the production and sale of gold. If either small or large producers receive more than £15 12s. 6d. per ounce—the Reserve Bank's official buying price—for the sale of their gold, for example, as a result of sales on overseas premium markets through the Gold Producers Association, their subsidy entitlement is reduced accordingly.

Since the inception of the scheme, subsidy payments of over £4,000,000 have been made to the industry. This assistance is, of course, in addition to the complete exemption from income taxation enjoyed by the industry. During the period of the subsidy scheme, total gold production in Australia and its territories has been maintained at a relatively stable level of a little over 1,000,000 fine ounces per year. About 25

per cent. to 30 per cent. of this production has qualified for subsidy assistance, and this proportion represents, in effect, the production of mines which might not have been able to carry on without the assistance provided under the scheme. It is clear, therefore, that the subsidy scheme has made a major contribution to the stability of the gold-mining industry.

As honorable senators will appreciate, the best form of assistance for the industry would be a rise in the world price of gold. Australia, in common with other major gold-producing nations, has consistently supported moves for a rise in the official world price of gold, but our efforts to this end have not been successful to date. There has been no increase in the official dollar price of gold since before World War II., and the official Australian price of gold has necessarily remained virtually unchanged since the devaluation of sterling in terms of the dollar in 1949. With the rise in cost levels, this has had an obviously adverse effect on the Australian industry. Consequently, we shall continue to strive for an increase in the official world price at every available opportunity.

I wish to state in conclusion that the extension of the operation of the existing subsidy provisions without change does not necessarily represent the Government's final position in the matter of assistance to the gold-mining industry. A number of proposals for amendment of the provisions of the act have been put before the Government, and the Prime Minister (Mr. Menzies) and the Treasurer (Mr. Harold Holt) recently had discussions with a deputation representative of the Chambers of Mines of Western Australia, Victoria, Queensland and the Northern Territory. Consideration of the proposals put forward for amendment of the act could not be completed in the limited time available prior to the close of the present sittings of Parliament. This consideration is still proceeding and the Government hopes to be in a position to indicate its decisions by the time the Budget for 1962-63 is introduced. In the meantime, it is necessary to extend the operation of the existing act for a further period beyond 30th June next, and with this object I commend the bill to honorable senators.

Debate (on motion by Senator Cant) adjourned.

APPROPRIATION BILL (No. 2) 1961-62.

First Reading.

Debate resumed from 15th May (vide page 1341), on motion by Senator Paltridge—

That the bill be now read a first time.

Senator KENNELLY (Victoria) [10.42]. This debate gives me an opportunity to discuss the very important statement that was made on banking in this chamber more than a month ago. To-morrow will perhaps be the last day of the current sessional period. It is wrong that the discussion of such an important statement should be left to the dying hours of a sessional period. Because I wondered whether there would be sufficient time to permit it to be discussed at all, I thought that I should take the first opportunity that presented itself to refer to the matter.

The changes in banking policy and practice announced by the Treasurer (Mr. Harold Holt) in his statement contain two elements. First, there is the proposal to allow the trading banks to expand their activities in a field of business which traditionally has not been regarded as their province; and secondly, there are measures affecting the profitability of the bank's assets. Both elements entail advantages so far as the profits of the trading banks are concerned. It is my belief that the Treasurer's statement was made because of the results of the general election on 9th December last. As I have said, the measures which the Government proposes have for their purpose the increase of the profits of the private trading banks. All the financial ballyhoo, if I may use that term, Mr. Acting Deputy President, that is contained in the Treasurer's statement, cannot conceal the facts. I shall now give the reasons which prompted the Government to make these drastic changes.

The chairman of Capel Court Investment Company (Australia) Limited, Mr. Staniforth Ricketson, who is also the head of the large and influential sharebroking firm of J. B. Were and Son, told the banks, in his chairman's address on 19th March, 1962, that they should act swiftly.

Senator O'Byrne. — Where was that statement made?

Senator KENNELLY.—It was made at the twenty-fifth annual general meeting of the company. Mr. Ricketson said—

Present political circumstances offer a unique opportunity for the banks to obtain redress of the injustices inflicted upon them. The fact that the Federal Government now has only a precarious hold on office should make the Ministry more disposed to listen to representations from the most important sector of the financial economy. This is particularly so in view of the substantial gains made by the Labour Party at the recent elections in New South Wales and South Australia.

