Queensland

Parliamentary Debates
[Hansard]

Legislative Assembly

TUESDAY, 16 OCTOBER 1934

Electronic reproduction of original hardcopy

TUESDAY, 16 OCTOBER, 1934.

Mr. SPEAKER (Hon. G. Pollock, *Gregory*) took the chair at 10.30 a.m.

QUESTION.

APPOINTMENT OF JAMES CUTHBERT AS STATE SCHOOL TEACHER.

Mr. MAHER (*West Moreton*) asked the Secretary for Public Instruction—

"1. Did James Cuthbert, junior, of Mary street, Booval, succeed in the last senior examination?

"2. What was the nature of his pass—i.e., how many A's, B's, and C's were secured by him?

"3. What was the numerical order of the pass secured by him amongst the 564 candidates who succeeded?

"4. Was he appointed to the staff of the Ropeley State School over the heads of others who had passes of higher merit in the same senior examination, and who had not been rejected for physical unfitness or unsuitable personal qualities?"

The SECRETARY FOR PUBLIC INSTRUCTION (Hon. F. A. Cooper, *Bremer*) replied—

"1. James Cuthbert, junior, of Mary street, Ipswich, did succeed in the last senior examination.

"2. He secured five C's and a pass in Intermediate Latin.

"3. Mr. Cuthbert, in order to secure the appointment that he has received, was not required to enter into competition with the other candidates who passed the senior examination in 1933. He was appointed as a small schools probationer, having passed the junior examination of 1931. The requirements for appointment as small schools probationer are—

(*a*) The candidate must have passed the junior examination;

(*b*) The candidate must be over seventeen and a-half years of age.

Given qualifications (*a*) and (*b*), appointments are made in order of priority of application.

"4. See answer to No. 3."

PAPERS.

The following papers were laid on the table, and ordered to be printed:—

Report upon the operations of the Sub-Departments of Aboriginals, Dunwich Benevolent Asylum, Inebriates Institution (Dunwich), Jubilee Sanatorium for Consumptives (Dalby), Westwood Sanatorium, Home for Epileptics (Willowburn), Prisons, Queensland Industrial Institution for the Blind, Diamantina Hospital for Chronic Diseases (South Brisbane), and Eventide Home (Charters Towers).

Report of the Inspector of Hospitals for the Insane for the year 1933-34.

Report of the Commissioner of Public Health for the year 1933-34.

Report of the Manager, State Advances Corporation, for the year 1933-34.

MACKAY HARBOUR BOARD ACTS AMENDMENT BILL.

SECOND READING.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [10.36 a.m.]: I move—

"That the Bill be now read a second time."

Outer harbour facilities for the port of Mackay have been the subject of consideration for many years past. The present scheme, however, has been accepted by the Government and the people of that district. It was the subject of an inquiry which the Government ordered in September, 1932. A committee consisting of Mr. D. Fison, the Chief Engineer of the Harbours and Marine Department, Mr. J. D. Ross, of the Auditor-General's Department, and Mr. C. S. Bagley, representing the district interests, were appointed with the following terms of reference:—

1. Whether the scheme for which the Mackay Harbour Board desires to obtain approval of the Government is feasible;
2. The probable cost of the scheme;
3. Whether the scheme will provide Mackay with the harbour facilities claimed for it;
4. Whether the risk of damage or destruction by cyclone is such as will seriously prejudice the proposed scheme;
5. Whether it is within the financial capacity of the people of Mackay district, through their harbour

board, to liquidate the capital expenditure involved without incurring an undue burden of debt;

6. And whether the cost of maintenance will be so heavy as to seriously affect the board's ability to pay interest and redemption on the capital cost of the work.

The findings of the committee were as follows:—

1. That the proposed harbour board facilities were feasible from an engineering point of view;
2. The scheme would provide the necessary harbour facilities to meet the trade requirements of the Mackay district and that the revenue available to meet the redemption and interest payment on the cost of construction would be approximately £53,219 per annum.

Upon the basis laid down in the report of the committee of inquiry, the scheme has been accepted by the Mackay Harbour Board on the engineering and on the financial basis. Tenders were invited by the board, and the lowest tender was that of Mr. G. A. Stronach. The tender price was £785,213. The lowest tender was £120,049 below the engineer's estimate for the actual construction, the difference being accounted for in the costs of handling the stone for the breakwaters. The tender was also £150,000 below the next lowest tender. The lowest tender has been accepted by the board.

The object of this Bill is to give the board power to vary the terms of the contract in certain particulars. It is necessary that this should be done first of all, because during the progress of a work of that kind the board must have powers which were not contemplated when the principal Act was placed on the statute-book. Conditions arise as a matter of course from time to time which require variation by agreement between the contractor and the board. The harbour board is a statutory body and is charged with the responsibility of providing harbour facilities for the district and administering them in the interests of the people in that area. The financial aspects of the scheme were submitted to a poll of the electors of the district and approved by them, and these variations in the contract have been investigated by the harbour board itself in conjunction with the Bureau of Industry.

I propose first of all to give an outline of the financial resources of the district, and then to indicate the chief lines upon which the variation of the contract has proceeded. Obviously, in considering a scheme of this nature we have first of all to consider the cost of the project itself, and take that in conjunction with the existing indebtedness of the district in order to determine its capacity to pay. The result of the poll I have referred to earlier was—

In favour of the scheme ...	10,528
Against	1,510
Informal	177

The people realised thoroughly the obligation they were taking on when that poll was held, and the overwhelming character of the majority indicates very clearly the determination of the district to provide for itself harbour facilities of an up-to-date character, and in keeping with its resources

and needs. The indebtedness of the combined local authorities in the harbour board area is £319,660, made up as follows:—

	£
Mackay City Council ...	194,251
Pioneer Shire Council ...	60,160
Sarina Shire Council ...	26,832
Nebo Shire Council ...	2,070
Mirani Shire Council ...	13,232
Mackay Harbour Board ...	23,115
	£319,660

The loan for the outer harbour is in round figures £1,000,000, and a subsidy from the Government under their unemployment relief scheme is provided of £250,000, or 25 per cent. of the total cost of the work, including capitalised interest, whichever is the greater. It will be seen, therefore, that having regard to the resources of the district, to the existing indebtedness of the district, and to the estimated cost of the scheme, it is quite within the scope of the district to meet its liabilities.

Tenders were called on the 23rd April, 1934. Six tenders were opened at Mackay on the 24th July, 1934, the lowest tender being that of Mr. Stronach, of Brisbane, of £785,213 18s. 6d. The next lowest tender, that of the Queensland Construction Pty., Ltd., was £162,302 14s. 7d. above that of Mr. Stronach. Mr. Stronach's tender was accepted by the harbour board on the 27th July, 1934. The contractor was unable to produce the necessary security; apparently he was deserted by his financial supporters. He is confident, however, that he can carry out the contract at his tendered price and make a reasonable profit. He is prepared to stake his "all" on his ability to do this. The board has agreed to the variation of the contract on lines which will enable the contractor to carry on under very stringent conditions, and the contract price will be reduced by the amount which the contractor would otherwise have paid for finance, that is to say, to £766,000.

The amended contract provides for a percentage payment on a lump sum basis. The contractor provides security in £15,000 worth of plant and a conditional lien on the remainder of his property. The harbour board provides the funds to finance the job. The basic lump sum of the contract is £766,000. The contractor will be paid $2\frac{1}{2}$ per cent. on the expenditure so long as the contract is progressing satisfactorily, and an additional $2\frac{1}{2}$ per cent. at the conclusion of the contract if the whole expenditure, plus 5 per cent., does not exceed £755,000, plus any extras. Any increase of the total cost over and above £766,000 is to be a charge on the contractor, payable from his profits and/or from the securities which he lodges. In the event of the total expenditure being less than £766,000 the contractor will benefit by one-third of the saving.

Detailed accounts of expenditure and work done will be kept by the board and analysed from time to time, so that the unit costs will be under close and continuous observation. Should the board's professional advisers consider the unit costs to be too high, and tending towards a lump sum higher than the contract price, the board has power to restrict the expenditure or works in any direction it may consider prudent, and if after twelve months the contractor is unable to bring unit costs to a

satisfactory level, the board may determine the contract and the contractor will then forfeit the whole of his property held as security.

That, briefly stated, is the basis of the variation agreed upon by the board after consultation with the Bureau of Industry, and on whose recommendation the Government have agreed to the proposal. In all the circumstances the arrangement is a satisfactory one, the interests of the harbour board and the public being properly safeguarded in the terms and under the conditions of the amended programme.

The report of the committee of inquiry disclosed the following facts:—

(1) Average tonnage of sugar shipped through Mackay for period 1927 to 1931, inclusive, 87,900 tons.

(2) All cargo through the port, including sugar and inward and outward general cargo for the same period, averaged 113,703 tons.

The peak year sugar tonnage for the Mackay district is 110,180 tons. Since that report has been made the growth of the district has been such that the figures have been regularly exceeded, and for the nine months of the present calendar year the value of the imports and exports, not counting sugar, has increased by not less than 27 per cent. Those are figures which were made available to the board quite recently.

The scheme is to be financed and paid for on the basis of the transference to the harbour board of all the lighterage charges now being paid on cargo lightered at Flat Top. In other words, the existing costs paid to shipping companies in the form of lighterage and other charges will make available to the board a sum which will enable it to pay interest and redemption on the scheme. The people of the district will have the advantage of a modern, up-to-date, properly equipped harbour; and as interest and redemption are to be paid each year, it will finally become an asset; whereas, under existing arrangements, the continued silting up of the river means a continual and perhaps an increasing annual charge, with probably an increasing charge in lighterage costs, owing to the increasing difficulties of lightering.

From every point of view I am satisfied the scheme is one well worth while, and will give this rich district of the State the facilities it has required for many years past. The Mackay district is the soundest district, financially, in Queensland, if not in Australia. That is due, first of all, to its endowment by providence—the good soil and excellent climate—but it is also due to the energy and ability with which the people in that area have developed its natural resources. The speculation in land values that has affected the stability of other districts has been little known here, and as a consequence its people can undertake a work of this nature with complete equanimity and confidence in the future.

The loan is for a period of forty years, and the subsidy, as I have stated, is £250,000, or 25 per cent. of the cost, whichever is the greater.

The Bill also empowers the harbour board to carry out all works necessary to the construction of the harbour, although the locality where the works are being constructed may be outside its area as limited by its Acts. Obviously, in the carrying out of a work of this magnitude, the board needs to have control of certain lands in the vicinity in order that it may, for example, build access roads for the various activities that will be carried on. Provision is made to enable it to carry out everything of that nature that may be, first of all, incidental to the carrying on of the construction works, and later on necessary to provide access of a proper character to the completed facility.

The total value of agricultural production in the Mackay district during the years 1929 to 1933 was no less than £8,786,500, or an annual average value of £1,757,300. The estimated ratable value of land in the Mackay district is £1,766,808. Those figures indicate clearly not only the stability of the district, but also its capacity to meet the charges that are involved in this scheme. As I stated on an earlier stage of the Bill, this public work has probably been investigated more meticulously and with greater care than any works of the same magnitude ever previously undertaken in the State. Those investigations were made in the public interest. The necessity of such a facility may be recognised, but it is also desirable to see to it that the financial cost is not greater than the district can afford to pay. The Government are thoroughly satisfied of the position, and with the people of the district we look forward in the near future to seeing this area supplied with such a port facility as will not only enable them to handle their existing exports and imports, but also will be the means of increasing the wealth production in the State.

Mr. J. G. BAYLEY (*Wynnum*) [10.54 a.m.]: The Premier has stated that both from an engineering and financial standpoint the proposition is a sound one. I am willing to accept the opinion of the engineer. As regards the financial position I am willing to accept the opinion of those who studied it, but the position investigated was that which obtains to-day. I should like to know whether the possibilities of the future have been taken into consideration. Were the city of Mackay entirely dependent for its prosperity on a mineral field the first thing to be considered in respect of a proposal for the construction of the harbour would be the probable life of the field. Mackay is not dependent on minerals; it is on the growth of sugar. It was, therefore, the duty of those concerned to examine the future of that industry and to ask: "What is the position of Mackay likely to be in ten, fifteen, or twenty years' time?" If one would show me a rainfall map of Queensland I would point out the districts along our coastal belt where sugar should be grown. Mackay is one of the oldest settlements on our seaboard; we have figures dealing with the rainfall there dating back to the early 'seventies. The average rainfall over the last sixty years for Mackay is 67 inches, Port Douglas 68 inches, Ingham, 69 inches, Cardwell 83 inches, Cairns 89 inches, and Innisfail no less than 142 inches a year. Now let us turn up the last available report, 1932, and ascertain what was the production of sugar in the various districts. The average return of sugar per acre cultivated was: From Mossman down to Ingham 3.11 tons, the Lower Burdekin 3.68 tons; from Mackay down to St. Lawrence it fell to

1.76 tons. As we come further south there is a decline in the figures: Bundaberg and Gin Gin .79 tons; Maryborough and Childers .75 tons. We find that north of Townsville the average return is a good one: 3.68 tons from Mossman to Ingham, 3.11 tons in the Lower Burdekin, but falling to 1.76 tons in the Mackay district. Now let us turn to the output of the mills for the same year, 1932, when thirty-three mills were operating in Queensland, ten situated north and twenty-three south of Townsville. The ten mills north of Townsville produced approximately 300,000 tons of sugar, the twenty-three mills south of Townsville 215,000 tons. That is a proof as to which portion of Queensland is the better suited for the carrying on of the sugar industry. And the ability of the Mackay people to meet the charges in connection with the construction of this harbour hinges on the possibility of that district from a sugar standpoint.

The TREASURER: The same thing applies to the construction of a house It depends on one's ability to earn enough money to meet interest and redemption.

Mr. J. G. BAYLEY: I can remember as a boy taking my rifle over to St. Lucia and using as targets the plates from an old mill in that locality. There are residents in Brisbane who can recall the time when cane was grown around Hemmant, and when the first mill was constructed at Ormiston. Gradually and surely the growth of sugar has gone northwards. It must continue to go north. The time was when it was impossible for Queensland to produce enough sugar to fill the Australian requirements. That time has long since passed. What is the position to-day? We require something like 300,000 tons for home consumption. Our total output approximates 600,000 tons, so that, roughly, 50 per cent. of our output has to be exported at a loss to the grower of cane. The people of Mackay are included in sharing that loss. The nominal price in Australia is £24 per ton and the price obtainable overseas £8 a ton, or an average of £16 per ton. There is no indication that the world's market for sugar will improve. There is no indication that the amount obtained overseas will increase. If there should be a decrease there will be warfare between the various sections engaged in the sugar industry, and should that take place the people growing sugar-cane north of Townsville must win. There could be no other result.

The Government have given ample proof in the past that they are altogether unmindful of economic laws. They feel that they can thwart them, but eventually they come up against them and against the laws of nature too, and in the long run nature wins out. It is from that viewpoint that I ask the hon. members to consider this project, to consider the future of the sugar industry in and around Mackay. It is a wonderful district, but it has not the natural advantages that obtain in the area that I have mentioned north of Townsville. It is on these lines that I advise caution. Figures have been produced to show that on the present lighterage tonnage there will be a sufficient return to meet interest and redemption. Some figures were produced to show that even if the sugar output were reduced to one-third of the present output, the return on ordinary cargo, plus the return on that one-third of the present sugar output would be sufficient to meet those charges. The people who put forward those figures overlook the fact that the prosperity of that district depends almost entirely upon the sugar industry. If the output of sugar were to fall by two-thirds it would naturally follow that the export and import of other commodities would fall in a like ratio.

To the Government's guaranteeing a loan, or worse still, granting a subsidy, I am definitely opposed. It is bad enough for the Government to grant a subsidy out of consolidated revenue; when they grant a subsidy out of loan money the crime is worse. I am opposed to it.

The TREASURER: Are you opposed to subsidies being granted elsewhere?

Mr. J. G. BAYLEY: I am opposed to subsidies being granted. Scarcely a day passes that an hon. member does not receive a letter stating that the local authority which he is associated with has not been granted a subsidy for the purpose of carrying out certain work. A subsidy is all right for the recipients if it is confined to one or two areas but when they are granted indiscriminately no one gains. Eventually, the people will be called upon to pay increased taxation on account of the additional money advanced. It is exactly the same as if the Treasurer were to stand in the street during the course of a procession and hand out boxes indiscriminately to the people. It would be quite all right if he were to hand out a box here and there, but if he hands out boxes to everyone in the street, no one is any better off. That is rapidly becoming the position in Queensland to-day. I did not rise to stress that point, I rose to speak about the future of the sugar industry in this State and in the Mackay district in particular. The figures that I have placed before the House this morning are worthy of consideration and have a definite bearing on the merits or demerits of the Mackay Harbour project, and a decision should be arrived at only after a careful study of them.

Mr. BEDFORD (*Warrego*) [11.5 a.m.]: The hon. member for Wynnum has rejected the principle of subsidies in financing public works for the general purpose of lightening the burden of the unemployment position, although the system has been adopted throughout the State. He stated that the Government were thwarting economic laws. The Bill is proof to the contrary. It is proof that the Government would not permit outsiders to interfere with the economic law of supply and demand, and that contention is borne out by the tenders received for the construction of the outer harbour project. On 27th September last the hon. member for Oxley asked the Treasurer the following question:—

"1. Has the contract been signed for the construction of the Outer Harbour Works at Mackay?

"2. If so, what is the contract price?

"3. By how much, if at all, is the contract price below the engineer's estimate?

"4. Is the Board's engineer satisfied that the lowest tenderer can do the work for the amount tendered?

"5. Is it a fact that the Government agreed to allow the successful tenderer to depart from the conditions of tendering by conceding him the right to charge

the Board any increase in wages during the currency of the contract? If so, did the Board ask the Government to agree to this concession?

"6. Will the Government give an assurance that all other conditions of tendering will be adhered to, particularly the clause providing that the contractor will lodge a cash deposit of £20,000 on signing the contract?

"7. If the contract has been signed, has the contractor lodged the £20,000 cash referred to in the previous question?

"8. If the £20,000 cash has not been lodged, has the Government agreed to the acceptance of the bond of the State Insurance Office?

"9. Is the Government satisfied that the plans of the works and the conditions of tendering will preclude any extra cost being entailed over the contract price?

"10. What is the name of the successful tenderer?"

I particularly draw the attention of the House to Question 9, in view of a showing which will be made later as to what is meant by "any extra cost." The Treasurer replied—

"1. The deed of contract has not yet been completed.

"2. The contract price is £785,213 18s. 6d.

"3. £120,049 3s. 7d., the difference being due to the handling costs of the stone.

"4. There is no reason to doubt the capability of the successful tenderer.

"5. The board, with the approval of the engineer, after investigations by the Bureau of Industry, desire the power to vary the terms of the contract, in certain particulars, and legislation has been introduced to give the board the necessary power. The board will be amply safeguarded in any variation of conditions that may be made.

"6. It is not the intention of the Government to interfere with the board in the exercise of their statutory functions, provided that the public interest is observed.

"7. See anwer to No. 1.

"8. See answer to No. 7.

"9. No extra cost will be entailed on account of matters within the control of the board.

"10. George A. Stronach.

"It has not escaped the notice of the board and the Treasury that efforts have been made by an interested syndicate to induce the successful tenderer to surrender his contract, with a view to the acceptance of a higher tender. I hope the hon. member is not acting as the mouthpiece of the executive concerned."

The facts are that in June last tenders were called for these harbour works. A friend of mine was approached by a Mr. Gray, concerned with the Linray building business, and in the presence of Mr. Mocatta the friend was asked to subscribe to a syndicate with £500 capital, the £500 to be put up as a deposit on the Mackay tender. It was related to the people whom they wished to bring into the syndicate that tremendous profits would lie, not in the tender, but in the extras. It was alleged that the specifications were so loosely drawn that it would be impossible to carry out the works as part of the building tender, and as a further inducement there was quoted the case of the silos in New South Wales, which some people said had a tender value of £800,000, with extras amounting to £1,000,000. This straight out attempt at pillage was to come out of the pockets of the public, because the money included not only the local authority's money but also the Government's money; in addition to involving the Government's prestige and the prestige of the local authority. My friend indignantly refused, and they tried elsewhere and formed a syndicate called the Brisbane Construction Company, which was not registered. Then in July, when the tenders were accepted, I had a telephone message early in the morning on which the "Courier-Mail" published the circumstances under which Mr. Stronach's tender had been accepted for £783,000, asking me to see Mr. Stronach. I asked "why?" The reply was "You are a great friend of Stronach, and you can get him to pull his tender out. Then ours will be accepted. It is £160,000 more. There will be all that to cut up. Stronach can get £50,000 extra and still carry out the work." I asked who was in the syndicate, and was told Sir James Butters, Sir John Harrison, Mr. Harding Frew, and Mr. Mocatta.

Mr. WATERS: Was that the ex-Nationalist candidate for Oxley?

Mr. BEDFORD: I do not know, but the names are identical.

Mr. FADDEN: There were not only Nationalists mixed up in it.

Mr. BEDFORD: Perhaps not. Here was the position: A rake-off of £160,000 was to be gained by Mr. Stronach pulling his tender out, and when he indignantly refused to do anything of the sort they went around this town attempting to destroy his credit by closing up the ordinary avenues of finance for a contract of £783,000. Therefore, this Bill became necessary.

