

Queensland



Parliamentary Debates
[Hansard]

Legislative Assembly

THURSDAY, 29 AUGUST 1935

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INDEBTEDNESS OF LOCAL AUTHORITIES, 1932 AND 1935.

Mr. NICKLIN (*Murrumba*) asked the Treasurer—

“What was the total indebtedness at 30th June, 1932, and 30th June, 1935, of all local authorities and other statutory bodies—(a) Loans by the Government; (b) loans guaranteed by the Government?”

The TREASURER (Hon. W. Forgan Smith, *Mackay*) replied—

“The information will be prepared and laid on the table of the House as soon as possible.”

INTEREST RATES ON LOCAL AUTHORITY LOANS.

Mr. MOORE (*Aubigny*) asked the Treasurer—

“Has the following portion of his policy speech yet been carried into effect, namely:—

‘It is proposed as from 1st July, 1935, to grant a reduction of 1 per cent. in interest to local authorities?’
If so, (1) does the reduction apply to loans under the loan-subsidy scheme; (2) does it apply to statutory bodies other than local authorities; and (3) what is the total annual value of the reductions?”

The TREASURER (Hon. W. Forgan Smith, *Mackay*) replied—

“Relief has been afforded to local authorities and other statutory bodies by a reduction of 1 per cent. as from the 1st July, 1935, in the rate of interest on loans obtained from the Government. The reduction applies to loans which carried interest in excess of 4 per cent. prior to the 1st July, but the interest will not be reduced below 4 per cent., nor will the reduction apply to subsidised loans, on which 5 per cent. is charged. This reduction and a similar concession, which was granted as from the 1st January, 1935, to borrowers for the erection of dwellings and homes and to primary producers, are estimated to result in an annual saving of £170,000 in the interest payable by local authorities and individual borrowers.”

THURSDAY, 29 AUGUST, 1935.

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

QUESTIONS.

BLACKBUTT, YARRAMAN, AND NANANGO TIMBER AREAS.

Mr. EDWARDS (*Nanango*) asked the Secretary for Public Lands—

“1. Is it proposed to make public the report of the Land Administration Board on the Blackbutt, Yarraman, and Nanango timber areas; and, if so, when?”

“2. If it is not proposed to table this report, will he make it available to hon. members for perusal?”

The SECRETARY FOR PUBLIC LANDS (Hon. P. Pease, *Herbert*) replied—

“The report, which was furnished for the information of the Government, is still under consideration.”

UNEMPLOYMENT RELIEF TAXATION AND BENEFITS.

Mr. BRAND (*Ysis*) asked the Secretary for Labour and Industry—

“1. Are the recent statements in the public press correct in regard to the proposed concessions in connection with unemployment relief taxation and relief payments?”

“2. What is the estimated annual value of each of these concessions?”

The SECRETARY FOR LABOUR AND INDUSTRY (Hon. M. P. Hynes, *Townsville*) replied—

“The information will be disclosed in the Treasurer’s Financial Statement and when the amending Bill is brought down to the House.”

PAPER.

The following paper was laid on the table:—

Regulations, dated 22nd August, 1935, under “The Primary Producers’ Organisation and Marketing Acts, 1926 to 1932.”

SUSPENSION OF STANDING ORDERS.

TEMPORARY CONSTITUTION OF COMMITTEES OF SUPPLY AND WAYS AND MEANS.

APPROPRIATION BILL, NO. 1.

The PREMIER (Hon. W. Forgan Smith, *Mackay*): I move—

“That so much of the Standing Orders be suspended as would otherwise prevent the immediate constitution of Committees of Supply and Ways and Means, the receiving of resolutions on the same day as they shall have passed in those Committees, and the passing of an Appropriation Bill through all its stages in one day.”

Question put and passed.

SUPPLY.

VOTE ON ACCOUNT—£3,250,000.

MESSAGE FROM THE GOVERNOR.

Mr. SPEAKER announced the receipt from His Excellency the Governor of a message recommending that the following provision be made on account of the services for the year ending 30th June, 1936:—

“From the Consolidated Revenue Fund of Queensland (exclusive of the moneys standing to the credit of the Loan Fund Account) the sum of £1,600,000;

“From the Trust and Special Funds the sum of £1,000,000; and

“From the money standing to the credit of the Loan Fund Account the sum of £650,000.”

COMMITTEE.

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

The CHAIRMAN: I take this opportunity of thanking hon. members for the honour they have conferred upon me in electing me to the office of Chairman of Committees of this Parliament. I appreciate the compliment that has been paid me in electing me to the position unopposed. I feel that the experience and knowledge that I gained as Chairman of Committees during the last Parliament must be of benefit not only to myself but to hon. members generally in the conduct of the business while the House is in Committee. With a continuance of the co-operation between the hon. members and the Chair that existed during the last Parliament I feel sure that the business in Committee will be carried out in accordance with the Standing Orders and the other rules of procedure of Parliament.

HONOURABLE MEMBERS: Hear, hear!

The TREASURER (Hon. W. Forgan Smith, Mackay) [10.39 a.m.]: I move:—

“That there be granted to His Majesty, on account, for the service of the year 1935-1936, a further sum not exceeding £3,250,000 towards defraying the expenses of the various departments and services of the State.”