Is it any wonder that I was prompted this morning to ask the Leader of the Government in the Senate (Senator Spooner) a question about the financing of Liberal Party election campaigns? Mr. Ricketson stated that the main grievances of the banks were, first, that they received only $\frac{1}{2}$ of 1 per cent. interest on funds lodged with the Reserve Bank, and had to pay higher rates if they reborrowed that money to preserve liquidity; secondly, that the interest rates on fixed deposits were rigidly controlled by the Treasury; thirdly, that the interest rates on overdrafts also were controlled; fourthly, that the total amount of money which they could advance by way of private bank loans, and also the general direction of the loans, were subject to strong Treasury pressure; and fifthly, that the Government allowed interest of only 1 per cent. on treasury-bills which the banks held as a part of their liquid assets. According to Mr. Ricketson, that rate of interest was too low.

It is worth noting that Mr. Ricketson made his address on 19th March. Speaking subject to correction, the Treasurer's statement was made on 9th April, or about three weeks later. It does not surprise me that the Government should have sprung to attention when a person of Mr. Ricketson's standing in the financial world issued a dictum. Mr. Ricketson also said that the private banks had grievances about matters which were so fundamental to central control of credit that even this Administration could not consider taking action in relation to them. What is the general banking situation at present?

Before showing just how the Government has gone about meeting the demands by the banks for extra profits, I desire to make a few preliminary remarks. One of the new proposals outlined by the Government is that the private banks should in future be able to make loans for a term, these loans

to be known as term loans, and to be repayable by the borrower at regular intervals. The distinction between term loans and overdrafts is that a term loan is for a specified term at a specified rate of interest, whereas an overdraft is made at the ruling rate of interest and may be called up at any time. I am not opposed to term loans.

The question that the Treasurer made no attempt at all to answer was why the filling of this gap in the provision of loan facilities should be entrusted to the private trading banks. It was precisely this service, amongst others, which the Commonwealth Development Bank was designed to provide. Proof of that statement is in a portion of the speech made by the Treasurer, when introducing the bill to establish the Commonwealth Development Bank in 1959. At page 380 of the "Hansard" report for 26th February, 1959, the Treasurer is reported as having said—

The functions and responsibilities of the Development Bank as laid down in the bill are, however, defined with greater precision and will be different in some important respects from those of the two existing departments. First and foremost, the function of the Development Bank will be to provide finance to primary producers and to industrial undertakings in cases where, in its opinion, provision of the finance is desirable and the finance would not otherwise be available at reasonable and suitable terms and conditions. In other words, the Development Bank's role will be to supplement, but not to take the place of, the sources of finance available to primary producers and industrial undertakings through ordinary commercial lending institutions. Secondly, and as an important corollary of the function I have just described, the Development Bank will be required, when determining whether or not to make a loan, to have regard primarily to the prospects of the borrower's operations being successful rather than to the amount of security the borrower can provide in support of the loan. Thirdly, the Development Bank will be prohibited from providing finance for the purchase of goods otherwise than for use in the course of the borrower's business . . .

What the Government has done in this case is to grant to the private banks an opportunity to make larger profits in a certain field. As will be shown later, the Treasurer stated that the initiative for the proposal did not come from the Department of the Treasury. He admitted quite openly that it came from the trading banks. One of the reasons why the banks want to undertake this type of lending at present is the huge quantity of available finance, which people are just not prepared to borrow in

the present circumstances. In the first month of this year, the ratio of liquid assets and government securities—commonly known as L.G.S.—to deposits was 29.3 per cent., whereas the permissible minimum was 16 per cent. Under the new proposals, it is 18 per cent. This unused potential is capable of supporting additional loans to the value of at least £150,000,000.

However, because of the Government's put-and-take economic policy, the public's loss of confidence thereby, and the possibility of overdrafts being recalled, people who need funds at present will not borrow. Whilst the proposal to allow banks to make term loans up to 3 per cent. of their deposits is a straightforward one, the Government has introduced an unnecessary complication purely for the purpose of increasing the profits of private banks.