Now, in all this business one must admire the man who made his contract after having spent £1,500 to £1,800 in finding out the lay of the land, whereas these people, who were only interested in getting a contract, and then a rake-off, were content to take the board's figures. As the Treasurer stated in his reply to the question asked by the hon. member for Oxley, the difference of £120,000 in the tender of Mr. Stronach was in the lower cost of removing stone. The board's engineer estimated that cost at 5s. 3d. a yard. He based his estimate on removing the stone from the south end of Mount Bassett, putting it into a train, then getting it into lighters, taking it to sea, and dumping it at the point of the breakwater site. Mr. Stronach, by getting a geologist on to the job and checking the figures of trucking and transport found that by exploiting certain fault planes which enabled him to calculate on quarrying stone more easily he could save 1s. 6d. a ton on the board's estimate of the cost of procuring stone. In other words he found that he was able to get the stone necessary at 3s. 9d. instead of the board's estimate of 5s. 3d., and show a profit by procuring the stone at the other end of Mount Bassett, and transporting it directly

to the breakwater site, instead of transporting to lighters and lightering it out to the dumping place. If other tenderers had made proper inquiry, such as Mr. Stronach had done, he might have been beaten in the tender. Now, the position is that it went on until by and by, on the 27th September, questions were asked here for the further purpose of embarrassing Mr. Stronach, and to that matter this is related: They did not give up the hope of the contract until as late as the 27th. The questions were being asked, and the outside propaganda was going on. On Thursday, 4th October, Mr. Harding Frew told Mr. Jeffcoat, an alderman of the Mackay City Council, "Nimmo must have misunderstood when I said I thought the price was too low, as I had never really had any actual experience of quarrying. Of course, Kemp and his deputies will accept my figures, and I am sure they will tell Brigden so."

Now, on search for a record of this precious Brisbane Construction syndicate, we find that it was never registered, but on 24th September there was registered a thing called "Constructions Ltd." with 10,000 shares of £1 each, of which there are only two signatories, one Mr. Mocatta for a £1 share and the other his clerk for a £1 share. Mr. Mocatta is under an agreement not yet lodged, probably not yet registered—to receive 5,000 shares, which apparently represent the £500 which was put up for the Mackay contract deposit and which has since been returned. If £2 could build £940,000 worth of harbour works—or the beginning of them—one can see how £78 could build £38,000,000 worth of work, and in this connection I have to quote a speech of my own on page 563 of "Hansard" for 1930 concerning Public Developments Ltd., which was not only very much like this Constructions Ltd. with its £2 capital, but a company in which we see some of the names which are now being represented in Constructions Ltd. I said—

> "There was registered on 6th March, 1930, a company called Public Development Limited. It has a nominal capital of £2,000 and a capital in real money of £76. Its nominal capital is as modest as its objects are ambitious. Its nominal capital and real money do not constitute a great financial preparation for its intentions. Its signatories were E. G. Parnell, Alderman Dart, J. C. Kerr, Harding Frew, A. S. Hudson, J. S. Kerr, M.L.A., and T. Nimmo, M.L.A. Its solicitors are Tully and Wilson, and L. C. Wilson, solicitor, and E. K. Tully, solicitor, are shareholders. A little later, after some publicity, and after the company approached the Government for concessions and the Premier replied that the hawking of any franchises or permissions would not be permitted, J. S. Kerr transferred his five shares to L. C. Wilson, Harding Frew, A. S. Hudson, E. G. Parnell, and Alderman Dart—one each—and T. Nimmo transferred his shares to E. K. Tully. On these seventy-six shares £1 per share had been paid. That is to say, £76 has been received for shares, and from this has to be paid out of the funds of the company 'the charges, fees, and other expenses in connection with the promotion, formation, and incorporation of the company' in the words of the clause in the articles of association governing that particular activity. Tully and Wilson are the solicitors, and were entitled to be paid their fees and charges; and it is unlikely that sufficient money remains of the £76 subscribed to build all the bridges, railways, waterworks, and other public utilities mentioned in the memorandum of articles of association as being the objects of the company."

On the similarity of their names and their associations, one may see here a direct attempt to do something against public finance which makes it public enemy No. 1—in this proposal that the contract should be withdrawn and a higher contract made, which the contractors were not to carry out. They were only to take the £160,000 graft, secret commission, or whatever you like to call it, and they were to hand £50,000 to Stronach, and he was still to carry out the work, and the Government and the local authority were to be £160,000 the poorer.

I mention this statement not in any spirit of vindictiveness. A somewhat similar position has already been advanced in connection with the Cairns sewerage work, and it is for that reason—and that reason only—that I make these facts public so that the statement that certain aldermen of Cairns are in the bag can be easily and quickly disproved. In point of fact, a number of the names associated with this attempt at graft should be blackballed from any future public contracting in Queensland.

Mr. FADDEN (*Kennedy*) [11.18 a.m.]: As one who has been very actively associated with this particular work, I desire to place a few facts before the people of Queensland in connection with it. As the Treasurer has stated, this undertaking was very very carefully and minutely investigated from every angle. Everyone associated with the matter recognised his responsibility, and appreciated the fact that it was essential that such a venture should not be embarked upon with any possibility that it would turn out to be merely a monument of economic folly, but that it would, under sound financial and engineering conditions, give the people of that particular district a facility such as they have long sought. For that reason every avenue was explored; every scheme examined. When I first entered upon the investigation of this matter on behalf of the Mackay Harbour Board and the Chamber of Commerce, I was opposed to the scheme, and I had to convince myself that the scheme could be carried out without economic disadvantage to the district. It must be realised that the success of this venture depends almost entirely upon the sugar industry, because 80 per cent. of the trade of the port of Mackay and 80 per cent. of productivity of the district comes from sugar. Accordingly, the present and the future position of sugar required very serious consideration by those investigating the scheme.

The hon. member for Wynnum stated that statistical information has shown that Mackay as a sugar-growing district is fast declining. He quoted acreages and tonnages; but I am afraid the hon. member has taken the assigned acreage as the basis for his calculations and not the acreage harvested. There is a very wide difference in those two bases, and a difference that would mislead anybody who was not conversant with the general conditions existing in the district. One has to consider the

sugar position, not merely as it directly affects Mackay, but from a world point of view. It must be remembered that there are 117,000 acres of assigned land in the Mackay district, and that acreage is owned and harvested by no fewer than 1,850 farmers, and that the fact that so many small growers are operating in that area has been responsible for the development of its stability. In the Mackay district sugar-growing is a profession, and not a speculation. It has been the occupation of families over the last half century, and it is these families that constitute the background of its economic stability. It must also be remembered that of the seven sugar-mills in the district, six are co-operatively owned by the farmers, and the amount invested in their milling capacity is approximately £2,500,000.

In regard to the productivity of the district and in order to ascertain whether there is any likelihood of that district going out of sugar, we must be guided by what has happened in the past. The committee of inquiry figures were based on the average tonnage over the five seasons ending in 1931. The average tonnage for the five seasons was 87,900 tons. The figures showing the tonnage from 1927 to 1931 are as follows:—

	Tonnage.
1927	78,629
1928	104,111
1929	80,451
1930	84,359
1931	91,948

I have not at the moment the figures for 1932 and 1933. The average for the seven years, including the 1933 season, is 93,127 tons, and the estimated output for this season is 124,577 tons. These figures demonstrate conclusively that sugar production is increasing in the Mackay district. For various reasons Mackay will always produce sugar, and I hold strongly the opinion that sugar will be produced in that area when many other districts which are now producing it have been forgotten.

That brings us to the financial capacity of the district to carry this undertaking. A ballot was taken of the people, who voted with their eyes open inasmuch as there was a very strenuous and active opposition to the scheme by vested interests. The shipping companies operating in the district have been on a very good wicket for years in respect of the profitable transportation of sugar. Lighterage has been as high as 12s. 6d. a ton for sugar and 19s. a ton for inward cargo for 3½ miles of transportation. Naturally, these people strenuously opposed anything that would remove from them that very profitable trade and give to Mackay Harbour facilities of advantage to the district. The result of the ballot, however, was 10,528 for and 1,510 against. We are not to be carried away by a result showing such a vast majority in favour of the proposal, because we must recognise that many people who were likely to shoulder no responsibility were quite prepared to vote for the expenditure of money, especially when it was borrowed money. On the other hand, in analysing the activities in favour of the harbour one has to remember the people actively associated with it. Mr. Bagley, as an individual, has more to lose if this harbour fails or becomes an economic monument than anybody else in Mackay. He is a young man and is a partner in the biggest firm at Mackay. The firm finances hotels and storekeepers and has a vital interest in the sugar industry. Were there a weakness in the scheme, or if it were not a sound one, such people would not associate themselves with it so strenuously. They have nothing to gain by the mere expenditure of money. In that particular regard I desire to take this opportunity of sounding a note of warning. Many persons are of opinion that the scheme will be the cause of increased activity and increased trade in Mackay. The expenditure of £1,000,000 spread over a period of five years amounts to a circulation of approximately £200,000 a year. That amount is far short of the reduction in the price of sugar and, calculated on the average tonnage, does not introduce an equivalent amount of new wealth to the district. There is no reason why land values should get out of control and there should not be any boom in the district over the period of construction.

The financial capacity of the district to pay can be very wisely based on these facts: Interest and redemption, having regard to the amount of money to be borrowed and the capitalisation of interest during construction, will require approximately £36,000 per annum. The administrative costs have been put by the Committee of Inquiry at £9,500 per anuum. The amount to be found by the harbour board, or by the people of Mackay, for the use of the harbour is, therefore, £45,500 per annum. General cargo, inward and outward—other than sugar—on the average during the past five years, will return £23,700. There is thus £21,800 to be found by sugar, and that, at the present rate of lighterage of 9s. 4d. a ton and harbour dues 2s. a ton, would require 38,470 tons of sugar. That is only 41 per cent. of the average output over the last seven seasons.

The position can be approached in another way: £45,500 must be found. General cargo and adjustments can be put down at £20,000, allowing a percentage of falling off. Sugar at 9s. 4d. a ton, plus 2s. a ton, would have to find £25,500. That sum would necessitate 45,000 tons of sugar, and this tonnage is 48 per cent. of the output for seven years, and 36 per cent. of the estimated output for the season of 1934.

Many persons do not appreciate the method of financing the undertaking. It is simply the conversion of the present costs of maintaining the river and using the present port to the financing of the outer harbour scheme. In the main these costs at present comprise lighterage—and it is very interesting to note that lighterage charges have at different times been reduced, but that such reductions have synchronised with periods of increased agitation for outer harbour facilities. For instance, when it was discovered that the harbour was likely to become an accomplished fact the lighterage was reduced from 10s. to 9s. 4d. a ton, whilst handling charges, which at one time were 6s. a ton, have been reduced gradually until at the present they are 3s. 3d. a ton. It is contended by some that the lighterage charge will be reduced in the future, and bear in mind that the scheme involves a conversion from a lighterage system to a system providing for the payment of harbour dues. The lighterage rates may be reduced in ten or twenty years, but the solvency of the local sugar producers would be jeopardised if they had to pay a

Mr. Fadden.]

harbour due of 11s. 4d. a ton for all time. The only alternative to the outer harbour project is improved facilities within the river itself. Railway transportation is out of the question. As far back as 1919 the Harbours and Marine Department recommended the expenditure of approximately £300,000 upon improved facilities in the river itself to enable the best use to be made of the altogether inadequate method of transportation which then existed. In order to utilise the obsolete and costly method to best advantage it is necessary to expend a sum of no less than £200,000 upon improvements in the river. The harbour board spent £100,000 on what is known as the Director Wall, but on one occasion we had the spectacle of a small boat having to be dug out of the river with the aid of shovels. If the expenditure of another £200,000 on river facilities is the only alternative to the construction of the outer harbour, then the opponents of the scheme and the future users of the river must remember that an expenditure of an additional £200,000 necessarily means an additional harbour due of 3s. per ton. I take it that the present lighterage charge could be lessened only by the provision of improved facilities, and as those facilities could be provided only by the expenditure of a further large sum of money, it necessarily follows that there must be increased harbour dues in other directions.

It is very interesting to consider the outer harbour project on the basis of the output of the district for last year. Last year 117,000 tons of sugar were shipped from the port, 43,000 tons to other Australian ports and 74,000 tons direct overseas, lightered to Flat Top and loaded there. The 43,000 tons cost 15s. 3d. a ton, or £32,787, made up as follows:—

	Per ton.	
	s.	*d.*
Harbour dues	2	0
Wharfage and handling charges	3	3
Railway terminal charge ...	0	8
Lighterage	9	4

The sugar loaded at Flat Top and shipped direct overseas cost 3s. a ton extra. The Adelaide Company receives a special handling charge for this class of cargo. This cargo cost 18s. 3d. a ton, making £68,141 for the 74,000 tons. The cost to handle and ship the 117,000 tons of sugar by means of the present facilities was £100,928. Under the outer harbour scheme the 43,000 tons would cost 4s. 6d. a ton, returning £9,675, the charge being made up of 3s. for railage and 1s. 6d. for receiving and handling; the 74,000 tons would cost 4s. 6d. a ton, making £16,650, or a total of £26,325. To this must be added a harbour due of 2s. a ton, making £11,700, or a total of £38,025. The balance in favour of the proposition is £62,903, whereas the amount required to finance the scheme is £45,500 per annum, or approximately £17,000 less than the figure stated above. I submit that is a complete answer to the opponents of the scheme.

The scheme has its limitations, as all schemes have. I have repeatedly stated that the maximum cost should not exceed £1,000,000, spread over forty years at 5 per cent. That is a safe limit, having regard generally to the prospects of the sugar industry, and particularly to the fact that 80 per cent. of the trade of the port and the prosperity of the district depend upon sugar. In addition to the £62,903 that I have mentioned there is the general revenue, and the general revenue for last year was £25,667. Therefore, the total revenue available to finance the scheme, which will cost £45,500 a year, is £88,570. That is based on last year's trade, present costs and present methods of transport.

There are other advantages, which have not been taken into consideration. No weight whatever has been given to the natural development that will take place as a result of the establishment of decent facilities, and no regard has been paid to the saving of freight which must occur. At present the freight from Brisbane to the wharves in Mackay is 40s. a ton. We have ascertained that the lighterage charge from Flat Top to Mackay, which has to be paid by the other shipping companies to the Adelaide Steamship Company, which owns the lightering system, is 19s. a ton. Therefore, by ordinary deduction we ascertain that the freight from Brisbane to Flat Top is 21s. a ton. The freight from Brisbane to Townsville, 235 miles further, is 30s. a ton. Calculating our figures on a basis as advantageous to Mackay as to Townsville, we are justified in assuming that the freight will be the same—namely, 30s. a ton. Every reasonable man will expect a reduction of freight compared with the freight to Townsville, but no regard has been paid to that probability, although that advantage must accrue.

However, the proposition has been very carefully investigated. Nobody desires to be associated with a scheme which is going to do more harm than good to a district. I trust that this scheme will not be examined without due consideration of the facts as they exist. I trust that its critics will take into consideration the costs of the obsolete method used to-day, the possibility and probability of increased expenditure that is in sight if that obsolete method is retained and improved in keeping with the productivity of the district. The desire of the people to undertake the responsibility shows their desire to assume responsibility as entirely their own. They are asking nobody else to pay for the port. They are asking nobody else to find interest and redemption but themselves, and they, the people of Mackay, have had ample opportunity to investigate the proposition thoroughly. One aspect of it must be kept always in mind: that there must be a conversion of the lighterage and other existing costs to the benefit of the users of the port, the sugar industry, and industry generally. The conversion of these lighterage and other charges to harbour dues entirely is further evidence in support of the scheme and further evidence of its advantage to the district. I have no hesitation in stating that the trade of the port, even over a period of the last twenty years, is sufficient to finance the scheme without attaching any direct responsibility to the people who have consented to the work being undertaken. It must be remembered that the people of Mackay have been paying lighterage for years and years, ever since Mackay has been Mackay, and they have nothing to show for it, except an obsolete method of a river system that necessitates the expenditure of still further money. They have paid in lighterage on an average £50,000 a year, and they own nothing; they have no prospect of reduced handling charges or reduced

harbour dues; on the contrary, they have the prospect of increased costs in that direction. By undertaking the construction of these outer harbour facilities at a cost of £45,500 a year, or approximately £5,000 less than the average cost of lighterage, they will eventually own their own port. That may be a long time in coming, but had they undertaken the responsibility forty years ago they would now have a free port, and would not be dependent on the present obsolete conditions.

I know nothing of the proposition from an engineering point of view, but I have sufficient faith in the men who have investigated that aspect of it to know that a port will be provided, the cyclonic risk of which has been taken into account and can be minimised. On the general question, too, I cannot ignore the fact that the people of Mackay have by the poll which has been taken decided that the time has arrived when proper harbour facilities must be provided in the interests and development of their rich agricultural district.

Mr. SPEAKER: Order! I take the opportunity of saying, in these days when the decadence of Parliament is so frequently discussed outside—and I want my remarks to go out to the public—that in my opinion the four speeches which have been made in sixty-four minutes so far in this debate constitute the best set of speeches made in any one debate during my nineteen years of personal contact with Parliament.

HONOURABLE MEMBERS: Hear, hear!

Mr. SPEAKER: I do not, of course, express my view as to the opinions expressed by the hon. members who delivered them.

Mr. GODFREY MORGAN (*Murilla*) [11.42 a.m.]: During the long period I have been in Parliament a great number of very important projects have been undertaken, especially by means of the use of public funds. These projects have without exception been carefully investigated from every point of view, and the Minister in charge of each project, whether a Labour or Nationalist Minister, has always been able to make out a very good case on figures why it should be undertaken. Yet, notwithstanding careful investigation by the best men available, these projects have in almost every instance proved an absolute financial failure. Thus we get some idea as to the weight to be given to figures quoted in relation to projects of this nature. One can recall the expenditure of thousands of pounds in the establishment of a harbour at Broadmount for the use of the Rockhampton district, and one can also recollect that when a change of Government brought about a change to Port Alma, more pubilc money was expended, and, unfortunately, from a public point of view, an absolute failure has resulted in each case. Almost every harbour board in Queensland is heavily in debt and unable to meet its financial responsibilities, and the unfortunate position is that no Government, irrespective of their politics, are game enough to put in the bailiff and take possession of harbour facilities when a harbour board fails to honour its obligations. In the project now under discussion, although the people of the district are agreeable, it will be the poor old Government, and in turn the whole of the people of this State, who will suffer if it proves to be a failure. That has been so throughout the history of Queensland.

Personally, I have no objection to the Mackay people having a harbour, but my knowledge and experience tell me that the project is being entered into at least ten years too soon. First of all we know, as the Treasurer admitted, that the financial success of this project depends to a great extent on the future of the sugar industry. Its security is dependent upon the Sugar Agreement, and just what form a future Sugar Agreement will take no one knows; it is dependent entirely on the political party in power in the Federal sphere at the period of its renewal. While Mr. Lyons is Prime Minister the Sugar Agreement will be satisfactory, but Mr. Lyons will not occupy the Treasury benches for all time, and with the inevitable periodical changes in the political sphere, it is too difficult to conjecture just what people in other States will think about the sugar industry in three, five, or ten years. After all, the continuity of the Sugar Agreement does not depend on the opinions of the people of Queensland, but rather on the views of people in other parts of the Commonwealth, and no one can guarantee the permanency of the views now rightly held by the majority of Australians that the sugar industry of Queensland should be fostered because of its great benefit from a defence point of view. Thus, in the expenditure of money on such a venture as we are now discussing we cannot say definitely that in, say, three years' time, the sugar industry will be the success it is to-day.

Mr. FADDEN: They have grown sugar in the Mackay district for fifty years.

Mr. GODFREY MORGAN: They may have grown sugar in the Mackay district for a long period; but the hon. member knows as well as I do that the production of sugar in Queensland on a payable basis depends on the amount of assistance that industry receives from the rest of the people of Australia. If the people of Australia are prepared to pay a greater price for sugar produced in this country than they would have to pay for imported sugar the position of the industry is guaranteed; but if the people of Australia are not prepared to continue to subsidise this industry what is going to happen to it? I am not saying for one moment that the Mackay district is not capable of growing sugar. Undoubtedly it is.

The TREASURER: Butter and wheat are in the same position.

Mr. GODFREY MORGAN: If the sugar industry is entitled to receive a subsidy it is only right that the wheat, butter, and beef industries should receive the same treatment. We should then reach the position stated by the hon. member for Wynnum, when a subsidy would not make any difference, because all industries would be subsidised. When the Government assist one industry, for example, the sugar industry, they do so at the expense of the rest of the community; when we reach the stage where the Government subsidise all primary industries they will all be on the same footing. I have always contended that if one industry is subsidised other industries are entitled to the same treatment, and if that were meted out to them then they would all be on the same footing and the subsidy would not matter. At the present time a subsidy to one industry is paid for by the other industries. Are they going to be satisfied to

continue to pay the piper? All that is necessary in order to obtain a subsidy is for an industry to organise and be able to bring sufficient pressure on the Government of the day. If that occurs in every industry, the sugar industry will then be on the same basis as the rest. At the present time the sugar industry is in a prosperous condition and is of enormous economic advantage to Queensland, but how long will that state of affairs last? The rest of the people are asked to pay the subsidy to that industry. Now this Parliament is being asked to subsidise the erection of the Mackay harbour to the extent of £250,000. In cases where a harbour board has suffered a financial loss the people, as a whole, have been called upon to make up that loss, and if the Mackay Harbour Board gets into financial difficulties the same position will arise. It is all very well for the hon. members for Kennedy and Mackay to advocate the granting of this subsidy, because they will be gaining a political advantage owing to the fact that that money will be spent in the electorates which they represent. Whether the scheme will be successful or not, the money will have been spent in Mackay, and the people in that district will have got the benefit of it.