The sums appropriated towards the services of the current year, 1935-36, by Appropriation Bill, No. 3 of the last parliamentary session were—

£

Consolidated Revenue Fund	1,800,000
Trust and Special Funds ...	1,000,000
Loan Fund Account ...	750,000

Of these sums, the amounts appropriated from the Consolidated Revenue Fund and Trust and Special Funds, respectively, will be exhausted by the end of the current month. There will probably be a small unexpended balance of the appropriation from Loan Fund Account.

Appropriation Bill, No. 1, which was assented to on 31st August, 1934, made available for the financial year 1934-35—

£

Consolidated Revenue Fund	1,600,000
Trust and Special Funds ...	1,000,000
Loan Fund Account ...	800,000

[Hon. W. Forgan Smith.

The Bill now under consideration makes available for the current year—

£

Consolidated Revenue Fund	1,600,000
Trust and Special Funds ...	1,000,000
Loan Fund Account ...	650,000

The sums for Consolidated Revenue Fund and Trust and Special Funds, respectively, are therefore the same as Parliament provided this time last year. Provision for £150,000 less is required from Loan Fund Account. The aggregate provision now required on account of all services is £3,250,000, as compared with £3,400,000 appropriated at this stage last financial year. The sum of £3,250,000 is estimated to be sufficient to meet requirements on account of all services for about two months.

The deficit in the Consolidated Revenue Fund for the current year, which it has been agreed shall not exceed £1,300,000, is to be provided from loan raisings. This method is rendered necessary by the refusal of the Commonwealth Bank Board to continue to take up Treasury bills for revenue deficit purposes. The sum of £1,000,000 has been allocated from the proceeds of the loan of £12,500,000 raised last June, towards meeting the deficits of all the States. Queensland's share of the allocation is £270,000. The balance of the deficit will have to be provided from the proceeds of future loans.

The loan programmes of the States, which were agreed to by the Loan Council in May, provided for expenditure by Queensland amounting to £4,100,000 during the present financial year. It is estimated that towards this sum repayments to the Loan Fund Account will provide £1,100,000, and we had about £1,100,000 cash in hand on the 1st July. We shall, therefore, have to procure approximately £1,900,000 from the proceeds of loan issues. Of this sum £466,230 was obtained from the loan issued in June, £332,000 was procured from the Commonwealth Savings Bank in July under agreement between that bank and the State, and £700,000 by way of investment of the reserves of the State Government Insurance Office.

Mr. RUSSELL (Hamilton) [10.42 a.m.]: It is usual at this stage to offer some remarks as to the general financial position of the State and in view of the opinions of economists and others as to the influences that operate during times of depression, one often wonders how long the pace the Government have set is going to last. Now, it is impossible to take in all the details of the Treasurer's proposals, but it is evident that in the aggregate the country is to be committed to a fairly large loan programme during the current year. We know it has been often stated—it was repeated during the election campaign—that Labour always believed in accelerating loan expenditure during times of depression. The truth is that I have never seen any instance where they have decreased the rate, even in prosperous times. Analysing the whole administration of Labour since it took office in 1914, year by year, it has added a good deal to the public debt; during the last three years of office the present Administration have saddled the country with a further £8,000,000; and at the present rate of progress it is very likely that at the end of the present Parliament the country will have been landed with a further sum of probably no less than £8,000,000. Economists

have ventured the opinion that in days of depression it is wise to utilise idle funds. I agree with that view because idle money, like idle labour, wastes, and if private enterprise is not in a position to utilise such funds, probably as a result of many causes beyond its control, Governments—not only this Government but every Government—would be justified in utilising them and applying them towards works of a productive character. There can be no argument against that course. But no one can show that much of the loan money expended during the last few years has been applied to reproductive works. We see, year by year, a charge on the revenue to make good losses on unproductive works, and this alone is causing a great deal of extra taxation.

Now, the Labour Party have been very profuse in days gone by in their detestation of a loan policy, and in this regard—as indeed with the bulk of their policy—have turned a complete somersault. If you analyse the whole of the present policy presented to us, you will find an absence of many of the leading features of the Labour programme. We know very well that many of the leading Labour protagonists outside of the House are endeavouring to spur on members of the party to put into effect many of their socialistic plans. The whole of the programme of Socialism has been hidden, kept out of the way, and the people have been told that the policy carried out in the last Parliament will be carried out during the present Parliament. There is no doubt that the present Government have received a mandate from the people, and that mandate is to “borrow ad lib.” I am afraid that in Australia we are placed in a very peculiar position, owing to the depression, which has lasted for a considerable period. The ordinary man in the street is not very concerned about the future at all, and I think this applies to nearly every citizen. They live from day to day and from hand to mouth. It is impossible to put into effect any long range policy. This inability applies to every Government so that every Government take the path of least resistance which is to borrow for immediate needs and leave posterity to look after itself. I repeat that I wonder how long this pace can go on, because the man in the street says, “I am not worrying about our commitments; this policy will last my days?” Whether that policy is a right or wrong one the electors themselves must decide. There is no doubt that they have already decided to condone the borrowing policy of the Government and all that we can hope for is that the policy will be conducted with a view to having the moneys invested in works of a reproductive character. I am sure that most of us must feel very disappointed that as a result of the borrowing policy that has been followed out in Queensland there has been a big exodus from the country districts. The population of Brisbane and other large centres has been considerably loaded by the influx of people from the country; the inducements offered in the city as a result of the expenditure of loan money on various schemes for the relief of unemployment have attracted more people to the cities than they can conveniently carry or should carry. That policy is wrong; the opposite policy should be pursued. We should encourage a greater population in country areas than is there to-day. Every new loan and every amendment of the unemployment relief