These proposals permit the trading banks to set up a term lending fund, to be held by the Reserve Bank, into which the trading banks will pay 3 per cent. of their deposits, 2 per cent. coming from their statutory reserve deposits held by the Reserve Bank, and 1 per cent. from other liquid assets. The Government tries to create the impression that this fund has a special function in relation to term lending, but that is not so. It is merely a new way for the banks to hold liquid assets when they have not made term loans to the available limit. As soon as money is paid out of the fund, the bank must substitute other L.G.S. assets, such as government securities or ordinary deposits, with the Reserve Bank.

As there is no functional reason for the creation of this separate term lending fund, what is the purpose of it? I submit that it is solely a subterfuge to allow the banks to get extra profits. Instead of receiving $\frac{1}{2}$ per cent., as they do now for statutory reserve deposits, for a portion of this amount they will receive $3\frac{1}{2}$ per cent. On the 2 per cent. of deposits now held by the Reserve Bank, amounting in all to £37,000,000, this represents a neat profit of £925,000. Instead of the banks receiving 1 per cent., as they do on treasury-bills, which comprise a major portion of their liquid assets, the 1 per cent. of deposits transferred to the term lending fund will bear interest at the rate of $3\frac{1}{2}$ per cent. On the amount of £18,000,000 that is involved, this represents £405,000

in extra profit to the trading banks, without one additional penny being lent. If advances are made out of this term lending fund, those amounts will, of course, fall, but the interest charged on the loans will be much higher. So, at the minimum, this measure will return in all £1,329,000 additional profit to the banks, to be distributed proportionately to their deposits. We see how the Government dealt with the first of the bank's grievances outlined by Mr. Ricketson, namely, that only $\frac{1}{2}$ per cent. interest was paid on funds lodged with the Reserve Bank.

Debate interrupted.

ADJOURNMENT.

The ACTING DEPUTY PRESIDENT (Senator Wood).—Order! In conformity with the sessional order relating to the adjournment of the Senate, I formally put the question—

That the Senate do now adjourn.

Question resolved in the negative.

APPROPRIATION BILL (No. 2) 1961-62.

First Reading.

Debate resumed.

Senator KENNELLY.—The Government dealt with Mr. Ricketson's first complaint by giving an extra £1,300,000 per annum in profit to its friends. The second of Mr. Ricketson's complaints was that the Treasury exercised a rigid control over interest rates on fixed deposits. Here again, the Government obliged the private banks. It reduced by $\frac{1}{2}$ per cent. the interest rates payable by the banks on fixed deposits. In the first month of 1962, fixed deposits with the banks totalled £537,000,000. A total saving in interest payments to the banks of £1,430,000 will result from this reduction. This money is taken from the depositors and given to the private banks. I ask myself, "How servile can a government become?"

It seems to me that the people who framed this proposal, and who submitted it to the Senate, have no shame at all. All that they are concerned about is to fall in with the wishes of the private banks. I think I have clearly shown—I will prove it later—that all that was asked for in this

speech, which was delivered on 19th March, 1962, was given by the Government early in April. The five points which I read earlier from Mr. Ricketson's address are very willingly adhered to by the present Administration.

Mr. Ricketson's next complaint related to the interest on overdrafts. He said that the Government exercised a rigid control over overdraft rates. I invite honorable senators, particularly my Country Party friends, because they have a great deal to do with banks and also with overdrafts, to consider what the Government has done in this matter. Prior to the new arrangements which fit in with Mr. Ricketson's complaints, the banks could lend at an interest rate of up to 7 per cent., but the maximum average interest charged was to be no more than 6½ per cent. However, banks may now charge a maximum of 7 per cent. for all loans, and the requirement to average their charges at 6½ per cent. is removed. Is it any wonder that I have been asking myself when members sitting in the corner will stand up and fight for the people whom they purport to represent. After all, the Country Party members represent the rural producers, who deal a lot with the banks, and prior to the time when their wool is sold and prior to the harvesting of their crops, must borrow from the banks. Because I do not have the relevant figures, I cannot say what profits will be made by the private banks as a result of the increase from 6½ per cent. to 7 per cent. on loans under this measure, but I am certain it will be a considerable amount.

Mr. Ricketson's next complaint was that the banks are subjected to pressure as to the kind of loans that they should make. Presumably this is a reference to the differential interest rates which were to encourage investment in the export and productive sectors and to discourage loans for speculative purposes. Every one agrees that that was a most desirable feature but, since the banks do not want it, the Government once again bows the knee, and leaves to its private financiers the decision on what sector should be encouraged.