Mr. FADDEN: They are going to get it instead of the Adelaide Shipping Company.

Mr. GODFREY MORGAN: I have heard the same argument year after year for the last twenty-five years in connection with different schemes. In connection with the building of new railways the Minister has always been in the position of being able to quote figures to prove to the Chamber that that railway was going to prove a financial success; but not one of them has been a financial success either from the commencement or for many years after. One has only to read the report of the Commissioner for Railways to realise how many of the lines in Queensland have not been paying for axle grease; yet if "Hansard" is referred to it will show that the Minister, when introducing the proposals to build these self-same lines, demonstrated by figures, that they would be paying propositions from the commencement.

Mr. W. T. KING: How many speeches did you yourself make?

Mr. GODFREY MORGAN: Many, because I have had many a railway constructed. I was in the same position as is the hon. member for Kennedy, and also the Treasurer. This matter concerned my electorate, and I was prepared to quote the best figures possible in order to prove conclusively that the construction was essential. We are seeing enacted to-day something similar to what happened twenty-five to fifty years ago. The only difference is that different actors fill the various roles. The project under discussion may be satisfactory or it may not, but I should like to see it postponed for another ten years. Expenditure of the money is not warranted at the present time, although it may suit the Treasurer. The hon. gentleman appears anxious to have the work undertaken, and the people of the Mackay district mortgage their property to the extent of £750,000. He is even prepared to assist them by making a free grant of £250,000. It must not be forgotten that the proposed harbour is to be constructed in his electorate. From his personal point of view, it may be convenient that the work should proceed, inasmuch as it will help him in his political life by enabling him thus to gain the confidence of his electors. But that is not what we are in this House to do. We are assembled here to discuss the project from the aspect of future liability; whether it will be paid for by the people of the district, or whether it will eventually become a charge on the State, and in considering that question an important point we must not forget is that at the present time every harbour in the State is a charge on the State.

Mr. NIMMO (*Oxley*) [11.56 a.m.]: This morning the hon. member for Warrego based his speech mainly on questions asked in the House by me. Those questions were asked in response to requests from persons in my electorate for certain information, and the answers given by the Treasurer apparently were quite satisfactory. The questions and answers, no doubt, have been broadcast, because other persons have since communicated with me. At Mackay there are two different sets of people who state definitely that if the harbour is to be constructed without a deposit of £20,000 by the constructor as a guarantee of performance, they have a right to be allowed to tender. They are prepared to tender, and if successful to proceed with the work. They are quite competent to carry it out. The stumbling block so far as they were concerned was the financial conditions imposed on the contractor as required by the notice calling for tenders.

I desire to explain to the House that I had no ulterior motive in asking my questions. I am not mixed up with any of this £160,000 graft that the hon. member for Warrego mentioned. It is a remarkable thing that it was the hon. member who was rung up and asked to see Mr. Stronach in an effort to get him to withdraw. It is most remarkable that he should be the man in this House singled out to perform that kind of work. At any rate, the fact remains that something was in the air, and that the hon. member for Warrego was mixed up in that something. So far as I am concerned, I know nothing about anyone trying to make £160,000 graft out of the Mackay harbour. With reference to the other matter, concerning which he quoted "Hansard," Public Developments Limited, which was to build so many million pounds worth of bridges, I say that I was interested in the proposal for the reason that I desired the construction of a bridge at Indooroopilly to connect my electorate with Brisbane. I was successful in obtaining such a bridge, and thereafter, so far as I was concerned, the matter was finished, and I was free from the whole arrangement.

The harbour, the subject matter of this discussion, may be right and it may be wrong, but the proposal means that Queensland is building an artificial harbour. Nature has bestowed on Queensland the inestimable gift of some beautiful harbours, which man has done practically nothing to improve. We are now being asked for our approval of the construction of another artificial harbour, and the question arises whether it is required by the needs of the State. The hon. member for Wynnum quoted figures showing that the sugar industry is gradually leaving the south and going north, or going even further north. The

history of Queensland bears out his argument. At one time the Bundaberg district was the most prolific sugar producer in the State. To-day the industry is not nearly so vigorous. It is true that Bingera has improved production, but the increase is due to a scheme of irrigation. The fact remains that the northern portions of the State are becoming the large sugar producing areas. And the hon. member for Kennedy has intimated to this House that 80 per cent. of the revenue to be derived by the port will come from sugar.

Will the harbour be of benefit to the Mackay district, or will it eventually rebound to the detriment of the people who now labour under the delusion that it will? At the present time a considerable amount of money is spent annually in lightering the sugar to the boats. It is said that a considerable portion of the money is paid to the Adelaide Steamship Company, but its expenditure must provide a considerable amount of seasonal employment in the Mackay district. It is now proposed that the money should not be expended in providing employment for men engaged on lightering work, but that it should be utilised in paying interest on money loaned by Southern capitalists. Will that be a benefit to the Mackay district?

Mr. GODFREY MORGAN: The result will be the same as introducing up-to-date machinery, thereby displacing the manual worker.

Mr. NIMMO: Exactly. We should hasten slowly in connection with this measure. The proposition should be further considered. The Bill proposes that certain terms of the contract may be altered, but why not call fresh tenders, giving an opportunity to reputable people in Queensland, and in particular to the two entities in Mackay to tender now that the deposit of £20 000 will not be insisted upon? Until the Treasurer made his statement this morning I had no idea that the conditions attaching to the contract were to be very much easier, but now that the conditions are to be varied other people should have an opportunity to submit a tender.

A portion of the cost, amounting to £250,000, is to be borne by the whole of the people of the State, because the Government have decided to make a grant of that sum to the Mackay district. I admit that the Kangaroo Point Bridge is to be constructed at the expense of the people of the State, but the principle is wrong. Why should the people of the State be called upon to defray one-third of the cost of providing the outer harbour of Mackay simply to boost that part of Queensland at the expense of the rest of the State? The Treasurer may claim that subsidies are being given in other localities, but the grants or subsidies to local authorities are distributed throughout the State, whereas in the case under consideration a large sum is to be granted for the construction of an artificial harbour which will tend to boost that part of the State perhaps only for a limited period of time. The outer harbour will be subject to all the forces of Nature, and the cost of maintenance on the people of the district will be heavy indeed. Whilst I am not going to say that the outer harbour should not be constructed, I do urge upon the Government the need for further inquiry. I am given to understand that there is a good natural harbour not very far from Mackay, and that the Commonwealth Government at one time reported upon the advisableness of utilising it as a port for the district.

Mr. FADDEN: You are referring to Port Newry, 42 miles away.

Mr. NIMMO: A port 42 miles from Mackay is not too far away for practical purposes, and this possibility should be exploited before finality is reached.

The TREASURER: The proposition was thoroughly investigated and then rejected.

Mr. NIMMO: It may have been rejected on the ground that it was 42 miles from Mackay, but that is quite a reasonable distance.

We should also bear in mind that an efficient railway service has been provided along the coast of Queensland. The people of Queensland decided that this line should be constructed to provide adequate and convenient goods and passenger facilities, but whether it was wise to construct the line so near to the coast remains to be seen However, now it is proposed to construct an artificial harbour which undoubtedly must be a serious competitor against railway traffic. The whole proposal seems to bristle with wrong decisions, which suggests that it is not in the best interests of Queensland. The State has constructed that railway, and now we are asked to assent to the construction of harbour works which will take trade away from the railways. I strongly urge that the Government stay their hands, and have further inquiries made and give other people the opportunity of tendering under the altered conditions.

Mr. MOORE (*Aubigny*) [12.7 p.m.]: I have read this proposal very carefully. As the Treasurer stated, investigations have been proceeding for quite a long while with a view to providing harbour facilities at Mackay. When I occupied the position of Premier an investigation was commenced as to the engineering possibilities, and as to whether such a scheme was likely to be a financial success.

The TREASURER: The scheme in your time concerned the Flat Top Island proposal.

Mr. MOORE: Other schemes were also investigated, one being the Port Newry scheme. They have all been investigated, and a definite conclusion has been come to that a harbour scheme should be carried out at the site which has now been selected. It may be of great value to the people of the district of Mackay, and the probability is that in the future it will enable them to ship at a lower rate. There are just two or three factors which we have to consider. One is whether it is possible for the construction of the harbour to be carried out at the tender price. We have seen what has occurred in connection with the Cairns hydraulic scheme. That scheme was very carefully investigated, tenders called and a tender accepted, but the actual cost will be infinitely greater than the price of the accepted tender. Conditions have altered, and the authorities have found that the carrying out of the work is more expensive than was anticipated. Alterations have had to be made in the tender accepted, and the tender price has been considerably enhanced. It is difficult to say now whether, had the Cairns local authority known in the first place what the cost was likely to be, they would have proceeded with the proposition

or not. They accepted it as a piece of work to be carried out at a certain price. That expenditure was based on an estimated revenue, and on the increased expenditure the whole of the estimates will fall to the ground. The basis of this harbour scheme, likewise, is whether the scheme can be carried out at the cost anticipated. It is difficult to say in a large work like that, in view of the conditions which may operate—losses which may occur by storms and other changes for which no provision exists—that the works will be carried out at the estimated cost.

The hon. member for Kennedy said that the people of Mackay have accepted the scheme as their own responsibility, and are not asking other people to pay for it. We all recognise that. The people of Rockhampton accepted their own responsibility and did not ask the rest of the people of the State to pay for the construction of their harbour. The State only comes into the question if the estimates and calculations on which the cost of construction were based fall to the ground. It is then ascertained that actual costs are greater than estimated. The hon. member for Kennedy in his estimate mentioned £1,000,000 as the limit to which the people of Mackay will be justified in going for the construction of a harbour. A sum of £250,000 is to be paid as a subsidy from the rest of Queensland towards the scheme, leaving the Mackay authorities to finance a little over £500,000. It is difficult to know whether the tender price will not be exceeded. It may be said that the tenderer can be kept up to his obligations, but if he has not the finance to complete the work and is compelled to abandon its construction before it is completed, the harbour board must step in and complete it. Possibly, from that point of view alone, there will be a considerable increase in construction costs. It all depends on what that increase will be.

The other principle which I do not think is right is that contained in the first clause of this Bill—namely, the alteration of the conditions of tender. Tenders were called under certain specific conditions, and it makes no difference whether one or two or a dozen people submitted tenders. The principle is that a tender was accepted. After it was accepted the Government have introduced a Bill to allow of the conditions being altered very materially. That is entirely wrong. If the conditions of the tender are to be altered, and if the amount of the deposit set up in the specifications is to be altered, then it is possible that somebody else just as competent to carry out the work of the present tenderer should be allowed to tender under the altered conditions. If we enter upon a scheme and set out definite terms and conditions on which tenders are called, and then after the acceptance of a tender those terms and conditions are altered there is a possibility that the conditions thus altered would not have been so detrimental to unsuccessful tenderers as they were to the man whose tender was accepted. It does not seem to be quite fair that these alterations should be made, and a special Act of Parliament passed to ratify that action.

The TREASURER: This Bill would have been required apart from that.

Mr. MOORE: I quite understand that a Bill would have been required so far as the construction was concerned, and so far also as allowing the lighterage costs to be turned into harbour dues is concerned, but a definite principle in the Bill which should not stand is that which permits an alteration of conditions after a tender has been accepted. Other tenderers, who have undertaken just as much investigation work as the successful tenderer here, might be able to do the work under conditions different from those originally set out. I am not suggesting that in the interests of the State a company which the hon. member for Warrego suggested was created with the idea of making huge profits out of the State should not be curbed and its activities curtailed, but because one set of individuals sees opportunities of making large profits if they can get a successful tenderer to withdraw—and we only have the hon. member's statement, as to the accuracy or otherwise of which I know nothing—it does not follow that other people should be precluded from tendering for the work under the modified conditions. After all, every person should be put on the same basis, for it is public work and public money to the extent of £250,000 that is being granted by the people of Queensland The people in the Mackay district are nominally responsible for repayment of the money, but if they cannot meet their commitments, then the responsibility will fall on the rest of the people of the State. In all circumstances the opportunity to tender should be the same for all. It is wrong to pick out one individual because he has submitted a tender and say, "You are unable to carry out the tender; we will vary the terms in your case, but will not permit anyone else to tender under the modified conditions." That is the main principle in the Bill which is wrong.

In respect of other portions of the Bill I shall probably obtain information at the Committee stage, particularly in relation to the permission to borrow that is prescribed in the present Mackay Harbour Board Acts. It seems to me that under this Bill the power will have to be widened because of the large amount of money required. When big works of this description are commenced one can never tell what the result will be, no matter how careful the preliminary investigations have been. Certainly, the investigations made in this instance tend to show that an advantage will accrue to the Mackay district, but that hinges on the capacity of the tenderer to carry out the work at the contract price—so many instances have occurred where the estimated cost of an undertaking has been enormously exceeded despite the care bestowed on preliminary investigation. The Government had their own experience to guide them in that particular matter, because time after time the completed cost of public works in Queensland, particularly railways, has been greatly in excess of the estimated cost, not because of increased wages or increased costs of material, but because unexpected difficulties were encountered during their progress. The same thing may happen with the harbour board work now proposed. Such work is one in which it is most difficult adequately to prepare for all the contingencies that may arise. Unexpected weather conditions may entirely destroy the portion of the work only partly completed, and so upest calculations of costs. Similarly with the construction of a dam We recollect the incidents associated with the proposed Nathan dam. All sorts of railways had to be built in anticipation of its construction. Large areas of land

had been resumed with the object of settling people, and investigation by experts appointed by the Development and Migration Commission later on proved that there was no foundation suitable for the construction of that dam. If that work had been started the amount of money wasted would have been enormous, for the cost would have probably been three or four times the amount anticipated in the first place. That is a danger that should be avoided when approving of schemes such as the one under consideration by this Committee. If there are financial guarantees behind the tenderer sufficient to complete the work, and there is no likelihood that the Mackay people will be called upon to meet heavier obligations than those set out in the tender, then the scheme looks quite a good one, but I am rather doubtful as to the successful completion of the work at the figures set out, when one takes into consideration all the contingencies that may occur, and the possibility of the difficulties being greater than was anticipated. If the cost is to be considerably increased, it will amount to a burden which neither the hon. member for Kennedy nor anybody else would recommend. I remember that when the Mackay Harbour Board approached me three or four years ago and suggested the construction of a harbour, one of the things the present Premier was most anxious to ascertain was the ultimate cost, because he would have nothing to do with a scheme that would place a burden on the people of the district, which he considered they would be unable to carry. It is all right if everything turns out as stated in the estimates, but we are running a very big risk. We have had the experience of other harbour boards in Queensland to guide us, and it makes one chary of believing that the position will be as satisfactory as has been stated this morning.

An OPPOSITION MEMBER interjected.

Mr. MOORE: We cannot vote against it. It gives the harbour board of Mackay the right to complete its contract. The board has accepted a tender, and this Bill is to ratify the variations it has made. I should think there would be very good ground for an action against the harbour board if Parliament refused to ratify after a promise had been given—that it, that is the board, would make the alterations.

I strongly object to the principles contained in the first part of the Bill, and there are one or two things in it on which I shall want some information when we are dealing with the clauses. It appears to me that there is a system of dual control in two or three places, and I should like to have the position clarified, for example, as to whether the railway line will be under the control of the harbour board and as to the position of the local authority and the harbour board in regard to expenses and obligations, and also in regard to the electricity that is to be supplied. It seems to me, also, that the Governor in Council is interfering in things he has no right to touch. The whole basis seems to be rather hazy, and I should like more information when the Bill is in Committee.

Mr. WIENHOLT (*Fassifern*) [12.21 p.m.]: I have already protested against the handing over of £250,000 of loan money to the Mackay Harbour Board. In that respect a rather interesting question arises. I wonder if the Loan Council has agreed to the Queensland Government's granting that £250,000, because under the Financinal Agreement the Loan Council is responsible for it.

The TREAEURER: What did you say?

Mr. WIENHOLT: Has the Loan Council agreed to the handing over of £250,000 of loan money?

The TREASURER: We do not submit matters of domestic policy to the Loan Council.

Mr. WIENHOLT: Under the Financial Agreement it becomes equally financially responsible with the States.

The TREASURER: The matter of public works and the control of domestic policy are no concern of the Loan Council.

Mr. WIENHOLT: I have read the Treasurer's protests against the very thing he says they have no concern with. It is a remarkable thing——

The TREASURER: You are misconstruing my remarks if you say that.

Mr. WIENHOLT: I have no wish to misconstrue the remarks of the hon. gentleman.

The TREASURER: Either that or you have misunderstood the position. The Loan Council decides on the amount of money to be raised and the terms and conditions on which it is to be raised and the allocation to the respective States; but the States have entire authority to control their own domestic policy.

Mr. WIENHOLT: What the Treasurer says entirely confirms what I think, and that is that the Commonwealth becomes financially responsible after the States for any loan expenditure that has been incurred. We have that remarkable position that the Loan Council is guaranteeing the money which the State is handing over without any return whatever—a remarkable state of affairs. I merely mention that in passing to show the ridiculous state into which our finances are drifting.

The TREASURER: It shows how ridiculously you misunderstand the position.

Mr. WIENHOLT: An opportunity will be provided later when a small amendment on the Financial Agreement is before the House of discussing this matter at greater length. I take this opportunity of again emphasising my opposition to the making of grants of loan money, irrespective of the amount and the district in which it is to be expended. As regards the granting of this particular £250,000, the Treasurer this morning made three points which confirmed my opposition, if indeed such confirmation were necessary. The first point made by the hon. gentleman was that the Bureau of Industry had approved of the grant. After hearing that this body had approved of a guarantee of £500,000 to the Mount Isa Company I am of opinion that any approval by the Bureau of Industry in financial matters is one which is far from reassuring. The second point is that I heard with great alarm that the grant is not even fixed at the sum of £250,000. If I understood the Treasurer aright the amount may be even greater, depending on how the actual expenditure turns out. We are being asked to agree to a vote from loan money without even being aware of the limit of the amount required. My third reason is that the Treasurer himself has said, and I believe the facts are true, that the Mackay district is

probably the most prosperous in Queensland, and he said it might, perhaps, be the most prosperous in the whole of Australia.

The TREASURER: I did not say "prosperous." I said "the soundest financially." There is a difference.

Mr. WIENHOLT: I apologise to the hon. gentleman. I spoke from memory. I will now use the hon. gentleman's words, "the soundest financially." The Mackay district, on the Treasurer's own words, is therefore the last where there should be any necessity to make such a grant, even if the amount be not over £250,000. I am opposed to any grants being made from loan moneys.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [12,26 p.m.], in reply: One or two points have been raised in this debate to which I wish to reply. First of all I desire to deal with the case put forward by the hon. member for Wynnum. In effect his argument was that inasmuch as the security for this expenditure depends on payment being received for sugar that security becomes doubtful. In effect, he said that if the sugar industry vanishes there no business will be done in Mackay. That is rather a remarkable line of argument for anyone to pursue in this Chamber, because were we to carry his idea out to its logical conclusion we could not depend on anything. Let me give as an illustration, the taking of an insurance policy on the life of the hon. member. He submits a proposal to an insurance company. The company agrees to insure his life, taking him as a good average risk. If his argument contains anything at all it is a direction to the insurance company, "You should not insure me because I may die and you will have to find this money." The same thing may hold good in regard to the investment in a company. A number of men may float a company with the object of manufacturing certain goods. A prospectus is issued to investors and a memorandum and articles of association drawn up. According to the idea of the hon. member nobody should invest money in such a company because the company has not proved that it can produce a given number of articles and show a profit. To carry his argument to its logical conclusion would mean the arrest of all development. The hon. member says that, inasmuch as Mackay depends on sugar, if sugar production ceases in that district there will be no security for any public work. That is a ridiculous position to take up in this House; such an argument could be applied to any form of development. On the cessation in Queensland of the sugar, cattle, dairying, and other industries from which we receive benefits at the present time, then the hon. member would argue, "There is no use for Queensland."

Mr. GODFREY MORGAN: That is nonsense.

The TREASURER: Of course it is; but that is carrying his argument to its logical conclusion. Sugar is the staple industry of the Mackay district. It is admitted that 80 per cent. of the revenue to be provided for interest and redemption of this loan will come from the sugar industry and the various activities allied therewith. The Mackay district is one of the oldest sugar areas in Queensland. It is not over-capitalised as are many of the others, therefore it can look forward to the future with a greater degree of equanimity than many other portions of the State. Will anyone believe that the sugar industry of Queensland is not a permanent and stable one? The White Australia policy is a national determination. It is not a matter of politics at all. Obviously, the sugar industry expects that it will be carried into practical effect. To argue that in the future the sugar industry will die is to argue that the White Australia policy will die.

Mr. J. G. BAYLEY: I did not say that.