Mr. Ricketson complained that private banks received only ¼ per cent. on treasury-bills which they held as part of their liquid assets. Let us examine what action the

Government took in this connexion. Again, the Government did everything that Mr. Ricketson asked it to do. I repeat that he spoke on 19th March, and within one month this Administration, which placed the country into such a disastrous economic position, was so fearful of the future that it said, "We had better have some friends, because to-day our friends are few; we had better have the private banks again, knowing what the private banks did for us in 1949." So, according to a statement which was issued, the Government intends to introduce a new treasury-note which, presumably, will replace the old treasury-bill in the assets of the banks. These notes will bear a probable interest rate of 3 per cent. After allowing for the £18,000,000 in treasury-bills which will be transferred to the term loan fund at 3½ per cent. there will be £16,800,000 converted to the new treasury-notes. This will bring in an estimated profit of £336,000.

Let me make a summary of what the private banks are to get out of it. In either this Parliament or in another parliament of which I have been a member, nothing so blatant was ever done. I have never known a government to be so servile. Again I mention the dates. The Government was told what it ought to do on 19th March, and very early in April—within one month—it announced its proposals accordingly. I wonder how men who have some respect for themselves in other walks of life could get to the position where they become so servile to these people. I would not infer for one moment that Senator Spooner would take money from anybody for election funds, but if this proposed move is not to be done for some good reason, one wonders why Government members sit behind an administration which is capable of being so servile and is so shameless as to bring to the National Parliament a statement which embodies all that I have said. Let us examine what it means.

What are the profits to the private banks? First, the saving of interest on fixed deposits—that is ¼ per cent. on £537,000,000—will amount to a profit of £1,343,000 per annum. Secondly, additional interest earned on £37,000,000 transferred from statutory reserve deposits yielding ¼ per cent. to term lending fund yielding 3½ per cent. will amount to £925,000. Thirdly, additional

interests on £18,000,000, previously held as treasury-bills yielding 1 per cent., but now to be held in term lending fund yielding 3½ per cent., will amount to £405,000. Fourthly, the additional interest on the remaining £16,800,000 of treasury-bills converted to treasury-notes—assuming the interest rate is 3 per cent.—will amount to £336,000. The total hand-out to the banks will be £3,009,000 a year. I would hang my head in shame if I had to support such a thing. In all my life I have never known, and I do not think any one else has known, such a brazen episode as this. It is a payout to the banks as urged by the chairman of J. B. Were & Son. Is it any wonder that the people are only waiting the opportunity to cast the Government into political oblivion?

Apart from party politics altogether, it worries me to think that a body of men charged with the responsibility of governing this nation are so servile to the interests of private banks that they are prepared to make this hand-out. I defy any one to produce anything as bad in any parliament of any nation in the world. I do not imply that the Leader of the Government would accept any of this money. But why is this being done? Since 1949, until the present time the Government has resisted all attempts to let the private banks dictate to the people and the nation. But, of course, elections have a great effect on a political party. I defy any one to say that anything I have said is incorrect. These facts have been closely studied, and scrutinized, not only by myself but by others also. When I heard this statement I thought that it could not be as bad as it seemed. In order to make sure I put my views in writing before some of the best economists in this country and they told me I was not wrong. We have our different views on party politics. That should be so under the system in which we live, but one cannot help but be amazed at a hand-out such as this.

In conclusion let me say that in March Mr. Ricketson told bankers that the fact that the Federal Government had only a precarious hold on office should make the Ministry more disposed to listen to their representations. You would think that however influential that gentleman may be, whatever big financial interests he is involved in, at least he would not have such

an influence on the Government. At least you would have thought that he would have mentioned the matter to the Government privately and not adverted to it so brazenly in his address. The Government is willing to hand out £3,009,000 to the private banks notwithstanding that all those engaged in primary industry have been complaining for many years about the high interest rates charged by the banks. There was no need to do this as far as the term lending fund was concerned. I have read what the Treasurer himself said about the inauguration of the Development Bank. Apparently the Government wanted to make sure that if, for some reason it had to face the people in the near future, it would have at least some friends left, even though they be only those who own and control the shares of the private banks. I am more amazed than I dreamt I ever could be that a government should so blatantly hand over to the private banks this huge amount of the people's money.