The TREASURER: That is all involved in the argument. Furthermore, the hon. gentleman tried to argue that Mackay would go out of sugar. He took the year 1932, a drought year, and compared it with other years to frame his argument that sugar-growing was declining in the Mackay district. He also considered the aggregate area of the assigned lands instead of the aggregate area of land under cultivation. Again he falls into difficulties. With modern methods of production we could materially increase our crop of sugar-cane in the Mackay district without the assignment of any new land. A considerable area of land is unassigned in the district at the present time, although suitable for the growing of sugar-cane if it were required. The stability of the sugar industry is assured whilst the White Australia policy continues to be the Commonwealth'c determination. The conditions under which sugar-cane is grown at Mackay ensure its future there. Suitable natural conditions obtain and the product can be produced economically and efficiently. So that from that point of view also his argument falls to the ground.

The question of the Sugar Agreement was also raised by the hon. member for Murilla. It would be a very bad policy if the Sugar Agreement were not continued. I cannot conceive of any Government adopting a policy that would place this or any other industry in jeopardy. Governments of all political opinions have continued the Sugar Agreement; they are pledged to the continuance of the protection of the industry. The point to remember is that sugar was grown successfully in Mackay before any Sugar Agreement was entered into, and if the Sugar Agreement were not supported by the Commonwealth Government Mackay would be in no worse position than any other part of the State. As a matter of fact, it would be better off than many portions of the State inasmuch as the capitalisation of land per acre is less there than in most sugar areas in Queensland.

Mr. FADDEN: And co-operative ownership.

The TREASURER: Of course, that argument applies too. Six-sevenths of the milling power in the district is co-operatively owned, and there is no reason to assume that in the future the whole of it may not be co-operatively owned. So that from the point of view of economy in the industry—when I use the term "economy" I mean sound up-to-date methods of control—Mackay compares more than favourably with any other sugar district in the State. Parliament can rest assured that there is no reasonable risk attached to that. Of course, a risk attaches to everything. Life itself is hazardous. One may argue that one should never drive a motor car because it may skid and overturn and the driver

be killed. Risk is incidental to every human activity.

Mr. ANNAND: How do you feel yourself?

The TREASURER: I feel all right; it will be a long time before the hon. member attends my funeral. There is an element of risk in every form of human activity, but the prudent man will guard against these risks, and take all reasonable precautions that can be taken. That has been done in connection with this project.

A suggestion has been made by the hon. member for Murilla that the scheme is going to benefit me, or the hon. member for Kennedy politically. I regard the question purely and simply from the point of view of a developmental project in the interests of the State. As head of the Government I should not have agreed to it had I not been satisfied that the scheme was sound. In investigating this scheme I have applied the same principle as I would have applied to a project from any other electorate. There is no question of a benefit to me politically involved in the scheme. Projects involving Mackay harbour facilities came before me for consideration some years ago, but I rejected them on the ground of their financial instability, and time has proved that I acted wisely. The Mackay people understand the position thoroughly and have supported this proposal wholeheartedly. There is nothing at all in the argument that I as Premier and Treasurer am merely pushing the scheme from the point of view of my own electorate. My own electorate has returned me for twenty years with increasing majorities. It comprises a highly intelligent people who, I have every reason to assume, will continue to return me. I would not have touched on that phase of the question had it not been introduced by the hon. member for Murilla; in dealing with a proposal of this kind affecting the wellbeing and importance of Queensland, the mere question of who represents an area should never enter into the question.

Mr. KENNY: I quite agree with you there.

The TREASURER: The hon. member for Oxley argued against the variation of the contract. The Leader of the Opposition suggested that fresh tenders should have been called. I am not in favour of varying contracts as a general practice, once these contracts have been entered upon, but the circumstances surrounding this contract justified the Mackay Harbour Board in making the variation, and the Government in agreeing to it. What are the facts? Tenders were called. The lowest tender was accepted. I had nothing to do with the tenders. They were called by the board. I was not in Australia when they were opened, and the lowest tender accepted. I received a cablegram from the chairman of the Mackay Harbour Board when the boat on which I was travelling was approaching Honolulu intimating that a tender had been accepted. The tender accepted was from a reputable contractor in Queensland, a man who has carried out work of varying kinds very successfully since he came to this State, and a man who has also carried out large projects in other parts of Australia. As a contractor and builder Mr. Stronach's reputation is beyond reproach. There was a considerable difference between his tender and the next lowest tender, due to a difference in the cost of quarrying and delivering stone. The engineer estimated that the cost of quarrying stone and delivering it on the site would be approximately 5s. 3d. per ton. The contractor claims that he can quarry and procure that stone at a much lower price. That represents the difference in the contract price. There can be no doubt, however, that the obtaining of finance to carry on the contract presented a difficulty. Every contractor on a project of this kind requires to obtain finance. Apparently the difference in price and the propaganda that was undoubtedly carried on affected his capacity to obtain the ordinary finance available to contractors. The cancellation of the contract and the calling of fresh tenders would mean delay. The point has been made that the second tender might have been accepted. I take this opportunity of saying that the second tender would never have been accepted by me as Treasurer. I was not born yesterday, and it would appear to be too obvious that the lowest tenderer had withdrawn in order to enable the next tenderer to get the job. Had the lowest tender been withdrawn the harbour board or the Government would have had two courses open to them—one to call fresh tenders and the alternative to do the job on a percentage on cost basis. No Government would have allowed the harbour board, even had it so desired, to accept the highest tender or the second tender, because the suspicion of collusion would have been very apparent, and in the public interest no suggestion of that kind could be permitted. I should not have agreed to accept the second lowest tender.

Mr. R. M. KING: It is not the usual practice.

The TREASURER: It has been done, and is often done. The hon. member knows that quite frequently on large jobs collusion between contractors has existed, and we also know that cases have happened in the past in which the lowest tenderer has withdrawn with a view to the next lowest tender being accepted and the two sharing the spoils.

Mr. R. M. KING: That is the strongest argument against the acceptance of the second lowest tender.

The TREASURER: That is why it should never be accepted. No question of the acceptance of the second tender arises here. I took the House fully into my confidence in giving particulars of the variations agreed upon, which shortly are that the basis of price stands, but instead of the contractor obtaining finance from his bankers or in other directions, the harbour board will finance the job and pay the contractor 2½ per cent. of the value of the work as it progresses.

Mr. FADDEN: And watch the unit costs.

The TREASURER: The unit costs will be subject to regular check by the Chief Engineer of the Harbours and Marine Department, Mr. Fison, and in the event of costs being exceeded or in the event of the board's not being satisfied with the progress of the work, the board can cancel the contract entirely and take over the job. Looking first at the original conditions and then at the variations of the contract, one recognises that the harbour board drove a very hard bargain with the contractor.

I am satisfied that the scheme is sound from the engineering and financial viewpoints, and that in all the circumstances the variations of the contract are completely justified.

The only other point that has arisen in the debate is the question of subsidy. It is the policy of the Government to subsidise public works in the State, particularly those public works that give the greatest amount of employment. A work of this nature will obviously create a good deal of employment, and to the extent that it does will assist the revenue position of the Crown, because men employed from the ranks of those now out of work will cease to be a charge upon the State, and besides becoming revenue producing will benefit by being normally employed. In the metropolitan area sewerage and other public works are being subsidised to the extent of 50 per cent. In this case the subsidy is 25 per cent. and is spread over a period of years. In the extraordinary circumstances prevailing in the State to-day, Government policy favours subsidised loans for public works. The Governments of New South Wales and Victoria have adopted a similar policy, the objective being to provide normal employment in undertakings which, when completed, will be of value to the State. From the point of view of value to the State, the success of this undertaking is assured; from the standpoint of giving employment the project is sound; and from the financial aspect the cost is not beyond the capacity of the district to pay.

Question—" That the Bill be now read a second time" (*Mr. Smith's motion*)—put and passed.

COMMITTEE.

(*Mr Hanson, Buranda, in the chair.*)

Clause 1—" *Short title and construction* " —agreed to.

Clause 2—" *Amendments of the Mackay Harbour Board Acts—New section 23—Variation of tender and validation of contract* "—

Mr. NIMMO (*Oxley*) [12.48 p.m.]: When the Treasurer was speaking I endeavoured to interject that men were now living in Mackay who were prepared to carry out this work.

The TREASURER: Who are they?

Mr. NIMMO: These men were precluded from tendering because the £20,000 deposit was beyond their means. These men know the local conditions, have a reputation at stake, and could do the work, but now are given no opportuiity of tendering when the original conditions of the tender are modified. For that reason I contend that if there is to be anv variation in the contract tenders should be invited again in order that these people may be allowed an opportunity of tendering. There would be no delay in carrying out the job, as the Treasurer stated, because the plans and specifications have been available for a considerable period, the borings have been completed, all the conditions are known, and one month would be sufficient time to allow for new tenders. I consider that the adoption of my suggestion would mean a considerable saving. I oppose this clause because it definitely alters the condition of tendering. The Treasurer knows the principle is wrong. He says it was done in order that the matter might be expedited, but that does not justify a wrong. If a wrong has been done to individuals, or to the people generally, it should be rectified. The undertaking is a huge one, and it is desirable that the interest of the people should be closely guarded. If restrictions are imposed and one man is left in the privileged position of being able to carry out the job without having to find the usual deposit, and of being financed by the harbour board, with the possibility of realising a profit of £50,000 or £60,000, the whole position is an absurd one. I appeal to the Treasurer to allow those people who would be in a position to carry out the work to tender under the new conditions.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [12.50 p.m.]: I do not know for whom the hon. member is acting. He has stated that there are two Mackay men willing to tender now who were precluded from tendering before. Who are those men?

Mr. MAXWELL: You should not ask him that question.

The TREASURER: Of course I have the right to ask the hon. member that question. The hon. member for Oxley said there were two men at Mackay who were willing to tender now and who were precluded from tendering before. I am entitled to know for whom he is acting.

Mr. NIMMO: Mr. Hanson, I rise to a point of order. I am not acting for anyone at all.

The CHAIRMAN: Order! No point of order is involved

The TREASURER: The hon. member says he is not acting for anybody at all, yet whilst he was speaking this morning he said he was speaking on behalf of two men at Mackay. I want to know who those men are. If there are any two contractors in Mackay who desire to place a proposition before the board they had ample opportunity to do so; they had ample opportunity to make their representations to me, as member for Mackay and Treasurer of Queensland; but no representation of any kind has been made.

What are the facts? Tenders were called. The lowest tender was accepted. It is now proposed to vary the conditions of the contract, but it is not proposed to vary the condition of ultimate costs, except as to the amount of the £20,000 deposit. The hon. member for Oxley makes a song about the contract price, yet in effect this contractor has forfeited £20,000 in the beginning. People had the opportunity of tendering for this undertaking and firms did tender. I do not know who the firms are, and I am not concerned with them now; but I am satisfied the harbour board has done the right thing and there is nothing unreasonable in the clause.

Mr. FADDEN (*Kennedy*) [12.52 p.m.]: As a general principle nobody would agree to the alteration of the conditions of tender after tenders have been called; but the circumstances surrounding this particular case have special conditions and features that have been thoroughly investigated by the people who are to pay the piper—namely, the Mackay Harbour Board—acting on behalf of the users of the port. They have investigated the matter and have come to the definite conclusion that it is in the interests of the city and the undertaking to vary the conditions of Mr. Stronach's tender.

The TREASURER: They consulted with the Bureau of Industry and with members of the roads, mining, and general works committee.

Mr. FADDEN: They consulted, not only with the bureau, but also with another gentleman who is acting on behalf of a company which tendered. He checked up the costs and was quite satisfied that they provided all the safeguards essential to get the money upon the best terms possible. I was associated with this scheme during the hearing by the inquiry committee, and I was very intimate with Mr. Lee, the consulting engineer, and realised at an early stage of the hearing that the ultimate cost was the matter of greatest importance. Mr. Lee estimated the amount to be just under £800,000. I questioned him closely as to whether he was certain the work could be carried out at that figure, and he informed me he wished he had the opportunity of tendering, and obtaining the job at his estimated cost. He pointed out that from the time he compiled the estimate, costs had been reduced in very many respects. Another point is that there was only 3¾ per cent. difference between Mr. Lee's estimate and Mr. Cullen's estimate; and the difference between the price of Mr. Stronach and the next tender was due entirely to the cost of stone. Mr. Lee assured me the stone could be quarried at the price provided for by him in his estimates, which, I think, was in the vicinity of 3s. 3d. The tender of Mr. Stronach is something less than that. I am quite satisfied everything that is humanly possible has been done to safeguard the interests of all concerned. While one would not be a party to the variation of conditions of tender in ordinary circumstances, those surrounding this instance are of such a nature that it will be in the best interests of the people concerned, who have thoroughly investigated the matter before arriving at that conclusion.

Mr. NIMMO (*Oxley*) [12.55 p.m.]: The Treasurer stated that I was acting for somebody. As a matter of fact, I am not acting for anyone at all.

The TREASURER: Who are these two people?

Mr. NIMMO: Well, I can give the hon. gentleman the names of quite a number. There are quite a number of very eminent people in Mackay who can carry out works like these, as a matter of fact, and not two. I am not going to split straws. Take one only—Barbat's. Barbat's constructed the Tully sugar-mill at a cost of £750,000.

The SECRETARY FOR PUBLIC LANDS: The father is dead.

Mr. NIMMO: The sons were the main persons in the business. They constructed also the power alcohol distillery at Sarina. They are not the only ones, but I am not prepared to bring all the names before this Chamber. As a matter of fact, the Treasurer insinuated that I had an axe to grind. All I can say as regards my reason for asking those questions in the House was that I wished to get information. After the replies were given these individuals got into touch with me from Mackay and said that if there was going to be this variation in the conditions they should be permitted to tender. Individuals who have the abiltiy to carry through a work of this nature—and there must be more than one individual at Mackay with the necessary qualifications—should, in my opinion, be allowed the opportunity of tendering after the conditions have been altered. A building contractor with very little capital has a glorious opportunity of making money by being allowed to tender without a deposit and being financed by the harbour board. The Committee should not allow this clause to pass in its present form.

Mr. KENNY (*Cook*) [12.58 p.m.]: I do not propose that this clause be passed without voicing my opinion regarding the principle involved in the variation of tenders. I am not in any way antagonistic to the scheme, but I cannot affirm the principle of varying conditions of a contract because of the circumstances surrounding the acceptance of the tender. The Treasurer has said nothing this morning that convinces me that he is justified in sacrificing the principle involved. The conditions of tender were such that the number who could tender was limited; yet after the acceptance of a certain tender it is found that the tenderer cannot proceed with the contract under those conditions. No Bill should be brought before any Parliament to validate any variation of such term. I am not specially concerned with the pros and cons of the general question, but I am concerned with the principle involved. The Treasurer has said nothing that convinces me he is justified in introducing this clause. On the project itself I am satisfied to take the recommendation of the investigating financial experts and engineers.

Mr. FADDEN (*Kennedy*) [12.59 p.m.]: Before this clause is put to the Committee, I would like to have some information regarding the power to borrow. In section 23 of the original Act the harbour board was limited to £50,000, and by the amending Act of 1911 the amount was increased to £370,000. The power given to the board will require to be extended unless, of course, there has been some intervening amendment of which I am not aware. With regard to the tender, I take the opportunity of stating that one of the conditions of tender was that the lowest or any tender was not necessarily to be accepted, and the harbour board was quite within its rights in modifying these conditions and agreeing to any modification.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [2 p.m.]: Two points have been raised—one by the hon. member for Kennedy, and the other by the hon. member for Oxley. The hon. member for Kennedy appropriately pointed out that the limited power of the board to borrow would have to be increased to legalise the increased commitment. Section 143 of the principal Act provides—

> "(1) The board may from time to time borrow money on the security of the dues, rates, charges, rents, and other profits payable to or authorised to be received by or invested in the board.
>
> "(2) The total amount which the board may so borrow, inclusive of any sums previously borrowed and not repaid, shall not exceed a sum to be fixed from time to time by the Governor in Council by Order in Council published in the 'Gazette.'"

A few months ago this position was met by the issue of an Order in Council authorising the harbour board at Mackay to have a loan limit of £1.000.000. That covers the point raised by the hon. member for Kennedy, and I think by the Leader of the Opposition. Speaking on the question of

contracts, I agree that in ordinary circumstances contracts should not be varied, but the special circumstances pointed out here justify the harbour board in acting as it has done.

The hon. member for Oxley stated that there were two men in Mackay willing to tender who had not previously tendered. First of all, he refused to give the names of those individuals, but later referred to the firm of Barbat's. I know that firm, and I know that it has carried out work very satisfactorily in various parts of the State. It did work in connection with the Tully Sugar Mill, in the Mackay district, and elsewhere, and I have every confidence in any work undertaken by it. Barbat's had the same opportunity to tender as anybody else, and it now has no more grievance than the unsuccessful tenderers. The hon. member for Kennedy has pointed out that a condition of tendering was that the lowest or any tender would not necessarily be accepted. Consequently, the board reserved to itself to do what it liked, subject to the overriding authority of the Government. The firm has not made any complaint to me, and I saw one of its members recently during a visit to Mackay. It is a very reputable firm, and I understand that some of its members are related to the hon. member for Oxley. Of course, I do not hold that against the firm. (Laughter.)

Mr. BEDFORD (*Warrego*) [2.4 p.m.]: The hon. member for Oxley has made some statements that have just been reviewed by the Treasurer. It is a fact, as is shown by the conversations of Mr. Harding Frew and Alderman Jeffcoat that Mr. Frew prompted the questions of the hon. member for Oxley. The name of Mr. Harding Frew is more or less notorious wherever local authorities have had occasion to call tenders for work. Our existing law certainly favours malversations of contract when put in the hands of anybody who desires it, but a local authority engineer cannot give to the Government a mere statement and rough plans showing the necessary work to justify the Government in deciding to support any scheme of the sort. I understand that under the existing law it is necessary that plans of an engineer be furnished. This has attracted fees of 200 guineas again in favour of Mr. Harding Frew, a fee which need not have been paid under different circumstances in connection with many local authority works. As I stated during the debate on the second reading, it will be necessary, after considering the record of some of these people, if not to black-ball them, at least carefully to scrutinise their proposals in every case where public money is to be expended under contract.

Clause 2, as read, agreed to.

Clause 3—"*New section 23*A.—*Power of Mackay Harbour Board to construct certain works*"—

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [2.7 p.m.]: I move the following amendment:—

> "On page 5, after line 40, insert the following paragraph:—
>
> (*viii.*) In the event of any dispute arising between a local authority and the board in reference to any matter or thing the mode of settlement whereof is not otherwise provided in the principal Act or the Mackay Harbour Board Acts, such dispute may be referred to the Governor in Council for determination, and such determination shall be final and conclusive."

As pointed out earlier these works will cover a large area. In carrying them out roads, etc., will have to be built, which may affect the rights of local authorities. The amendment provides that in the event of any dispute arising between the harbour board and a local authority such dispute, instead of remaining at a deadlock, shall be subject to the decision of the Governor in Council, whose decision shall be final.

Amendment agreed to.

Mr. FADDEN (*Kennedy*) [2.8 p.m.]: This clause states—

> "The board may carry for hire upon any such railway for the public passengers, goods, live stock, and material at such rates as shall be prescribed, and in so doing shall have no further liability than the liability of common carriers under the laws of Queensland."

Does the Treasurer not consider it better to amplify that paragraph? Which authority is to prescribe the rights?

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [2.9 p.m.]: The harbour board, not the Governor in Council, has the general over-riding power. The harbour board will have the right to prescribe regulations for the carrying on of the work, and naturally the Governor in Council would agree to such a regulation provided it was not outside the scope and authority of the Act.

Mr. FADDEN: That is right; I only wanted to know the intention.

Clause 3, as amended, agreed to.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [2.10 p.m.]: I move the following amendment:—

> "On page 6, after clause 3, insert the following new clause:—
>
> For the purpose of paying interest and redemption to the Treasurer in respect of loans granted to the board for the purposes of the erection, construction, or execution of any harbour works and of such works as are referred to in this Act, the board shall, in addition to its powers and authorities under the principal Act and the Mackay Harbour Board Acts, have power and authority, with the approval of the Governor in Council, to make by-laws providing for the making and levying of special dues upon all inward and outward cargo:
>
> Provided that such dues shall not, in respect of any such cargo, be greater than the maximum lighterage charge made by and payable to any shipping company within the period of three months next preceding the passing of this Act. Moreover, the Queensland Sugar Board shall, where such board at the passing of this Act pays charges for lighterage, deem such special dues when so made and levied to be charges for lighterage and shall (upon cessation of lighterage) pay and continue to pay same accordingly."

The object of this new clause is to protect the Treasurer in his advances, and, furthermore, to ensure to the harbour board the right to divert the charge now paid to the shipping company to its revenue for the

purpose of providing interest and redemption for its indebtedness. It is merely a provision to facilitate the change over from an obsolete lighterage system to an up-to-date harbour dues system.

Mr. NIMMO (*Oxley*) [2.12 p.m.]: If I understand this clause correctly it means that the harbour board will be prevented from charging a rate higher than the existing lighterage charge, although it may happen that the amount thus raised is insufficient to pay interest charges.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [2.13 p.m.]: If the hon. member reads the clause carefully he will find that the board has general powers, but in addition has power and authority, with the approval of the Governor in Council, to make by-laws providing for the making and levying of special dues upon all inward and outward cargo, provided that such dues shall not, in respect of any such cargo, be greater than the maximum lighterage charge made by and payable to any shipping company within the period of three months next preceding the passing of this legislation.