Senator LILLICO (Tasmania) [11.18].—I have listened with a lot of interest to the address just delivered by Senator Kennelly. It was based, apparently, on a statement made in a document, or in the press, by a Mr. Ricketson, of Melbourne. Senator Kennelly went through a most intricate mathematical calculation in an attempt to prove the profit that could be made by the trading banks as the result of this reshuffle between the Reserve Bank of Australia and the trading banks. What intrigued me was that the honorable senator said that this was done to increase the profits of the trading banks of this country.

Some weeks ago I was most interested to read a newspaper statement that was headlined under the signature of Mr. Walker who is the chairman of the Australian Manufacturers Export Council. Surely he can speak with some authority on exports from this country. He said that Australian exports are being hampered by the absence of export credit facilities, and that it was essential that both short-term and long-term credit facilities at low interest rates should be available as an aid to expanding Australian exports. There was more in the statement than that. At the time I was so interested in this statement by Mr. Walker that I mentioned the matter

to a Minister. I asked whether it was correct at this time, when it was so necessary to expand our exports, that we should be hampered by lack of credit facilities. The Minister concerned said that the matter was being investigated by the Government, which was alive to the situation. He said that the Government would do something to rectify the position.

There is a lot in the statement delivered by the Treasurer (Mr. Harold Holt) on 12th April last that Senator Kennelly conveniently omitted to mention. The Treasurer commenced his statement by saying—

During recent weeks I have, on behalf of the Government, engaged in discussions with the Reserve Bank of Australia and representatives of the major trading banks on a number of matters affecting the Australian trading banks. These consultations began when, on 30th January last, the Economic Policy Committee of Cabinet met representatives of the trading banks and talked with them on the general economic problems of Australia—as it had talked, in a series of other meetings about that time, with leading people from other branches of finance and trade and industry and the trade unions.

I do not doubt for a moment that this proposal has arisen out of discussions that were held after the last election. I do not doubt for a moment that the manufacturers of this country submitted, as was claimed by their chairman, Mr. Walker, that it was essential for exporters to have credit facilities available. Mr. Walker in his statement claimed that the exporters were at a distinct disadvantage compared with their competitors because they did not have the same credit facilities for exports. It is all very well to accuse the Treasurer of announcing this change in policy for no reason other than to put something in the lap of the trading banks—to give them extra profits. The Treasurer's statement continued—

The Government has also recognized the need for some wider facilities in export finance.

In other words, it recognized the merit of Mr. Walker's contentions. The statement continued—

More and more, as our business people pursue their efforts to sell manufactured products in new markets overseas, they find themselves up against the competition of sellers from other countries who are in a position to offer credit terms—in some cases quite long credit terms.

Those remarks again bear out Mr. Walker's contention. In making credit facilities available to exporters, the Government is accused of giving a present to the trading

banks. Nobody with any common sense will accept that proposition. Nobody with any common sense will believe that these facilities can be extended without some re-organization of the finances of the banks. This Government has done all that it can reasonably do to increase export earnings—the lifeblood of this country. Some little time ago it gave inducements in the form of pay-roll tax deductions and income tax deductions. Yesterday we discussed the income tax legislation dealing with investment allowances, which will cost about £17,500,000. The policy announced in the Treasurer's statement meets the need referred to by the chairman of the manufacturers' export council. But when the Government attempts to do something in this regard it is met with the cheap gibe that it is acting at the behest of a man in Melbourne—Mr. Ricketson—because he had said something about the difficulties with which the trading banks were confronted. As a result of the Government's new policy, the trading banks will be able to lend money for developmental work and they will be able to lend to primary producers. These things, according to Senator Kennelly, are properly the function of the Commonwealth Development Bank. Some time ago, when we had before us a bill to increase the funds of the Development Bank, the measure was opposed by some honorable senators opposite on the grounds that the trading banks should lend money to primary producers for developmental purposes, but when the trading banks are able to lend for developmental purposes, some honorable senators opposite claim that that is a function that should belong solely to the Development Bank.