Mr. NIMMO (*Oxley*) [2.14 p.m.]: To my mind this is definitely tying the hand of the harbour board, which at some time or other might find it necessary to impose a higher charge to meet its commitments but would be precluded by this legislation from doing so.

Mr. FADDEN (*Kennedy*) [2.15 p.m.]: The safeguard for which the hon. member for Oxley is looking is contained in the principal Acts. To provide for the contingency of a deficiency, as suggested by the hon. member, the harbour board has power to levy on the rateable property of the Mackay district. The idea is to provide for the position created as the result of the conversion from lighterage charges to harbour dues brought about by a different method of transportation.

The Bill also states that—

> "The board shall have full authority and power, with the approval of the Governor in Council, to enter into an arrangement with the Council of the City of Mackay. . . ."

Why with the approval of the Governor in Council?

The CHAIRMAN: Order! The Committee has passed that clause, and the matter cannot be dealt with at this stage.

New clause (*Mr. Smith's*) agreed to.

Clause 4—"*Application of provisions of Act*"—agreed to.

The House resumed.

The CHAIRMAN reported the Bill with amendments.

Third reading of the Bill made an Order of the Day for to-morrow.

SANDALWOOD BILL.

SECOND READING—RESUMPTION OF DEBATE.

Mr. FOLEY (*Normanby*) [2.18 p.m.]: The main principles contained in this Bill have the object of bringing about an organisation of the industry; in other words, to bring it into line with the organisation that exists in Western Australia and South Australia. Naturally this involves the regulation of the supply of sandalwood to the Chinese market, and the control of the market. It also involves the allocation of quotas to the States that are suppliers of sandalwood, through the Sandalwood Export Committee. It has been set out in the agreement which this Bill will ratify that our quota is 500 tons annually. It has been pointed out during the debate that up-to-date exports from Queensland have not exceeded that amount; but it is quite possible that when the troubled conditions existing in China have been overcome the Chinese market will absorb greater quantities of this timber. If so, Queensland will be provided with a market for greater supplies of sandalwood than has been the case in the past. I think everyone recognises that the market is extremely limited, probably owing to the fact that China, the Malay States, and other adjacent countries containing large Chinese populations provide the principal markets for this timber. A quantity of the timber is used for the extraction of oil for medicinal purposes, but the main purpose for which the timber is used is the manufacture of incense and the making of joss sticks for use in the Chinese temples.

The Bill provides for the ratification of the agreement between the Government and the Australian Sandalwood Company, Limited, which will be the sole marketing agency. Anyone who is conversant with the history of sandalwood marketing over a number of years will no doubt agree that the organisation of this industry along the lines proposed is warranted. An investigation has been made by the South Australian and Western Australian Governments, and the conclusion arrived at is that it is necessary to arrange for a single marketing unit if we are to maintain the price on the Chinese market. Naturally, if we can improve upon the old organisation, and give some benefit to the cutters, and to the Government by way of royalty, it is our duty to do so. I consider that we are proceeding on the right lines in co-operating with the other State Governments that are able to supply this timber in much greater quantities than Queensland, for thus we have a much better opportunity to obtain a stabilisation of the price for our product, and so ensure a better deal for both the timber-getter and the Government. The need for control is obvious to anyone who has studied the history of the industry in this State. I have prepared a brief history of it, from which it can be seen that there have been considerable rises and falls in the price of the product, which has been a great disadvantage to the persons who obtained employment in cutting it. The export of sandalwood fluctuated considerably in regard to both quantity and price. Cutting was unorganised. Cutters received anything from £16 to £30 a ton for their wood. At that time the operations were confined chiefly to that part of the State north of Townsville, i.e., Cairns, Cooktown, Normanton, Croydon, Burketown, and Thursday Island. The royalty received by the Government was £2 in the Cairns-Cooktown area, and £1 a ton in the districts north thereof. The royalties in all the districts was reduced to £1 a ton as from the 1st January, 1924. The amount produced and marketed was as follows:—

	Tons.
1920-21	388
1922	224
1923	135
1924	291

Mr. MAHER: Supposing we had a market for 1,000 tons, could we supply it?

Mr. FOLEY: There is not a market for 1,000 tons from Queensland alone.

Mr. MAHER: Supposing there was?

Mr. SPEAKER: Order!

Mr. FOLEY: We could, I believe, with greater organisation and the training of a greater number of timber-getters for the procuring of this type of timber.

Mr. MAHER: The timber is available.

Mr. FOLEY: It is scattered. Its growth is scattered through the various forests in Queensland. The timber is usually situated in inaccessible spots and requires a great deal of labour and knowledge on the part of the timber-getter to obtain it. Still, from the number of applications for permits that have been sent through myself, without taking into account those which have gone through the Land Commissioner in the Central Division recently on account of the location of an area of this wood in the Comet and Blackwater districts, it would appear that a number of men are willing to undertake the getting of the timber if a market exists. It would be possible, even with a quota of 500 tons, to employ many of these cutters and issue the permits where previously it was not possible so to do. I consider that we should be able to supply 1,000 tons per annum were we able to obtain timber-getters with the necessary training in the procuring of sandalwood.

To continue my history in brief of this industry, we find that in May, 1924, Hector and Sons, of Western Australia, submitted to the Government a proposition for the organisation of the industry and the improvement of existing conditions. This firm offered as much as £44 per ton f.o.b., including royalty. This proposition was investigated, and the correspondence received from a number of cutters intimated that they were definitely in favour of an organisation being set up to control export. An attempt was later made at reorganisation, but Messrs. Hector and Son advised that they could not comply with all the conditions of their tender, and the endeavour had to be abandoned. There followed then a period of no organisation, and the price of the product to the few cutters that were operating was considerably reduced. Later on another move was made by the suppliers. Later, tenders were called by the Department of Public Lands in Queensland, and a body known as the Queensland Sandalwood Syndicate was successful in obtaining the contract from the Government. From that time up to the present there has been some semblance of organisation. The result was that the price was stabilised fairly well, and the return to the cutter was fixed to a degree that did not exist when the industry was unorganised. From a consideration of that brief résumé I think it will be admitted that there is a need for the organisation and control of the market if we are to progress with this industry in future.

For the benefit of hon. members I should like to give some idea of how the market has fluctuated in China over a period of years. I hold in my hand an extract from a Melbourne publication showing in graph form the variations in the value of the product marketed in China from Australia.

These are the figures:—

	£
1901	70,000
1904	25,000
1905	25,000
1912	30,000
1919	270,000
1921	70,000
1923	350,000
1924	290,000
1928	270,000
1929	90,000
1931	60,000
1932	130,000

One can see from the variations in market conditions over the years from 1901 to 1932 just what we have to contend with in trying to stabilise this industry.

It is quite true that the agreement may not give us all that we desire. During his second reading speech the Leader of the Opposition expressed the opinion that it was a one-sided agreement, in favour of the Australian Sandalwood Company, Limited, the proposed sole agent. In view of the figures that I have quoted it must be evident that it would be utterly impossible to secure an agency either in Australia or in any other part of the world to agree to sell for the Government a definite quantity in any one year. Any little thing may upset the market and lessen the demand, and naturally, with the prospect of civil war and other social disturbances in China, no agency would be prepared to undertake to sell a given quantity in a year. Of course, I confess that the agents are not in this business for fun, they are in it to make whatever profit they can. The agreement provides that the selling commission to be paid to the company on the whole of the timbers marketed from Queensland shall be 5 per cent. The agreements drawn up in Western Australia and South Australia provide for other conditions, including the willingness to share profits over and above a certain price received for their timbers. We have the advantage that we pay a selling commission of only 5 per cent. on the whole of our timber marketed. If the market becomes brisk and the demand increases and the quantity marketed exceeds 5,500 tons a year, our quota is increased by 10 per cent. Naturally, there is the safeguard in favour of the company that in the event of half of the amount not being marketed in the first year of the agreement a reduction must take place in our quota. It is quite clear that we cannot have an agreement all our way. If we could enter into an agreement under which an authority undertook to sell a definite quantity every year at a certain fixed price there would be some justification for the contention by the Leader of the Opposition.

Mr. MAHER: Why sacrifice the Queensland company when it had a market?

Mr. FOLEY: There was a Queensland company known as the Queensland Sandalwood Syndicate which operated for a period of years, buts its members were at sixes and sevens between themselves. A man named Murphy was recognised by the Forestry Board as being the secretary of the syndicate, but the other members of the syndicate —I think there were four in all—refused to extend that recognition to him. The syndicate was split up in such a way that each

member had his own little locality each year in which he operated independent of the others. They realised that disturbances in China affected the sandalwood market. They were also seized of the fact that any fall in the Chinese dollar affected the market. In fact, at one period, they asked for a readjustment of their conditions. If the Government had maintained their allegiance to this syndicate they would have found that, in order to stabilise prices on the Chinese market, they would eventually have to fall into line with the organisation set up by the Governments of South Australia and Western Australia. If that were not done there would be the grave danger of each State going its own way in marketing sandalwood. The result would be that South Australia and Western Australia could unload much larger quantities on the Chinese market than Queensland. That would result in a demoralisation of the price in addition to the industry in Queensland. Had it not been for the fact that the Government of Western Australia realised that long ago, as a result of the advice tendered them by Sir Herbert Gepp, following on his investigations overseas, the sandalwood market, and with it the industry in three States, would have been ruined long ago. It was only because the Governments of Western Australia and South Australia, held up 10,000 tons of sandalwood, and regulated the annual pulls that the industry was safeguarded and the price stabilised.

I have nothing whatever against the members of the original sandalwood syndicate, but I say that had they continued operations after the expiration of their agreement we should probably have been forced into the position of agreeing to a fixed price for the whole of the sandalwood produced in this State. Notwithstanding what price the Australian Sandalwood Company, Limited, may return to Queensland, we have a better organisation under the present agreement. The whole of the suppliers of Australia have now come under a single unit, and enter into a definite arrangement through the medium of the Sandalwood Exporting Committee. That committee will lay down the policy of the marketing agency. There should thus be a greater tendency to stabilisation than under the old method of marketing. The price to the cutter will remain much about the same figure, with certain assurances, and the royalty paid to the Sub-department of Forestry will show a considerable improvement. Therefore, at least some benefit will accrue to the State. I hope that the Forestry Board will be satisfied with the royalty which it now receives, and that if as a result of the working of this organisation improvement occurs in the price it will hand on any additional benefits to the cutters by way of increased payment.

Mr. KENNY: Don't you think that the £14 a ton royalty received by the sub-department at the present time is sufficient?

Mr. FOLEY: I understand that the royalty on certain grades of sandalwood is in the vicinity of £9 a ton, and that for other grades it is something like £5 a ton. I gather from my study of the organisation of the sandalwood industry in the other States that the royalty there has been fixed at £9 a ton. We in Queensland have been receiving only £1 and £2. It is high time that some improvement took place in the royalties paid in this State.

The Minister has given a complete history of the sandalwood marketing organisation of this State. The outstanding feature of this Bill is that it lays down a definite system of organisation. If this organisation cannot succeed in stabilising the price of sandalwood on the Chinese market, then the industry has very little to hope for in the future.

Power is also taken to regulate the supply of sandalwood from private lands. Some objection to that has been raised by the Leader of the Opposition, who continually exhibits concern for the interests of private landholders, but displays no great regard for the interests of the Crown. To permit a private landholder who had sandalwood on his property to market his product indiscriminately would upset the marketing organisation and adversely affect the price. Let me give an idea of what has happened in the past: Even after an agreement had been entered into with John Hector and Sons some years ago, because of the fact that the agreement did not embrace the whole of the Crown lands of Queensland, certain Chinese merchants, through their agents, were able to procure supplies of sandalwood from lands not embraced in the agreement, and thus demoralise the Chinese market. As the result, John Hector and Sons had to ask for the right to cancel their agreement. To permit the indiscriminate cutting and marketing of sandalwood will mean the collapse of the organisation, so that power is taken in the Bill to regulate the cutting of all sandalwood.

It has been stated from the Opposition benches that under the agreement Queensland has no safeguard. My inquiries reveal that we have a definite agreement, which we can cancel on reasonable notice in the event of any violation by the Australian Sandalwood Company, Limited. In addition, the Sandalwood Export Committee, which comprises experts from South Australia, Western Australia, and the export company, will formulate a definite policy as guided by their past experience of marketing. A further safeguard is the advisory board in China, which includes a director of the Hongkong Bank and another citizen of repute, and to which reference can be made to safeguard our interests regarding price, etc. Thus, greater stabilisation can be anticipated in the future than has prevailed in the past.

I wish the scheme all success. If it is not successful, it will be difficult to formulate a better scheme of organisation. The market concerned is intricate, and those at the buying end are adepts in the method of "squeeze" and in their ability to take advantage of every point in a transaction. The organisation which has been in operation in Western Australia and South Australia for some time has overcome the Chinese "squeeze," and now that the whole of the Australian supply of sandalwood will be marketed through one agency, I cannot see that a better form of organisation is possible. I trust that the price will improve, and that in any improvement a proper share will go to the timber-getters who have to overcome considerable difficulty in procuring supplies of this timber.

Mr. DEACON (*Cunningham*) [2.48 p.m]: No fault could be found with the Bill if it only meant ensuring a fair price for our sandalwood, but I do not agree that this Bill aims only at that result. I agree with some of its provisions; with others I disagree entirely. There is not an unlimited supply of sandalwood in Queensland; compared with other States we have a small quantity of the true sandalwood demanded by the Chinese market, growing on a limited area. The object of this Bill is to hand over the sale of our product to a private company which is not operating in Queensland, and to which we are giving a monopoly. It guarantees we are going to get a higher price than we ever got before. Under the agreement which has been operating for the last few years the company which was selling the Queensland sandalwood gave a price corresponding to the market price in China. The new company admits it has been getting less for its sandalwood than Queensland has been paid for hers; but now it is going to double the return to us. I doubt very much if it will be able to do so. The Chinese merchant is no fool. He is as intelligent as any other class of merchants, especially when dealing with matters relating to his own market. If we are going to form a monopoly which promises to double the price for sandalwood in China —that is practically what it amounts to—is it not likely that the Chinese will have something to say in the matter? You can over-reach yourself in trying to get the last possible farthing for your product. Other people have tried many times and have failed.

I am a little afraid of this agreement with this company. The main point seems to be the question of ensuring a big price; but the history of the sandalwood industry in this State, as recounted by the hon. member for Normanby, shows that there have been considerable ups and downs in the market. The company operating in Western Australia and the South Australian Company have had a lot of trouble because of the fluctuations of the market. They have a large quantity of sandalwood in stock at the present time because the Chinese would not pay them the price they wanted. In Queensland we have been forced to limit the quantity exported. Is it at all likely that we are going to increase the trade in this product by doubling the price? What is to prevent the Chinese dealing elsewhere? There are always substitutes to be found. If the price of the article is raised too high the buyer always finds some way out of the difficulty. Sandalwood is not confined to Australia. New Guinea is unexplored at the present time, and for all that we know there may be quantities of this wood in its forests. Sandalwood grows in the islands of the northern Pacific and until recent years the Chinese supply was obtained from them. There is nothing to prevent the Chinese returning to those islands for their supplies.

The SECRETARY FOR PUBLIC LANDS: The hon. member ought not to direct their attention to it.

Mr. DEACON: Direct them? They are not fools. They know all these things. As the Minister himself has said, the Chinese know their trade and are very clever at it. It appears to me that we are over-reaching ourselves. The Minister need not be alarmed. There is nothing new in the action proposed in the Bill. There is nothing new in endeavouring to get a monopoly or cornering the supply of a particular article. The practice is almost as old as the world itself; and there have been many, many failures.

The Bill contains some other provisions which deal with sandalwood on private land. I do not think much of the true sandalwood is growing on private land—most of that is to be found in the northern part of the State—but there is a sandalwood in the near west which is not of the same quality as the true sandalwood, and is useful as posts in the construction of fences. The Bill proposes to restrict the cutting of that timber. Certainly, when the Chinese merchants considered that the price asked for the northern sandalwood was too high they purchased a certain quantity of this other species, for what reason I do not know. However, seeing that the second class of sandalwood will not come into competition with the northern sandalwood, I can see no reason for any restriction on the cutting of it. Yet the owner of private land is not to be allowed to cut such timber standing on his land without a license. The purchaser of the land from the Crown acquired it with all its rights and included in those rights was the power to cut timber for his own use. In many cases the timber under discussion may be destroyed in the clearing of the land. This Bill seeks to make it necessary for the owner to obtain a license from the Land Commissioner before destroying that timber. To me it is absurd to drag private land into this Bill. If the idea actuating the Minister was to prevent competition on the market his method should have been to make it encumbent upon the owner of the land to obtain a license before selling the sandalwood. At the present time he will be prevented from cutting this timber even for fencing purposes. Surely the Minister does not desire to interfere with the sale of fencing posts?

Mr. FOLEY: He is not doing that.

Mr. DEACON: There is a clause in this Bill which prohibits the owner of any land from cutting sandalwood without a license. Does that not include private lands?

Mr. FOLEY: That is not the same species of sandalwood that is used for fencing.

The SECRETARY FOR PUBLIC LANDS: He must get a license.

Mr. DEACON: Why should he? Before he can cut timber on his own lands?

The SECRETARY FOR PUBLIC LANDS: It is then known what is being done.

Mr. DEACON: Why should he? He has paid for the land, including the timber on it.

The SECRETARY FOR PUBLIC LANDS: He never bought the timber.

Mr. DEACON: He has always had the right to deal in his own way with anything on that land. He owns the freehold of the land and should not be interfered with.

The SECRETARY FOR PUBLIC LANDS: In the event of an oil well being discovered on the land the owner is not allowed to do what he likes.

Mr. DEACON: If sandalwood oil was being made from this inferior wood the Government could prohibit the establishment of a refinery without a license. The

restriction could be put on the establishment of the factory and not on the landowner. The Bill should aim at the prevention of the sale of sandalwood if it is designed to strike at undue competition on the markets. I am not conversant with all the uses of sandalwood. I do not think that the Chinese people would be so foolish as to divulge all of them. We know that it is used for incense and for the making of ornaments, but beyond that we know very little. I very much object to the clause embracing privately-owned lands.

Mr. FOLEY: Is that your only objection to the Bill?

Mr. DEACON: I shall state the whole of my objections in good time. Why have the Government ignored the just claims of the local company which has conducted itself satisfactorily in the past? That syndicate entered into a contract with the Crown over a term of years, providing for the right to cut sandalwood, and the Minister now states that it made too much out of it. It did not make too much. For a couple of years it did not make very much at all. It received the same price as was paid for Western Australia sandalwood, but it had a limited quantity to sell. It paid only half the royalty that the new company proposes to pay to the Crown, but it did not do very well for half the term of its contract. Later on, it did fairly well. Here was a syndicate, a Queensland syndicate, too, which had operated satisfactorily. There can be no complaints against it; it paid its way and its returns disclosed that it did not make much profit. Why run to another company that promises to pay double the amount, although it is unable to show that it even received that amount for itself? The thing does not seem reasonable. If we can get double the amount, well and good. I object to the Bill first and mainly because it embraces privately owned land, and secondly because no opportunity has been extended to a trusted company that has operated astisfactorily in the past. It is a generally accepted principle in trade that if you have dealt with a man over a period of years and you are satisfied with him, and if you know that he has not made an exorbitant profit and he has dealt fairly with you, you at least give him preference when a new contract is signed. Traders do not care to break from a customer with whom they have dealt for some time in order to treat with one that they do not know much about. Before the Queensland syndicate secured its contract tenders were invited by the Queensland Government for the right to cut sandalwood in this State. A tender was received from the South Australian company offering a price equal to that which it offers to-day, and the Government intended to accept the tender, but the company drew out because it considered that its tender was too high. It could have gone on with that tender, and it could have had all the sandalwood in Queensland at the price it proposed to pay, but it was afraid to go on. Now it says that it can secure that price—it does not guarantee that price. It is willing to sell the timber on consignment, and it undertakes to secure the very same price that it tendered before, a price which it afterwards contended would result in the failure of its undertaking. It appears to me that the Minister is casting aside a fair customer, one that has satisfied him over a term of years, to take on an unknown quantity.

I hope that he will be reasonable when the Bill is in Committee. We are not unreasonable with the Minister. We have no desire to place any obstacle in the way of the State's receiving as high a price as can be obtained for our sandalwood. We are quite willing, now that the Minister has gone so far as to sign the agreement, to give it a trial, but he should listen to reason and give owners of land the right that they have always possessed—that is, the power to deal with their own properties in their own way, and to continue to sell sandalwood off them on their own account. The Minister can restrict the sale of that sandalwood to purposes other than for export to China or elsewhere, or for the manufacture of oil, but above all he should permit owners of property to deal with them as they think fit.

Mr. CONROY (*Maranoa*) [3.7 p.m.]: The hon. member for Cunningham objects to the Bill because the private company which previously marketed sandalwood in Queensland does not get the same rights as it possessed heretofore. At the present time there is no private sandalwood company in existence, because its agreement expired in June last.

Mr. DEACON: It could have been renewed.

Mr. CONROY: It is preferable for the agreement to make provision that the Government shall receive any profits which they may be able to secure rather than that they should go to a private company. This Bill is very necessary indeed for the protection of the sandalwood industry. There is only one market for sandalwood—that is China. Only two classes of sandalwood are grown in Queensland, and this Bill deals with that class of sandalwood that is utilised for export purposes. That sandalwood, which has a Latin name but is commonly called true sandalwood, is the sandalwood that we are dealing with in this Bill. The measure does not deal in any shape or form with that class of sandalwood used for fencing purposes, notwithstanding what the hon. member for Cunningham may say. This legislation does not interfere with any class of sandalwood except that used for export purposes, and sandalwood used for fencing purposes is not exported. Sandalwood used for fencing purposes is used in many parts of Queensland, for it is a good wood for the purpose.

The control of the true sandalwood industry will now be vested in the Australian Sandalwood Company, Limited. That company has its headquarters in Western Australia, but is in turn controlled by what is known as the Sandalwood Export Committee, consisting of the Conservator of Forests of Western Australia, the Director of Lands of South Australia, and a representative of the Australian Sandalwood Company, Limited. Queensland will now be linked up with that committee. In order to show that the Australian Sandalwood Company, Limited, has not the sole control under the agreement it is as well that I should quote the following provision in the agreement:—

> "3. Subject to the provisions hereof the company shall act as sole agent of the Government of Queensland in Hongkong and China for the sale of all sandalwood and other aromatic woods cut on

and from Crown lands in the State of Queensland and exported to Hongkong and China.

"In and in connection with all matters relating to the marketing and sale of all such sandalwood and other aromatic woods the company shall obey all orders and directions given by the said Sandalwood Export Committee."

That very definitely and conclusively shows that the Australian Sandalwood Company, Limited, is not the controlling body. It is merely an agent acting under the advice of the Sandalwood Export Committee.

Mr. MAHER: You don't believe that?

Mr. CONROY: Under this agreement the Australian Sandalwood Committee is compelled to take all instructions concerning the marketing and exporting of sandalwood from the Sandalwood Export Committee. As agent it is naturally in touch with its representative in China for the purpose of ascertaining the quantity of sandalwood required and the price obtainable. It is on that advice that sandalwood is exported from the various States. Queensland is very fortunate in having been able to arrange such an agreement as the one under consideration, because it has a smaller production of sandalwood than either Western Australia or South Australia. Up to the present time the annual production of sandalwood for export in Queensland has not exceeded 500 tons, so that the quota of 500 tons allocated to Queensland under this agreement is reasonable. When the previous agreement with the Queensland company imposed a limitation of 500 tons per annum, no comment was made by hon. members opposite who complain in this instance.

Generally speaking, the Bill is of great importance to the sandalwood industry of Queensland, for it will protect the industry and the men employed in it. With the industry under the control of the Forestry Board I am certain that the conditions of the cutters will be considerably improved. In all the circumstances I have pleasure in supporting the Bill.

Mr. GODFREY MORGAN (*Murilla*) [3.15 p.m.]: This is not the innocent little measure that the Minister would have us believe, for it contains many principles that can be used to the detriment of other industries. The definition of sandalwood will give the Minister power to declare any tree to be sandalwood, whether it may be box or gum.

Mr. J. G. BAYLEY: Another Sugar Acquisition Act?

Mr. GODFREY MORGAN: Yes. We recall how a wartime measure to deal with sugar was applied in times of peace to other commodities. The Bill now under discussion can be used for the purpose of dealing with the very trees which the hon. member for Maranoa said would not be dealt with in this measure. The Minister himself admitted at an earlier stage that if the Government thought it advisable they would include the very sandalwood that the hon. member for Maranoa objects to being included in the Bill. I refer to the common sandalwood used for fencing, with which both the hon. member for Maranoa and myself are acquainted.

The SECRETARY FOR PUBLIC LANDS: We will not interfere with any fencing material.

Mr. GODFREY MORGAN: But you are taking power to deal with that if necessary.

Mr. FOLEY: What is wrong with that?

Mr. GODFREY MORGAN: If the Minister does not intend to interfere with that particular timber why does he take power in this Bill to include any timber he desires? If he only intended to deal with the true sandalwood, santalum lanceolatum, why does he take this power? Why take power to deal with any timber that grows in Queensland? It is hard to understand how the hon. member for Maranoa accepts a Bill of this description. The hon. member said that this Bill does not include the timber which he does not desire to be interfered with, but I state definitely, and I think the Minister will agree, that this Bill will include that particular timber. We are dealing with a certain timber, and it should be definitely specified. If this Bill stated definitely that no other class of timber was included, I might waive my objection to it, although it aims at the creation of a monopoly, a thing to which the Labour Party say they object. The Labour Party say they object to combines and monopolies, yet the measures introduced into this Chamber by that Party have the effect of creating both. There is evidently no harm in creating a combine or monopoly, provided that certain industries are benefited by it; but when private individuals combine they are practically referred to as robbers who are obtaining profits to which they are not justly entitled. The reason for combines is the desire for big profits. In this case the Government bring in a Bill which will create a combine with a view to enabling greater profits to be made in this industry. If the Australian Sandalwood Company, Limited, discovers another class of timber in Queensland for which it can find a suitable market it would be able to approach the Minister, and he would have the power under this Bill to declare it to be sandalwood, and therefore subject to its restrictions.

There are other objectionable features in this Bill, and I am surprised that the hon. member for Maranoa, as a country representative, did not object to them. One objectionable clause is that which prevents a private individual from cutting sandalwood on his own freehold property. That amounts to an interference with the liberty of the subject and involves a great principle. In some respects hon. members on the Government side of the House would interfere with the liberty of the subject, and in other cases they would object to interference. The Opposition object to interference with the liberty of the subject, especially in regard to the use of the subject's private property. Under this Bill, a man who desires to cut posts on his property will first of all have to obtain a permit to do so. Before I could fence in part of my property with sandalwood I would have to get permission from the Minister to cut the posts. If I desired to sell my posts I should have to obtain permission. If I wish to sucker my property, permission must first of all be obtained. The hon. member knows that in the West, this species of sandalwood grows very dense in places, and consequently prevents grass seed from germinating. Owners of land are therefore seized of the necessity for getting rid of sandalwood trees, leaving one standing here and there for the purpose

of replacing posts in their fences. The chief ways of getting rid of this sandalwood are to grub it out or cut the trees practically level with the ground and poison the roots with arsenic pentoxide. The hon. member for Maranoa is fully cognisant of the facts that I have stated, but nevertheless is in favour of a provision which makes it incumbent on the holders of land to obtain permits before ringbarking, grubbing, or otherwise destroying this timber.

The SECRETARY FOR PUBLIC LANDS: There is no hardship in that.

Mr. GODFREY MORGAN: I trust that the hon. member for Maranoa is listening to the Secretary for Public Lands, for he declared that this Bill would not cause interference of that nature. The Secretary for Public Lands, by his interjection, has intimated that before I can cut or otherwise deal with the western sandalwood a permit will have to be obtained from the Minister, and that there will be no hardship in having to ask for such a permit. The permit may be refused; under the provisions of this Bill it can be refused. A person taking up a prickly-pear development selection is compelled, under threat of forfeiture, to destroy the timber on his lands within a certain period. He must ringbark one-half of it within five years. If, in his endeavour to comply with this condition, he destroys sandalwood without a permit he is liable to prosecution. So, in complying with one statute we have to infringe another. It seems to me to me ridiculous to introduce a Bill of that description. The Minister has stated quite definitely that the sandalwood we are familiar with in the West is included in the scope of this particular Bill. Whether the Bill is intended to include also box, ironbark, cypress pine, and other timbers of that description I do not know, but my interpretation is that the Minister may include them. Although the present occupant of the office of Secretary for Public Lands may not agree to their inclusion, there is no saying what some future Minister may do. The Bill provides that where an owner finds true sandalwood on his property he cannot cut it without first of all obtaining permission; then, having obtained that permisison, he must sell his commodity through this combine.

Another objectionable feature of the Bill is that the Minister or the Land Commissioner has the power to allow timber-getters to cut sandalwood on private property whether the owner likes it or not. Certainly the owner of freehold land is exempt from that particular clause, and the Minister will not have the power to allow sandalwood getters to cut sandalwood on freehold land unless the owner so desires. As regards land held under other tenure, such as leaseholds and prickly-pear development leaseholds, the Minister has the power to give permission, whether the holder be in favour or otherwise. I may preserve a certain amount of sandalwood for the purposes of constructing fences. Eventually the trees reach a certain dimension, but before I have time to cut them down into posts a man comes along, spies out the country, notices that there are beautiful sandalwood trees on my property, comes to Brisbane, gets the permission of the Minister to cut them, comes back to my property and cuts the timber I have tended for years. Is there any justice in that? There is no denying the fact that that power is contained in the Bill. Although I have protected my western sandalwood trees for years, trimmed them, lopped the bottom branches so that they would grow into decent posts, and spent a lot of money on them, an individual can get the permission of the Minister to come on to my property and cut them. I cannot understand any country member in this Chamber supporting a Bill of that description. It is not right. I believe in fair treatment, but this Bill does not mete out fair treatment. It has been introduced for the purpose of creating a monopoly in respect of a paltry quantity of true sandalwood which, in this State, is to be found mainly in the Northern and Central districts. The Bill is so far-reaching in character that it destroys principle after principle in an endeavour to establish a monopoly in respect of true sandalwood. We should oppose it throughout until it is amended to relate to only one class of wood. If the Minister will accept an amendment in Committee to confine the operations of the Bill to that particular type of sandalwood known as santalum lanceolatum, I shall withdraw my objection, but until that is done I intend to oppose it. Under this Bill the Minister, and future Ministers, will be able to embrace any type of timber they desire to include. They will be at liberty to enter into an agreement with, say, the Australian Sandalwood Company, Limited, giving to that company a monopoly over other timbers, whether they be true sandalwood, cypress pine, ironbark, or other similar timbers.

Mr. MAHER (*West Moreton*) [3.34 p.m.]: There seems to be some uncertainty in the minds of the Minister and the hon. member for Cunningham as to the uses to which sandalwood is put in Eastern countries. In my humble way I should like to intimate that from my understanding of sandalwood its uses were known as far back as the 5th century, and wherever the religious ritual and practices of Buddhists are found there also will be found a demand for sandalwood. One of the chief uses of sandalwood in China, the Malay Archipelago, and India is in the cremation of the bodies of the dead. It is also used for the distillation of valuable medicinal oils, and consequently we hear of the Madras and Mysore oils which are exported all over the world from India. The principal use of the better-sized sandalwood timber, found chiefly in India and the Malay Archipelago, is the manufacture of very fine furniture, of fans, toilet boxes, glory boxes, and furnishings of that kind, principally because of appeal due to its fragrance and the fact that it is free from insect attack. In the Indian and Malayan forests a good deal of the work which has to be carried out by the sandalwood getter is eliminated in Queensland, because of the useful co-operation of the white ant. The sandalwood cutters cut the timber in the forests and then let it remain there for the whole season. During that period the white ants attack and strip the bark and sapwood, so when the sandalwood getters return at the end of the season only the valuable heartwood is left.

Some years ago I saw something of the sandalwood industry in Western Australia. The cutters then secured what was known as fragrant or Swan River sandalwood. In Western Australia sandalwood is used largely for the distillation of oil, in addition to supplying the export market. Quite

a large local Western Australian industry is carried on in that respect. The oil produced is said to equal the best Madras and Mysore oils. Western Australian oil is very largely used in the Eastern States of Australia, Germany, and the United Kingdom for use in the manufacture of perfume, and for other purposes. The overseas export of this oil from Western Australia is shown in the following figures:—

	£
1927-28	38,919
1928-29	63,307
1929-30	77,510
1930-31	56,130
1931-32	59,301

That is a useful sideline in the getting of sandalwood in Western Australia, and it should not be out of place here to suggest that we could possibly use some of our Queensland fragrant sandalwoods in the same way, and create a new industry. The possibilities in that respect are well worthy of investigation by the Bureau of Industry, or some such body of research, for the distillation of oil would be more preferable to the exportation of our wood.

The hon. member for Normanby used a set of figures, which he claimed were obtained from a Melbourne newspaper, as indicating the value of the exports of sandalwood from Australia. I cannot reconcile his figures with those I have secured from the Commonwealth Year Book of 1933. These figures are very interesting, as showing the volume of trade in sandalwood between other countries and Australia—

Year.	Amount. Tons.	Value. £
1927-28	6,448	194,626
1928-29	9,470	278,238
1929-30	3,622	89,487
1930-31	29,273	72,969
1931-32	2,344	62,914

These figures show remarkable variation in values. They disclose that in a period of twelve months only a little more than 2,000 tons realised almost the same as 29,000 tons did the previous year. I should like, with your permission, Mr. Speaker, in order to save tedious reading, to have inserted in "Hansard" a set of figures which appear at page 640 of the Commonwealth Year Book, 1933, under the heading of "Sandalwood Exports from Australia."

Mr. SPEAKER: Order! I have ruled on half a dozen different occasions that, for obvious reasons, anything not actually said in this House cannot be inserted in "Hansard."

Mr. MAHER: Very well, Mr. Speaker, I shall not press for the insertion of the extract. I have already established the peculiar movement of the sandalwood market as revealed in the official figures. The Commonwealth Year Book shows that the Minister's statement that China was the only market for our sandalwood is not quite correct, for while admittedly Hongkong and China provide the biggest outlet for Australian sandalwood there is also a market in India and the Malay Archipelago, and both British and foreign countries take a proportion of the sandalwood which is secured in Australia.

Touching the main points in the Bill, unquestionably the Government sacrificed a payable Queensland industry when they agreed to hand over the sole selling rights of sandalwood on the Chinese market to a private company operating in Western Australia. The hon. member for Maranoa asserted that the most material part of the agreement was contained in clause 3, which reads—

> "3. Subject to the provisions hereof the company shall act as sole agent of the Government of Queensland in Hongkong and China for the sale of all sandalwood and other aromatic woods cut on and from Crown lands in the State of Queensland and exported to Hongkong and China.
>
> "In and in connection with all matters relating to the marketing and sale of all such sandalwood and other aromatic woods the company shall obey all orders and directions given by the said Sandalwood Export Committee."

The hon. member endeavoured to argue that the last sentence was the most material, but anyone with business experience will agree that if a sole agent is appointed he has powers to act for the principal and that anything he does is binding on the principal. Undoubtedly, so far as this agreement is concerned, the Australian Sandalwood Company is riding on the box seat, and more or less sitting on top of the world, in the marketing of Australian sandalwood. According to the Minister's own statement, there is a market for 10,000 tons of sandalwood in China, yet out of that big market the Minister agrees to restrict Queensland's share to a miserable 500 tons per annum.

The SECRETARY FOR PUBLIC LANDS: Five hundred tons per annum has never yet been exported.

Mr. MAHER: I recognise that; but has the industry been properly organised? If satisfactory market prices can be realised for our sandalwood in the eastern markets, will that not induce more sandalwood cutters to produce an increasing quantity of sandalwood in Queensland? I asked the hon. member for Normanby whether he thought Queensland could produce 1,000 tons of sandalwood per annum, and the hon. member replied in the affirmative. Seeing that the hon. member for Normanby represents an area in this State where sandalwood cutters operate, and during his long parliamentary career must have become more or less au fait with the industry, I assume some measure of accuracy in his statement, although the Minister has assured me privately that it would be difficult to get more than 500 tons of sandalwood for export from Queensland. Queensland is a vast State, and with my knowledge of Western and Central Western Queensland I am inclined to think that it would be quite within the bounds of possibility to secure not only 1,000 tons but perhaps 2,000 tons of sandalwood per annum. I may be wrong, but if price is satisfactory it is marvellous how many men will be attracted to an industry, for quantity follows price. At any rate, under this agreement, we have the right to market only 500 tons of sandalwood per annum, as against a market of 10,000 tons. I submit that the action of the Government in bartering away the rights of a private company operating in this State, which

apparently was capable of handling the export trade of Queensland to its own profit, was a very unwise one.

The SECRETARY FOR PUBLIC LANDS: That was a monopoly, too.

Mr. MAHER: Is it not better to have a monopoly in the shape of a private syndicate, a Queensland company operating in Queensland whose profits are brought into the State, than to hand our rights over to the Australian Sandalwood Company, Limited, operating in Western Australia, and make it sole agent for the Queensland Government? By doing that we, more or less, hand them the key to the Eastern market. We have vacated the Chinese market and handed over our share to our keenest competitor.

Mr. NIMMO: Why are we doing it?

Mr. MAHER: It is a conundrum to me. I cannot understand the motive at all. It does not matter if the local Queensland company had a monopoly or not. The Queensland company was carrying on profitably, and foreign money was being brought into this State and giving employment to Queenslanders. Why not allow that company to continue its operations in this State? When the agreement between the company and the Government terminated, why was a renewal of the agreement not given to that company, which had done all the pioneering work in the sandalwood industry? In what way has the company failed to meet its obligations in regard to marketing our sandalwood in the Eastern market?

The SECRETARY FOR PUBLIC LANDS: That syndicate was also restricted to the maximum of 500 tons.

Mr. MAHER :That does not alter the position. If the company was doing this work satisfactorily, what was the reason for terminating the agreement and handing over our Queensland selling rights in the Chinese market to our keenest competitor? It is very difficult for me to understand, and I can only come to the conclusion the Australian Sandalwood Company, Limited, being comprised of keen business men, regarded Queensland competition as irritating and annoying, and being of the opinion that a greater quantity of material was available in Queensland than the hon. gentleman cares to admit——

The SECRETARY FOR PUBLIC LANDS: When that syndicate was operating, it sold its sandalwood through the Australian syndicate.

Mr. MAHER: That is news to me. If I occupied the position of Secretary for Public Lands, I should have asked the Queensland syndicate, when the agreement terminated, why it could not make its own arrangements in regard to the Chinese market.

The SECRETARY FOR PUBLIC LANDS: It could not do it.

Mr. MAHER: Under this agreement we are entirely in the hands of the Australian Sandalwood Company, Limited. It is the sole agent, and the account sales which reach the Australian Export Committee are necessarily prepared by that agency in China. Who is to say whether the price secured is right or wrong? We have to accept what the Australian Sandalwood Company, Limited, show in its account sales. Anyone who reads the agreement and considers all the various deductions which can be made under the provisions of this Bill will recognise that the Australian Sandalwood Company, Limited, has covered itself against any chance of loss. The deductions which can be made are—

Receiving from ship's slings and delivering into go-down.

Storage in go-down.

Refund of storage to dealers.

Fire insurance on go-down.

Interest on total disbursements in China.

Company's charge for establishing letter of credit if required by Government at Hongkong and Shanghai Banking Corporation current rate of interest.

Company's overheads as approved from time to time for all States by the Sandalwood Export Committee.

There is a further list, but I do not want to labour the point unduly. I am inclined to think that if any profit is made out of this transaction it will accrue to the company, which has engineered a very successful agreement, from its point of view, with the Queensland Government. In fact, when I read the list of deductions it reminded me of the story of the old coloured American who went into his local store in the south of the United States of America and asked for an extension of credit. The storekeeper replied, " Yes, but, Sambo, you had a crop of peaches. What did you do with them?" Sambo's reply was, " Well, sah, I shure just did have a crop of peaches and I shure did send those peaches by river boat to New Orleans, but, sah, de ducks shure did eat up all them peaches. When I got my account sales dey de ducks for the steam boat freight. Dey de ducks for hauling. Dey de ducks for the commission, de ducks for the royalty, and dey de ducks for the storage, and I 'shure you, sah, when I get back my account sales de ducks have eat up all dem peaches on me."

Mr. O'KEEFE: What about your rabbits?

Mr. MAHER: In regard to that matter, it is not what I get out of them; it's what the " ducks " get from them. By the time I get the account sales back from London the " ducks have eat up dem profits " too.

Mr. SPEAKER: Order!

Mr. MAHER: I cannot congratulate the Government on this Bill, nor on the agreement which they have entered into with the company. I greatly regret the provision which gives the right on license to sandalwood getters to enter freehold land. After all, a man who has a freehold title is surely entitled to some measure of protection of the timber which grows on his property. I think that has been generally recognised previously. The provision in this Bill is more or less a departure: it gives sandalwood getters the right to enter on freehold land and obtain the wood. The owner is not protected in the way he should be, and I protest against that part of the Bill.

Generally speaking, I congratulate the Australian Sandalwood Company, Limited, on the good bargain it has made, and I regret that Queensland is put in the position of having to walk out of a good eastern market for sandalwood and has agreed to the principle of limitation in the matter of its export. After all the talk we have heard

recently on restriction of export, surely here is another example of the Government's insincerity. Here we have a definite limitation of the export of sandalwood, and I consider that that restriction to 500 tons per annum when, on the admission of the hon. member for Normanby, we could produce a thousand tons, will be detrimental to the best interests of the sandalwood industry of Queensland.

Mr. KENNY (*Cook*) [3.58 p.m.]: The Minister in charge of this Bill has given this House many surprises, and when we remember his remarks during the East Toowoomba by-election on the restriction of production we are indeed surprised to see him introducing a few weeks later a measure which has for its object the restriction of the output of sandalwood. However, we must recognise that the sandalwood industry must be considered very seriously from the point of view of the industry itself. For a number of years a certain amount of control of the industry has been necessary in an endeavour to obtain suitable returns to those engaged in it. This Bill, however, I cannot understand; because we had a certain amount of control when we had a company which was operating the industry in Queensland very satisfactorily from both the Government's, the cutters', and its own point of view. No complaint has been made as to its operations.