In complying with the new policy, the trading banks will be involved in considerable outlay. I do not doubt that Senator Kennelly would claim that the £55,000,000 or more involved should be released from nothing. I have often heard that contention advanced. In the Legislative Council of Tasmania, at one time, we had four supporters of Douglas Credit. In season and out of season they advocated the release of credit. They claimed that it would be the salvation of everything. They advocated the release of credit by the banks and by the printing of notes. On one occasion, after three or four of those

Douglas Credit supporters had been speaking about the release of funds, a man who had been on a world tour got to his feet and announced that he was a millionaire. He produced a 1,000,000 mark note, which he said he had bought in Germany for 2s. That is where the indiscriminate release of credit would get you without some re-adjustment of the finances of the bank behind the release of the credit. Mr. President, I have not the slightest doubt that these proposals have been brought forward as a result of the economic review undertaken by the Government since the last election. I have no doubt whatever that they will meet the need enunciated by the people who have been so concerned and so critical of this Government. No one believes with any justification that they have been brought forward merely to make a present to the trading banks. I ask for leave to continue my remarks later.

Leave granted; debate adjourned.

INTERNATIONAL WHEAT AGREEMENT BILL 1962.

Bill received from the House of Representatives.

Standing Orders suspended.

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

Second Reading.

Senator SPOONER (New South Wales—Vice-President of the Executive Council and Minister for National Development) [11.32]—I move—

That the bill be now read a second time.

The purpose of the bill is to seek the approval of Parliament to the signature and acceptance by Australia of the International Wheat Agreement of 1962. The first post-war International Wheat Agreement came into force in 1949 and was renewed, with certain modifications, by the agreements of 1953, 1956 and 1959. The 1962 agreement, with which this bill is concerned, provides for a further three-year extension, with some variations, of these earlier agreements. Copies of the new agreement have been distributed to honorable senators.

The new agreement was negotiated at a conference convened by the United Nations, at which 48 countries participated,

including, for the first time in recent years, the Union of Soviet Socialist Republics. If all these participating countries sign the agreement, about 95 per cent. of the world's trade in wheat will be covered by its terms. Trade in flour is also covered by the terms of the agreement. In the difficult and complicated task of negotiating this agreement, the Government sought and obtained the closest co-operation of the Australian wheat industry. Representatives of the Australian Wheat Board and the Australian Wheat Growers Federation were members of the Australian team at the negotiating conference, and made valuable contributions to the work of the delegation.

The basic objective of this agreement is to provide an element of stability in the world wheat market. It seeks to do this by providing that wheat traded commercially between member countries on international markets will be bought and sold at prices within a prescribed range. There is an important exception to this which I shall mention later.

What are the main rights and obligations of importing and exporting countries under the agreement? Each importing country undertakes to buy from member exporting countries a stated minimum percentage of its total commercial imports. These percentages vary from country to country and range from 30 per cent. to 100 per cent. These purchases, and indeed all transactions between members of the agreement, must be at prices within the agreed price range. One aspect of the new agreement is that there have been significant increases in the minimum percentage commitments to which the major importers have been willing to subscribe. For example, the United Kingdom proposes to increase her purchase commitment from members from 80 per cent. to 90 per cent., Japan from 50 per cent. to 85 per cent. and West Germany from 70 per cent. to 87½ per cent. as compared with the previous agreement.

The agreement gives importers the right, when wheat prices reach the maximum, to purchase a quantity of wheat from member exporters at prices not higher than the maximum. This quantity is equal to the country's average commercial imports from member exporters over a previous four-year

period. The agreement carries a corresponding obligation for exporting countries like Australia that, if prices rise to the maximum, these quantities will be supplied to member importing countries at the maximum price. There is, however, a provision under which we could be relieved of our obligations in the event of a short crop.

Exporters are assured under the agreement of markets equal to the total of importers' purchase commitments. Moreover, the new agreement gives some protection against low-priced sales through the provision that all transactions between members must be within the price range. Both maximum and minimum prices under the new agreement have been increased by 12½ cents—about 14d. Australian—per bushel. The prices specified in the agreement are expressed in terms of the parity for the Canadian dollar as at 1st March, 1949. As the Canadian dollar was on a par with the United States dollar at that time, the prices are the same as if expressed in to-day's United States currency. The new maximum price is 2.02½ dollars per bushel for No. 1 Manitoba Northern wheat in bulk in store Fort William–Port Arthur, the main shipping points for Canadian wheat. The new minimum price for such wheat is 1.62½ dollars per bushel.

In the negotiations for the 1959 agreement, the maximum price was reduced by 10 cents to 1.90 dollars per bushel. At that time we had to put up a struggle to avoid a corresponding reduction in the minimum price. In the 1962 agreement, however, the minimum price has been increased as well as the maximum. This clearly represents a real advance for exporting countries. The higher minimum price reflects to some extent a recognition of production cost increases over recent years; it also reflects, as does the increase in the maximum, a somewhat greater buoyancy in the current state of the wheat market.

Since the basic price refers to Canadian wheat, the agreement sets out how the equivalent maximum and minimum prices for wheat shipped from other exporting countries will be calculated. The f.o.b. equivalent of the maximum price for the basic wheat in Australia would be approximately 18s. 4d. per bushel. As regards the minimum price, however, some of the items entering into the calculation are subject to

change and the equivalent minimum for Australian wheat can vary from day to day. On the basis of recent freight rates, the basic minimum price of 1.62½ dollars per bushel would give an Australian f.o.b. equivalent of about 14s. 6d. per bushel. This basic price, however, when applied to Australian f.a.q. wheat, would be subject to a quality discount which varies from time to time according to the market.

The increase in the agreement price range will not result in an automatic increase in the selling price of Australian wheat when the new agreement comes into operation. What the agreement does with regard to price is to set a range. Within this range prices are determined by the market. The present selling price of Australian f.a.q. wheat to the United Kingdom is 14s. 9d. per bushel f.o.b., which is already within the price range of the new agreement. However, in the course of the three years to 1965 covered by the agreement, the higher maximum and minimum price could well produce direct benefits to Australian wheat-growers.

Under the present agreement members of the European Economic Community can make sales to each other at prices above the present maximum of 1.90 dollars per bushel, provided that both the buying and the selling countries agree. Under the new agreement countries outside the European Economic Community are not precluded from selling to countries within it at prices above the maximum, provided both parties agree. The significance of this for Australia is that we would not be prevented by the International Wheat Agreement from attempting to negotiate a higher price for the wheat we may sell to present or future members of the European Economic Community. There is, therefore, nothing in this agreement which would be inconsistent with the kind of broader solution to the world wheat problem which we have been advocating and on which I shall have something to say presently.

The new agreement is in many respects an improvement on the current one, particularly in the provision for a higher price range. It represents a tremendous advance on a situation without an agreement—a situation where there would be no stabilizing influences whatever and where, in years of big crops and with vast surplus stocks,

the price consequences for commercial exporters could be disastrous. However, as we see it, an agreement of this nature offers nothing like a complete solution to the world wheat problem.

The agreement offers no remedy for the current situation where countries like Australia have to sell in the United Kingdom under conditions of cut-throat competition at so-called "world prices" far below prices received by the vast majority of the world wheat producers and often below our domestic prices in Australia. This situation needs to be altered radically. We are convinced that the problem can only be solved if we get some overall world-wide commodity arrangements. This view was pressed by the Australian Government at the Commonwealth Trade and Economic Conference in Montreal in 1958 and has been forcefully re-stated more than once since that time:

During the last year or so the French Government has given the lead in putting forward solutions along the lines long proposed and advocated by Australia. The basic idea of the French initiative is that ways could be found to take action on the case for fairer and more equitable world prices for primary commodities and at the same time tackle the difficulties raised by the Common Market, the problem of food

surpluses and the scope this offers for helping hungry people in the underdeveloped countries. The financial aspects of making surpluses available to those who are without the means of paying for their food needs will clearly be the responsibility of all the wealthier countries, not merely of the wheat producers. The French, in their proposal, have all this in mind.

As a result of the French initiative and the ministerial meetings of Gatt a Cereals Group has been set up and other groups are being proposed to develop world-wide solutions for the problems of the major commodities. Australia has suffered a great deal over the last decade through price falls for her commodity exports, and we shall continue to fight for more realistic prices for our bulk exports. In the meantime, we must throw our support behind arrangements like the International Wheat Agreement, from which something can be gained here and now.

The Government recommends the acceptance of the International Wheat Agreement 1962, which will provide a valuable stabilizing influence in the world wheat market.

Debate (on motion by Senator McKenna) adjourned.

Senate adjourned at 11.42 p.m.