No charge has been levelled against it, but it is not to have an opportunity to carry on under the old arrangement. Under the old agreement the Crown received a royalty of £5 a ton, but under the agreement that Parliament is now asked to ratify the Government anticipate a profit of £9 a ton on each shipment, and if a profit of £9 is not realised the Australian Sandalwood Company, Limited, will not charge its selling commission. The Government anticipate a profit of £9 a ton, which, with the royalty of £5 per ton, means that the Government will receive £14 a ton, or in other words, the Government will receive £14 a ton out of a fair price of, say, £35 per ton, before the cutter receives even one shilling. Under those conditions the cutters are really working for the Government on shares. I consider that it is unfair for the Crown to expect £14 a ton when the money might well be paid to the cutters, particularly to those operating in the outback parts of the State. Many of the cutters in the Cape York Peinsula have to transport their sandalwood by pack horses up to 20 and 25 miles. In addition, the quantity of sandalwood is diminishing very rapidly, but the Crown insists upon a return of £14 a ton before one penny is paid to cutters, who have to pack their products by horses up to 25 miles. The first consideration should be given to the cutters engaged in the industry. An increased price should be paid to those operating in the remote parts of the State and where sandalwood is scarce. This question, certainly an administrative one, should receive the utmost consideration from the Government.

The Bill permits sandalwood cutters to cut on private properties. If sandalwood is growing on freehold property then no measure should be introduced to deprive the owner of his timber. He has paid for his land and for the timber on his land. Why should he be compelled to seek a license to cut sandalwood growing on his own property? The Bill goes too far altogether, and we should not be asked to approve of that principle.

The Bill provides that licenses will be issued under certain conditions, and that those conditions will be prescribed by Order in Council, but, bearing in mind the history of the Government over the past two years and three months, and bearing in mind, too, that they have sacked men from their employment because they were in arrears with their union dues, we are justified in asking if it is the intention of the Government to insist that a timber-getter must have an Australian Workers' Union ticket before he can secure a license.

The SECRETARY FOR LABOUR AND INDUSTRY: Are you advocating that?

Mr. KENNY: I am certainly not advocating that, for the simple reason that I believe in the rights of the individual. I do not believe in conscription in the interests of any political party, nor do I believe that a man's money should be confiscated to support a political party during an election campaign. That is the whole basis of the policy of preference to unionists.

Mr. SPEAKER: Order! The hon member is imagining something that may be intended by the Bill. So far as I am able to judge that principle is not contained in the Bill.

Mr. KENNY: The Bill provides for the issue of licenses to cutters under certain conditions, and those conditions are to be prescribed by Order in Council. I am trying to elicit from the Minister what are the conditions to be imposed.

Mr. SPEAKER: Order! The hon. member can ask those questions in Committee.

Mr. KENNY: Surely the second reading stage is the stage where the Minister explains the measure in detail?

Mr. SPEAKER: Order!

Mr. KENNY: If that is not so, then I shall refrain.

Mr. SPEAKER: During the second reading stage of a Bill the principles of the Bill are discussed. The hon. member will keep himself out of difficulties if he will be guided by me.

Mr. KENNY: There is nothing else left for me but to be content with advising the Minister to give careful consideration to this point when the Bill is being considered in Committee.

The SECRETARY FOR PUBLIC LANDS: I can secure better advice than yours.

Mr. KENNY: If the Minister always takes the advice——

The SECRETARY FOR PUBLIC LANDS: Not yours.

Mr. KENNY: Let us deal with the other phase, a phase that the Minister has not dealt with—that is, the proposed interference with the rights of the freeholder. Parliament is justified in saying that the owner of a freehold shall not have any of his rights in respect of the timber growing on the freehold taken from him. As the hon. member for Murilla said, under this Bill

the Government can class any timber at all as sandalwood. Taking that to its logical conclusion, we find that the Minister can classify any timber on freehold land as sandalwood, so that a person who has purchased the freehold title of land has no right to cut any timber on that land.

Mr. FOLEY: Does sandalwood grow on freehold land?

Mr. KENNY: The hon. member knows that the fact that land is freehold does not interfere with the growth of any timber. Sandalwood certainly grows on freehold or leasehold land situated in the localities where it grows.

These are a few points which Parliament should not be asked to ratify. In other respects I recognise that a certain measure of control is necessary in order to secure a better price for the sandalwood cutters, also for the Crown, but I contend that if that control is to be exercised as it is to-day, so that the Crown obtains royalties up to £14 a ton on sandalwood, it will be unreasonably exercised. The Crown should exert greater energy in getting a better price for sandalwood to cutters pursuing their occupation in the outback portions of the State, especially those who are forced to get their supplies to market by pack horse.

Mr. BELL (*Stanley*) [4.9 p.m.]: I oppose that portion of the Bill which more particularly seeks to take away the rights of the freeholder. Occupiers of leasehold land realise that up to a point they exercise no control over the timber growing upon it, but the freeholder has always regarded the timber growing upon his land as controlled by him entirely, and not by the State as a whole, and has felt that he was entitled to dispose of it in the manner he thought best. This Bill defines sandalwood as all classes of timber that may be so proclaimed by the Governor in Council, and under such a definition the Government could, if they chose, control the whole of the timber interests of Queensland. I understand that when the Bill reaches the Committee stage an amendment will be moved to include only true and to exempt all sandalwood growing on freehold land. I hope that the Minister will agree to that amendment. I have always taken a keen interest in the growth and preservation of good timber on my property, which is freehold. I hold the opinion that if I do not receive any benefit from it someone following me will profit by the judicious preservation of that timber. If this Bill becomes law there will be no incentive for a freeholder to continue the careful oversight of timber growing on his property. From this aspect alone, the Minister should give the proposed amendment his serious consideration.

Mr. RUSSELL (*Hamilton*) [4.11 p.m.]: I cannot understand the attitude of the Government in regard to the sandalwood industry. We have only to read the leading article in the "Standard" of to-day, which states—

"Boost for Bruce"

in which the "Standard" alleges that Mr. S. M. Bruce is "a sympathetic and understanding ally" of the British farmers who are desirous of placing restrictions on the export of Australian beef and other primary products. It is as well to mention, by the way, that only the Gloucestershire farmers advocate restriction on beef imports. The "Standard" goes on to say—

> "It was fortunate indeed for the primary producers in Australia generally that the Queensland Premier (Mr. W. Forgan Smith) should have gone to England when he did, and that he was able to put their case so forcibly and effectively before the authorities there."

We know that is all moonshine. The article proceeds—

> "The success of Mr. Forgan Smith's mission, however, as the outcome of which he obtained a definite assurance that there would be no such restrictions was gall and wormwood to the United Australia Party leaders . . ."

I have merely made that citation to show what a change of front there has been in regard to the sandalwood business. The Government say there must be no restriction of our primary products, because Australia must export to meet her commitments, and it would spell disaster to Australia, and is in any case an economic fallacy. Those are their own words. Yet, on the other hand, they are deliberately restricting the export of a Queensland primary product merely to fit in with the desires of Western Australian and South Australian interests. If hon. members opposite do not believe in restriction of export, why did they enter this agreement with the other States? I am inclined to think they had their legs well and truly pulled by this Australian Sandalwood Company. In any case, who are the company? Are they people of standing? What are their resources? Have they good markets? Not one word about this company, which might be some mushroom company or a band of adventurers. The Government would be well advised to examine its credentials, and the House should be advised as to its financial standing. We have gone along very well in Queensland with our sandalwood industry. I credit the Minister with a desire to do the best he can for the benefit of the industry. After a conference with these people in the South the hon. gentleman thought it was a good idea to enter into the arrangement, believing that unrestricted competition in this commodity would be bad for Queensland. I give the hon. gentleman credit for his belief; nevertheless, I think Queensland would be well advised if she continued with her own policy. I can see no necessity to enter an alliance with Western Australian and South Australian interests, as in this agreement. Surely to goodness it was possible to obtain the services of reputable people in China to sell our sandalwood! Any number of very fine British houses operate at all Chinese ports, firms of very high financial standing, whose credentials are undoubted, and whose finance could be availed of to any extent desired.

Mr. FOLEY: At 5 per cent!

Mr. RUSSELL: The hon. member mentions 5 per cent., but what about the overhead costs, which will mean more than 5 per cent. under this one-sided agreement? I admit that to sell this sandalwood in China is well worth 5 per cent. to the agency which does the work and takes the del credere risk, but a better agreement could have been formulated had direct negotiations

been entered into with reputable houses in China to sell our sandalwood. Admittedly it would be necessary to enter into some sort of alliance with the other States not to flood the market. Queensland should have entered into her own agreement with an agent in China, at the same time arranging, if necessary, that Western Australia and South Australia should not exceed certain quotas in the export of sandalwood. That would have been preferable to throwing ourselves into the arms of our competitors, who have been selling Western Australian and South Australian sandalwood for many years. One need only read the agreement to see its one-sided nature, and I hope at the Committee stage an opportunity will be afforded of discussing it in detail. For example, in addition to the commission that it receives for the sale of the sandalwood, the company concerned is to be reimbursed for other expenses not enumerated in the agreement. A most glaring want of common sense is shown in the fact that the Queensland Government intend to allow the company 5s. a ton for the company's overhead expenses in Australia. I see no necessity for that. If the Forestry Board attends to all the shipping of the sandalwood from Queensland ports to China, then no necessity exists for the company to charge us with overhead costs in Australia. The company should be quite content to take the risk of the buyers without loading the account sales with exorbitant charges, especially as the company will have a monopoly. Any reputable house in China would be quite prepared to sell sandalwood for us on a straightout commission on a c.i.f. basis without any necessity for the Government to accept the weights on the go-downs or other expenses that might be incurred, such as exchange, brokerage, and interest on native bank orders. The whole agreement bristles with many advantages to the agent, and the Government would have made a better agreement had they dealt direct with reputable business houses in the East.

I am anxious to see the industry put on a firm footing so that it can be extended as much as possible, and men kept in employment. And the Government's determination to agree to a quota which may be 500 tons—may be only 200 tons—to my mind is in contradiction of their utterances on the platform during the last few months, when they endeavoured to deceive the public into believing that they were the advocates of a policy of non-restriction, and that one of restriction would spell disaster to Australian exports. By this Bill the Government are placing themselves in the hands of a southern monopoly and deliberately restricting the export of one of Queensland's primary products. That is contradictory, and to justify the action of the Government will require a great deal of explanation. According to the Bill, the Government have made this agreement, and I daresay it will be difficult to make any alteration in it now; but the facts indicate a want of business acumen in agreeing to a drastic condition in the agreement which is to the advantage of the monopolies in the South.

Question—"That the Bill be now read a second time" (*Mr. Pease's motion*)—put and passed.

Consideration of the Bill in Commitee made an Order of the Day for to-morrow.

COMMONWEALTH AND STATES SOLDIER SETTLEMENT AGREEMENT AND FINANCIAL AGREEMENT AMENDMENT APPROVAL BILL.

Second Reading.

The PREMIER (Hon. W. Forgan Smith, *Mackay*) [4.19 p.m.]: I move—

"That the Bill be now read a second time."

The object of this Bill is to approve of the agreement made on the 3rd July, 1934, between the Commonwealth and the States. The agreement embodies the final adjustments agreed to at conferences in connection with the determination of the respective liabilities of the Commonwealth and the State Governments in regard to soldier settlements. The sum involved under this heading up to 30th June, 1925, amounted to £2,717,696.

At 4.20 p.m.,

The Chairman of Committees (Mr. Hanson, *Buranda*) relieved Mr. Speaker in the chair.

The PREMIER: It will be remembered by hon. members that the Commonwealth advanced the States money from which the States undertook certain responsibilities of repatriation. Naturally, in the expenditure of this money difficulties had to be overcome. Advances had to be made if bad seasons came along, and the men settled on the land found themselves to be unsuitable for such vocations, or if the land itself was unsuitable, and capital values had to be written off and concessions of various kinds given. In 1927 a Premiers' Conference took place in Sydney, which I had the honour to attend, and the matter was discussed by all the States with the Commonwealth. The view was put forward on behalf of the State that any loss resulting to the State from repatriation activities should be borne by the Commonwealth, if not wholly, at least in part. Naturally, the Commonwealth did not like to accept the responsibility of any losses accruing from those activities, but ultimately, as a result of the debate, the Commonwealth agreed to appoint a royal commission to investigate the matter in all the States. The Royal Commissioner was to have power to make recommendations to the Commonwealth, and the Commonwealth agreed to accept those recommendations. Mr. Justice Pike was appointed a commission, and after exhaustive inquiry he recommended the writing off of certain liabilities. That has been done, and from the date of that report certain remissions have been granted, but a final settlement was delayed chiefly because Western Australia did not sign the agreement. I understand there was also some difficulty in Tasmania, but finally at the conference last June, which was attended by the Secretary for Public Lands on behalf of Queensland, the representatives of the States signed the agreement, and undertook to pass Bills uniform with the one we are now considering. On the passing of this Bill by all the States the final adjustment will be made by the Commonwealth, and will be regarded by it as its final gesture in the matter. I gave the figure representing the original capital indebtedness. Up to the end of June we had repaid £17,113, the balance outstanding then being £2,700,582. The amount to be written off by the Commonwealth, following Mr. Justice Pike's report and subsequent

negotiations between the States, was £475,000 as from 1st October 1925. The final adjustment involved a further writing off by the Commonwealth of £137,233, as from 30th June, 1927. The total amount written off was £612,233. The reduced indebtedness of Queensland to the Commonwealth after June, 1927, therefore, became £2,088,350. That figure represents our final liability and means an annual saving to the State in interest of £24,489. That, Mr. Speaker, is the main substance of the agreement as between the Commonwealth and the States, the latter undertaking to meet that liability and to pass uniform legislation.

The other section of the Bill deals with an amendment to the Financial Agreement and makes it clear that the Premier of the State is the representative of each State on the Loan Council. It also gives him power to nominate another Minister as representative if he so desires. That has always been the practice, but some legal opinion asserted that there was no power in the Act itself for the Premier to nominate himself. I know that very few people would agree with that contention, but the Commonwealth law authorities have taken the view that the point should be finally settled, and this opportunity is taken to put the matter beyond any doubt.

Mr. MOORE: It has never been questioned.

The PREMIER: It has never been questioned in the Loan Council, but the point was first raised by Sir Daniel Levy in New South Wales, and one or two other legal gentlemen have agreed with him. The consensus of legal opinion is against him, but it could only be raised by attacking the legality of any decision that might be made by the Loan Council itself. For example, if it were held that the Loan Council was improperly constituted it would void any decision at which that body arrived. In order to prevent such a possibility, we are inserting this clause in the principal Act. There has never been any challenge to the proceedings of the Loan Council, and so far as I am aware its decisions have been arrived at and carried out without any difficulty on the part of the States, although, naturally, there have been frequent differences of opinion on matters of policy. Up to the present, whilst it has been a fact that agreements suitable to all the States have finally been arrived at there has been no challenge of their validity. The Commonwealth Crown law authorities consider it desirable, however, to close any loophole that may exist.

Mr. MOORE (*Aubigny*) [4.28 p.m.]: I do not desire to offer any criticism of the Bill. It has been hanging fire for a long time and, as the Premier states, for some reason which I was never able to discover, Western Australia did not sign the agreement necessary to enable the final adjustments to be made. Evidently it has now done so. The whole question of soldier settlement has been a difficult one, owing to the high prices paid for land on the return of the soldiers from the front. There was keen competition, and in many cases prices were forced up. When prices for commodities fell and wartime inflation wore off it was found impossible for the soldier settlers to meet the obligations they had so cheerfully entered into. The Commonwealth Government have endeavoured, as far as they could, to meet the States in liquidating the unavoidable liability in which they were placed, once by writing down the capital indebtedness, then by reducing the rate of interest by 2½ per cent. for a period of five years, and then by adopting Mr. Justice Pike's recommendation for a further writing down. Queensland received, of course, less advantage than the other States because in this State less freehold was purchased. The Commonwealth has endeavoured as far as it possibly could to act fairly to the various States, and took responsibilities upon itself that were really not due to its fault, but to the operations of the various State Governments. I do not think anybody in this House can object to the agreement which has now been signed, and is thus to be ratified by this Parliament.

The provision in the other portion of the Bill for the Premier's representation on the Loan Council, was so far as I am aware the practice always adopted. When anybody else attended in the place of the Premier, a letter was forwarded intimating that he was his representative. It may be necessary to clarify the position in case there should be any objection in the future. There can be no objection to its clarification in the Bill.

I have no objection to the Bill, which is primarily one to clear up a matter that has been hanging fire for quite a while. It is a good thing to get it out of the way.

Question—"That the Bill be now read a second time" (*Mr. Smith's motion*)—put and passed.

COMMITTEE.

(*Mr. W. T. King, Maree, in the chair.*)

Clauses 1 to 3, both inclusive, agreed to.

Schedule—"*Agreement*"—

Mr. WIENHOLT (*Fassifern*) [4.33 p.m.]: On page 8, commencing at line 38, the Schedule provides—

> "There shall be an Australian Loan Council . . ."

First of all, I wish to draw attention to that very name, Australian Loan Council, which utterly condemns itself. It does not say that there shall be a Government Debt Reduction Council or a National Finance Council, but "There shall be an Australian Loan Council." The Premier said this morning that I did not understand the position. He pointed out that the Loan Council did not interfere in any way with the subject-matter of loans, or with a matter of domestic policy, and that the Loan Council merely allocated the money. I refer hon. members to the report of the Conference of State and Commonwealth Ministers on constitutional matters held in Melbourne on 16th and 28th February, 1934. In reply to the statement by the Premier that I did not understand the position, I desire first of all to quote the remarks of Mr. Menzies (Victoria), set out at page 20 of that report. He said—

> "On the capital side we find that up to that time it was within the power of each State individually to control its developmental policy. But since that time the developmental policies of all the States have been brought under the control of other Governments than that of the State concerned. Since 1927 it has been possible for the Commonwealth

> Government, assisted by two State Governments, to control the whole capital expenditure of the other States. Whether that is a good thing at any given time, under any given circumstances, or under any particular form of government, may be debated as the occasion arises; but it is a thoroughly bad thing for the preservation of the Federal balance."

The then Tasmanian Treasurer, Sir Walter Lee, on page 38, said—

> "I hope not, though I believe that we have taken a step in that direction, because, under the Financial Agreement, the States have lost their individuality as regards financial matters."

I quote the opinions of Sir Walter Lee also in reply to the Premier, who said that I did not understand the question. Later on Sir Walter Lee said—

> "I mention this matter to emphasise the fact that, under the Financial Agreement, the representative of States that are themselves not directly interested in a project may, at conferences such as the present gathering, prevent effect being given to a policy, even if it has the endorsement of the people of the State concerned."

Now I want to quote what the present Queensland Premier said on page 27—

> "But there has been in the operations of the Loan Council a tendency to interfere with the domestic policy of the States, and to that extent the States are liable to be stultified in their operations, and in the carrying out of the mandate which they receive from their own people."
>
> "For example: Why should the Premier of Queensland have a decisive voice as to whether or not the bulk handling of wheat, and the building of silos, should be carried on in Victoria? That matter is one entirely for the Government of Victoria and the Victorian people. I know nothing of the case for such a policy, and am content to agree that the best judges of it are the Victorian Government. On the other hand, what interest have the Tasmanian people in, or what knowledge has the Tasmanian Government of, a hydro-electric proposition in North Queensland? That is a matter which should be left to the Queensland people and the Queensland Government. The trend of the operation of the Financial Agreement has been in the direction of undermining the sovereignty of the States. The agreement itself laid the basis of the unification policy which many of you now say you would not have at any price, nor agree to in any circumstances."

I quote that extract just to show the hon. gentleman that I was not far wrong when I said the Loan Council does interfere with the States' domestic policy.

The TREASURER: You note, of course, the difference between "tendency" and "legal power to do so."

Mr. WIENHOLT: I do. I do not want the Treasurer to think that I am objecting. The Treasurer when summing up the position is quite right in saying that his objections are constitutional, and mine are directed to the Loan Council's policy. I also now notice that there is a tendency on the part of the men who advocated the Financial Agreement and advised their people to vote for it to now take another line of thought altogether, to say that they were forced into it at the point of the pistol, and to try to make excuses for having advised their people to accept it. Again and again we detect that new tendency, as seen in the conference quoted. I believe that the Financial Agreement outrages every sound financial principle. I believe in a penalty for extravagance, and that thrift and care should be rewarded; yet we know that under the Financial Agreement all the States' debts are funded together in one lot as Australian securities. Notwithstanding that, one Premier may do his best to pull his State out of its financial difficulties and reduce its deficit, and another Premier be guilty of extravagance in its wildest form; there is, nevertheless, no difference in the value in the bonds of both States. That is entirely unsound.

I do not wish to strain the forbearance of hon. members by discussing the whole question.

The TREASURER: It is quite interesting.

Mr. WIENHOLT: Though I would like to do so, because I have very strong feelings on it. The Financial Agreement was based on loan jealousy, and nothing else. No greater joke was ever played on the people of Australia than trying to give the impression that the Loan Council was created for the purpose of restricting loan borrowings. It was not; it was created to regulate borrowing. That is a different thing altogether. You may have a burglars' council, for the purpose not of restricting but of regulating burglary so that two men will not burgle the same house on the same night. That is regulating and not restricting burglary. I say that the Loan Council is based on loan jealousy and that the people of Australia might have smelt a rat when all the needy and greedy Treasurers for once agreed on the same thing.

Sir James Mitchell, Nationalist Premier of Western Australia, is reported on the 13th April, 1932, to have said, on arriving at Melbourne for the Premiers' Conference—

> "The Loan Council had reached the point when it was really governing Australia. He disliked that tendency. When the council was formed its functions were to enable Australia to borrow dangerously."

The TREASURER: I can assure you he is an expert.

Mr. WIENHOLT: I realise that. His views on borrowing are not mine, but he ought to know something about it. That is exactly what the position was. To put it in a nutshell, the council was like a lot of financial hard drinkers who had been accustomed to buy their financial drinks by the bottle and have them chalked up to them individually, but in the Loan Council they join together, buy a case at a time on credit, and split it up amongst themselves. It was said that the Loan Council would improve and benefit our credit; it did, but for what purpose did it improve it? Only to borrow further, and to increase our debts and borrowing. It gave us a long run of borrowing and a longer rope to strangle the people of Australia financially. I believe that the evil of this policy is already beginning to make itself apparent. Either it has to

be altered or it will inevitably drag this beautiful primary producing State of Queensland slowly but surely into a policy of complete unification. It has already given us a half-baked unification of finance, and it seems to me that if we continue the financial muddle we shall drift steadily into a complete unification—not a unification made by the free and deliberate desire of the Australian States and the Australian people, but forced upon them by a policy of despair owing to the wretchedly unsound principles contained in the original Financial Agreement.

The PREMIER (Hon. W. Forgan Smith, *Mackay*) [4.42 p.m.]: The hon. member is always interesting when discussing the Loan Council, both from the point of view of its constitution and general policy. I agree with him that the name "Loan Council" ought to be altered, and that the appellation "Australian Finance Council" would be more appropriate, seeing that the Loan Council deals to a greater extent with other financial matters than the mere question of loans. I pointed out this morning, evidently to the hon. member's indignation, that he did not understand my viewpoint. I said that the hon. member was misunderstanding what I had said. I repeated that, and I do so again. The Loan Council as such has no control over the domestic policy of the State except in so far as it has power to decide the amount of money that may be borrowed, the terms and conditions under which the money is raised, and the allocation of the money to the various States; once the funds are in the hands of a State they are entirely within the control of the Parliament of the State. I do not think I could state the matter more clearly than that.

The quotations to which the hon. member has referred are from three different speeches—one by Mr. Menzies, then Attorney-General of Victoria and now Attorney-General of the Commonwealth; the second by Sir Walter Lee, ex-Premier of Tasmania; and the third by myself. These speeches deal with the whole of the constitution of Australia, and it was pointed out, both by Mr. Menzies and by other speakers, that the tendency of successive Governments had been to depart from the principles agreed upon at federation and clothe the Commonwealth with more and greater powers. Mr. Menzies advocated that the Commonwealth should evacuate the arena of taxation, particularly income taxation; it will be interesting to know whether he will voice the same view at the next conference at which the same subject is discussed. In my speech—and my contention is supported by the quotation that the hon. member made from the speech by Sir Walter Lee—I pointed out that successive Commonwealth Governments, irrespective of party, had taken to themselves more and greater powers each year. Even at the opening of the conference referred to, the speech made by the Prime Minister indicated that he was very generously prepared to consider any proposal to give increased powers to the Commonwealth but was not prepared to surrender any. My main point was that by a policy of attrition the Commonwealth was taking powers from the State without the authority and consent of the people themselves. The tendency was inevitably in the direction of unification. The finance council we are now discussing was the biggest stride towards unification that has yet been taken. I pointed out that the natural and proper thing to do was to recognise the position, to ask the people for those increased powers, and to have a reorientation of Commonwealth and State powers.

The hon. member must agree with me that the dual powers exercised in finance by the Commonwealth and the States is resulting in the latter being gradually bled to death. Their resources are being taken by the Commonwealth, although the responsibilities in major matters are left with the States. The control of land, transport, agriculture, and education is the responsibility of the State; yet the Commonwealth by its system of taxation is taking greater revenue from the people of each State than the State Government. To the extent that the Commonwealth revenue becomes buoyant, State revenues diminish. Take, for example, the indirect taxation of the Commonwealth. Who realises the full extent of its taxation in that regard, not only through Customs and excise duties, which are very real and very material, but also through sales and similar taxes? The amount of money taken from Queensland under those three headings is simply enormous; yet because it is extracted and wrapped up in a purchase of tobacco, beer, or other goods, the people do not realise its full extent. Yet, to the enormous extent that the Commonwealth has intruded in this domain the States are financially weakened; and because of their financially weakened state the Commonwealth gets greater power, inasmuch as the States go to the Commonwealth for grants, for favours of various kinds, and when there is a definite show-down at any Premiers' Conference the Commonwealth can always get a majority because of the fact that certain States have been forced to play a mendicant's role. Take, for example, the grant made by the Commonwealth on the ground of disabilities under federation. There can be no doubt that there have been more disabilities in some States than in others. I argued—as can be quoted from my speech—that this matter ought to be put on a definite legal basis, that we should not have the spectacle each year of the Treasurers of various States going cap in hand to the Commonwealth asking for grants, and that the giving of those grants should not be in the hands of a Government which may use the power politically and for political reasons. I asserted that it was undesirable that the Commonwealth Treasurer should be able to say to a State Treasurer, "Well, Cabinet is considering the question of your grant this week, let us hope a final decision may be given before this Loan Council comes to an end." What does that mean? Does it not obviously mean that it is to his advantage to agree with the Commonwealth in other items of policy?

Mr. KENNY: Surely they are not as small as that!

The PREMIER: Where it comes to a definite show-down at a Loan Council meeting or at a Premiers' Conference, the Commonwealth can, if it so desires, always command a majority because of the mendicant position into which at least three States have been forced. I claim that that state of affairs ought to be altered, that any grant by the Commonwealth to a State on the ground of disability under federation should rest

on a basis of right and not on patronage, that it ought to be set out in a legal formula, and that the amount thus fixed should go to the State concerned, irrespective of the goodwill of whatever Government may be in power at the time. That is obviously sound and fair. I emphasised that phase of the matter at the February meeting of the Loan Council, and it was generally agreed that my contention was valid. The Prime Minister stated that his Government had appointed a royal commission to investigate disabilities under federation, and it was hoped that something of that nature would be adopted in the future.

A further point made by the hon. member is that the Loan Council does control the policy of a State to the extent that it fixes the amount the State may get—in other words, that the State may have a financial policy such as bulk handling of wheat, and if it does not get sufficient money in its allocation to enable it to put that policy into execution, it can claim the Loan Council prevented it from going ahead with that policy. Frequently, too, States may ask for money for special purposes, such as for the Kangaroo Point Bridge, some scheme of irrigation or water supply, sewerage in New South Wales, or the bulk handling of wheat in Victoria. If it is a special loan for that State, and other States are not to share in it, then the council can either approve or disapprove of the proposal. My contention, however, is correct to this extent—I want the hon. member to understand it—that so far as domestic policy is concerned, once funds have been allocated to a State and are in its possession, the Loan Council has no power or authority over that State. That is clear and definite. The Loan Council only comes into the business to the extent of the amount it may equitably agree shall be made available to all the States, and all the Governments.

Schedule, as read, agreed to.

Preamble agreed to.

The House resumed.

The TEMPORARY CHAIRMAN reported the Bill without amendment.

Third reading of the Bill made an Order of the Day for to-morrow.

STATE ADVANCES ACT AND OTHER ACTS RELIEF AMENDMENT BILL.

SECOND READING.

The SECRETARY FOR PUBLIC WORKS (Hon. H. A. Bruce, *The Tableland*) [4.56 p.m.]: I move—

> "That the Bill be now read a second time."

The various amendments comprised in this Bill should, I think, meet with the approval of the House. The Bill aims at, inter alia, affording a measure of relief in respect of State housing activities in Queensland. Owing to the depression, people who have built homes under the State's schemes of assistance require some measure of relief from the commitment to high monthly payments undertaken when times were good and incomes higher.

The Bill also aims at creating employment by the liberalisation of the scheme for workers' dwellings by raising the income limit of those eligible to take advantage of the scheme. There are quite a number of people who, although receiving comparatively large incomes, are not able to save sufficient to purchase homes of their own. The object of this extention of the provisions of the principal Act is to enable such people to enjoy such an opportunity, especially at the present time when building is cheaper than it will be for many years to come. In addition, the fact that these people are able to take advantage of the scheme will create employment for unemployed artisans and labourers, who will thus be taken from the unemployment relief scheme and put to real work. It is proposed to increase the income limit for eligibility for receiving an advance in respect of a dwelling-house from £416 to £750 per annum. In other words, where the Act previously made the maximum income of an applicant for a workers' dwelling £416 per annum the amendment proposes to increase the income limitation to £750 per annum, and to provide, in addition, for a parity for those living in the northern and other outlying portions of the State generally. We believe that many persons will take advantage of this extension of the income limitation, and will apply to the State Advances Corporation with a view to establishing homes of their own.

In the next place, whereas under the Act the maximum that can be advanced is £800 we intend to increase the limit to £1,000 in the case of wooden and to £1,250 in the case of brick and concrete dwellings. We hope thus to give employment to a class of men who for some time have suffered from the depression, namely, bricklayers and concrete workers. I, together with the officers of my department, consider this an opportune time to test the feelings of home builders as regards brick and concrete dwellings by giving them the opportunity to build them at low rates of interest. If on the other hand they prefer wooden buildings the maximum amount available is increased to £1,000.

We also intend to enable an eligible person who is married, with three or more children under sixteen years of age dependant upon him, and who has been the owner of land for twelve months at least free of encumbrance, to obtain an advance to erect a dwelling-house up to 90 per cent. of the fair estimated value of his land and the proposed dwelling-house, such advance not to exceed £500. When the Workers' Homes Act was passed the people were given an opportunity to secure their homes with a very small outlay, but it was eventually discovered that the fund, with the aid of which workers' homes were constructed, was not in a healthy financial position. I state quite frankly as the Minister controlling the department and one naturally anxious that the finances of the State should be preserved as far as possible, that the financial position of workers' homes did create some alarm. Upon making inquiries I found that many people who had land to sell took advantage of the Workers' Homes Act and suggested to a number of people that they should become applicants under that Act. They sold the land very often at double and even treble its real value, with the result that the purchasers were loaded with a debt for the land and had as well their commitments to the department for the purchase of their homes. Many go-getters in the land business exploited the opportunity offered under the Workers' Homes Act. Many workers' homes have reverted to the corporation because there was not

sufficient equity for the Government in the building concerned. Under the Workers' Dwellings Act the home builder has to contribute a fairly large security, and, as a general rule, he commences immediately to make the dwelling his own. Naturally there is a very fair equity with workers' dwellings and there is little or no loss to the Government. In order to circumvent the action of land speculators action is now taken to provide that the land involved in this amendment should be owned for at least twelve months. I am assured by my officers that quite a number of people at the present time paying rent are the owners of land in respect of which rates must be paid. This provision has been introduced to allow these landholders to become the owners of their own homes. The Bill may be subject to some criticism because a period of at least twelve months has been fixed, but if later on it is found that under such a provision there are not sufficient applicants, the Bill can be amended to provide for a shorter period of ownership. My departmental officers, however, assure me that a sufficient number of applications will be received.

With respect to workers' homes in possession, it is also proposed to place the State Advances Corporation in the same position in regard to rates as now obtains with workers' dwellings in possession. Some workers' homes have reverted to the corporation, but through an omission in the Workers' Homes Act the corporation may be liable to various local authorities in a very considerable sum in respect of rates assessed upon these lands. Whilst the corporation is prepared at all times to do everything it possibly can to protect the interests of local authorities in the matter of rates, it cannot permit the State to remain liable for the payment of a huge sum for arrears of rates. This provision already exists so far as workers' dwellings mortgaged to the State Advances Corporation are concerned, also in the case of the Agricultural Bank, and it is necessary to extend it to protect the State in regard to these homes.

It is also intended to reduce the rate of interest on all State housing activities by 1 per cent as from the 1st January, 1935, with a minimum of 4 per cent. per annum. This is in conformity with the statement made by the Premier some time ago when speaking of the activities of the State Advances Corporation and the Agricultural Bank. Many requests for reductions have been made, and a number of references have been made in this House as to their necessity. I discussed the subject with the manager of the State Advances Corporation. We gave full consideration to the question, and also to the further question of funding all arrears during the last financial year. We took the matter up with the Treasury, and conferred with the Treasurer who agreed to put the suggestions into operation so soon as any improvement in the finances enabled him to do so. The Treasurer now considers that the finances of the State have improved sufficiently to enable his Government to make this reduction. This reduction in the rate of interest, and the funding of arrears of interest will be of great assistance to those who have benefited under the State housing scheme, many of whom have lost employment through the depression.

Mr. KENNY: Why wait until January next?

The SECRETARY FOR PUBLIC WORKS: The hon. member was a supporter of the Moore Government who did nothing at all in this direction. The reason why these benefits are to operate from January next is because the Treasurer considers that by that time the finances of the State will enable his Government to make the reduction. It is rather interesting to hear interjections from the hon. member for Cook, whose Government did nothing to ease the lot of these people during the three years they occupied the Treasury benches.

Mr. KENNY: Did you get this from the money you pinched from the Main Roads Fund?

Mr. SPEAKER: Order! I ask the hon. member to withdraw his statement.

Mr. KENNY: I withdraw.

The SECRETARY FOR PUBLIC WORKS: I made a plain statement that during the past financial year the manager of the State Advances Corporation and I discussed the question of whether this reduction in interest rates could be brought about. I also stated that it was a question which affected the Treasurer, that we consulted with him, and he promised that if the finances of the State were in such a condition as to enable the concession to be made he would be only too pleased to do so. The Treasurer subsequently saw his way clear to do so as from the 1st January next. This reduction will bring the rate of interest to the clients of the Crown to a point much lower than that conceded by private enterprise. As a matter of fact, when our rate of interest was 5 per cent. it was still lower than the rates of interest charged by private enterprise or private building authorities.

Mr. DEACON: You are behind the times.

Mr. GODFREY MORGAN: The banks are doing it now.

The SECRETARY FOR PUBLIC WORKS: The banks do not lend money on this class of security. I can, if desired, produce tables later showing in so far as workers' dwellings are concerned that the State Advances Corporation is far ahead of private enterprise in the rate of interest charged. When the interest rates are reduced to 4 per cent. the interest rates charged by private enterprise will be a relic of the dark ages. That is usually the position when Labour is in power, and when it deals with matters affecting the interests of the people.

We also propose to fund, from the 1st January, 1935, arrears of interest and redemption and purchase money of all clients in respect of State housing activities except as to the building revival scheme, and extend the original term of the mortgages of workers' dwellings and contracts of sales in respect of workers' homes by a period not exceeding ten years. The funding of the arrears will give the clients of the Crown an opportunity of meeting their commitments. Many cases have been brought to notice where people have been in arrears because of the period of depression through which we are passing. The action of the Government in funding the arrears and extending the term of repayment for a further period of ten years will assist those people to meet their commitments. Generally speaking, unemployment has decreased, and that fact, together with the funding

Hon. H. A. Bruce.]

proposition I have outlined, will assist the clients of the Crown very materially.

Mr. R. M. KING: What amount has been funded in respect of workers' dwellings and workers' homes?

The SECRETARY FOR PUBLIC WORKS: I could probably procure that information later. At all events, the action of the Government in this direction will encourage the persons concerned to meet their commitments.

The increase of the income limit will enable a large and deserving section of the community to obtain the benefits of the State Advances Act to assist them to erect homes, and thus will enable many building proposals to proceed—proposals that cannot at present be financed from other sources, chiefly owing to the higher interest rates and the greater margin of security required by private lenders—namely, generally 40 per cent.—as against 20 per cent. under the State Advances Act. This will result in a considerable expansion of home building throughout the State.

The increase in the maximum advance will allow other than wood buildings to be erected for which there is a strong and increasing demand. This will increase the quantity and variety of work that will be given, because houses embracing more trades and industries will be built, and will provide work for a larger variety of tradesmen, bricklayers, concrete workers, etc. With my knowledge of the timber resources of Queensland, I would not unduly emphasise this, but the action we propose will incidentally conserve the timber resources of the State, especially in pines. The increased loan will also accommodate persons with larger incomes who desire to erect larger and better designed modern houses.

It is proposed, as I have already indicated, to make special cases of those industrious and deserving persons who are married and have three or more children under sixteen years of age dependent on them, and who have been for twelve months at least the owners, free of encumbrances, of suitable building allotments acquired with the express objective of having homes erected thereon, but who, in view of straightened circumstances consequent on the depression, are unable to find with the land the cash deposit at present required by the State Advances Act. These persons will be enabled to secure a special loan not exceeding £500 at a rate not exceeding 18s. in the £1—that is to say, up to 90 per cent. of the security (land and proposed dwelling). This will allow them to achieve their life's goal—the erection of their homes—and will also avoid payment of two lots of rates—one directly on the land they own, and the other indirectly through rent for the houses they are at present occupying.

The reduction of the interest from 5 per cent to 4 per cent. per annum and the extension of the original term of all mortgages (workers' dwellings) and of all contracts of sale (workers' homes) by a period not exceeding ten years, will substantially reduce the monthly instalments of workers' dwellings and of workers' homes, and thus lighten the burden of many who incurred large instalment commitments when building costs were high, times good, and incomes higher. The reduction in the monthly instalment will be sufficient, in most cases, to enable the payment of rates to the local authority to be made.

At present the plans and specifications of all workers' dwellings in respect of which an advance has been approved by the State Advances Corporation must be drawn by the corporation. In view of the comparatively small cost of dwelling up to the present, not much objection has been taken thereto. However, in view of the larger dwellings which will be erected as a result of the liberalisation of the workers' dwelling scheme, there will be an entry into the field at present enjoyed by practising architects. Recognising this, I propose that arrangements be made by which the corporation will accept plans and specifications drawn by practising registered architects in respect of dwellings estimated to cost over £800; but, in view of the funds invested, the erection of the dwelling will be supervised by the corporation. This arrangement will, no doubt, be satisfactory to practising registered architects.

Mr. R. M. KING: I suppose you have standardised plans as well?

The SECRETARY FOR PUBLIC WORKS: We have. A request has been made by the architects that they should have the right of employment in connection with the building of the larger homes, because the manager of the State Advances Corporation and I agree with the statement—to some extent the State Advances Corporation was invading a province which previously was theirs. The arrangements we propose will be no doubt satisfactory to the practising architects. It will mean that if any member of this House wished to have a building erected costing up to £1,200 or £1,250 he would be able to engage an architect to prepare plans and specifications for the building, and then go to the State Advances Corporation for a loan in the usual way. In view of the funds invested by the corporation it is only reasonable that the erection of the dwelling should be supervised by officers of the department.

Mr. R. M. KING: I suppose the inspector from the corporation would supervise the work?

The SECRETARY FOR PUBLIC WORKS: That is so. There would be nothing to prevent anyone from utilising the services of a private architect.

Mr. GODFREY MORGAN: Would the architect's fee be included in the loan?

The SECRETARY FOR PUBLIC WORKS: I am not sure what the position is at the present time.

Mr. ANNAND: Would the department appoint a local man in the different towns to supervise?

The SECRETARY FOR PUBLIC WORKS: The department has workers' dwellings inspectors. The only difference is that previously we carried out the whole of the supervision and the drafting. As the Deputy Leader of the Opposition indicated, we have uniform plans that are up-to-date, and up to the present most of the applicants under the £800 limit have adopted these plans, with slight alterations in some cases. The private architects approached me on this matter and asked me to include a clause in the Bill which I considered would hamper the activities of the department, and as a compromise we decided that power should be given to engage a private architect to draw plans

and specifications, but that there should still be supervision by the department.

Some of the interjections of hon. members opposite have asked for information; others have been of a critical nature, but the Bill is one that should receive the wholehearted support of every hon. member in this House. It has been carefully drafted after serious thought by my officers and myself with the object of affording relief to a class of people who desire to build homes. I believe at least 12,000 workers—if the wife is counted as well, there are 24,000—who will benefit directly by this Bill, and the saving to them will be deeply appreciated.

They are a class of people who have been deserving of consideration for quite a long time, and I am pleased to be able to introduce to the House a Bill which, by funding the arrears and reducing their interest rate, will to some extent ease the struggle many wage-earners have been going through. I am also pleased that the Bill will confer a benefit on another section of the community: those in receipt of incomes comparatively high but who have not been able to save sufficient money to build homes of their own. It is right that the help of the State should be extended to give such people an opportunity of having their own homes. At the same time it will create employment for many of our citizens who to-day are unemployed, such as bricklayers and concrete workers. In the past the greater number of buildings in the metropolitan areas and Queensland generally have been constructed entirely of wood, but I firmly believe that the beauty of our cities and towns will be enhanced by the introduction of brick and concrete dwellings. I have much pleasure in recommending the Bill to the House, and am very pleased indeed to have had the opportunity of introducing it.

Mr. R. M. KING (*Logan*): I move the adjournment of the debate.

Question put and passed.

Resumption of debate made an Order of the Day for to-morrow.

The House adjourned at 5.27 p.m.