provisions tend to aggravate that evil. We noticed by the voting at the last general elections how the population had grown in the city of Brisbane and in other large centres. The policy of expending loan money should be directed towards its investment in reproductive works in which country interests would receive their fair share. I have no objection whatever to the expenditure of this money on such works as sewerage schemes, the extension of electric light, power, and water facilities; and the pushing forward of schemes for the alleviation of drought losses. I am certain that the Opposition are quite prepared to give every support to measures of that kind.

If we analyse the position we find that the present Government came into office three years ago with a promise to reduce taxation and to afford the necessary stimulus to trade, but despite the benefit of buoyant revenues their deficit during their three years of office was only £400,000 less than the aggregate deficit of the Moore Administration. Of course, the revenue cannot be described altogether as buoyant, because some of the increases were purely exactions from the taxpayers. It must be remembered that during the years 1929-32 Queensland was in the throes of one of the greatest depressions that have ever struck this continent. During this most pressing time in the history of the State, the accumulated deficit of the Moore Government amounted to £3,640,000. When the tide turned in 1932 one would have thought that with all the advantages that accrued to the new Government they would have been able to balance their budget. They did have the benefit of improved conditions. They had the benefit of the increases in the price of wool, higher gold prices, and a reduction in Commonwealth taxation, which undoubtedly would be reflected in a higher earning capacity by the people of Queensland. The so-called buoyant, at any rate, the increased revenue was brought about by a reimposition of the super land tax, increased income tax rates, increased railway fares and freights, and motor transport fees, transfers from the Main Roads Fund to consolidated revenue, a special grant of £205,000 from the Commonwealth Government, and—most important of all—a big reduction in exchange and interest rates. Roughly speaking, these advantages must have amounted to almost £2,000,000. With all that in their favour one would have thought that it would be possible for them to balance the budget, to reduce taxation, to lighten the unemployment relief tax, a tax that is bearing very heavily on the incomes of the people of Queensland. Yet despite all those advantages the Government ended up their last year with a deficit of £565,000, the worst record of any Administration in Australia. Some of the other States showed surpluses; others showed small deficits. The deficit of Queensland stands out clearly as the worst record of any Government in Australia to-day. As I said just now, the public debt has increased in three years by £8,000,000, and is likely to be considerably increased in the next three years. That being so one naturally wonders what the future will bring forward, and for how long we can expect to fall back on the idle funds in Australia. The last Commonwealth loan indicates some uneasiness on the part of investors and a disinclination to find the amount asked for. Various reasons have been assigned for this result, but I think

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the National Bank of Australia, Limited, in its circular of a recent date, hits the nail on the head. The circular states—

“It is evident that public feeling is opposed to the extent to which Governments are borrowing or attempting to borrow, and, further, there is a growing feeling among investors that more definite information should be supplied about the works, etc., upon which loan moneys are to be expended. Loan expenditure, unless it be on works truly productive, means increased taxation, which to a large extent has to be borne by those subscribing to loans.”

It goes on to say—

“The movement in banking figures in the last twelve months clearly discloses a call for money for trading and industrial purposes, leaving less in the market for loan investments.”

The time must surely arise when difficulty will be experienced in raising these large sums to relieve unemployment. While we are all desirous of minimising that evil, at the same time great perspicacity must be exercised in the expenditure of money; we must try to see that it will earn sufficient to pay interest. Our experience of Labour Administrations of the past leads us to believe that in the term of the present Cabinet there will not be that wise supervision over the expenditure of large sums of money that is necessary if this result is to be achieved. If the works are not productive the loss must be reflected in higher taxation rates.

To-day the bugbear of industry is the enormous taxation that is practically strangling industry. We hear a good deal of talk about prosperity. I should like to know where much of this prosperity is. If we analyse the recent figures published by the Registrar-General, giving details as to the growth of factories in Queensland during the last seven years, we shall find that there has been an increase in the output and in the number of hands employed. One would have thought that the expenditure of these vast sums of loan moneys would have given the necessary stimulus and encouragement to certain industries, but while there has been some increase in output the increase in the number of hands engaged in factories applies to a very large extent to primary industries, or what might be called sub-primary industries, such as raw sugar mills, butter factories, and cheese factories. That is where the greatest increase has taken place; but these increases have taken place naturally owing to the good seasons and to the demand overseas. One fails to see any great improvement in our secondary industries. They are gradually disappearing, and, of course, going to the Southern States. That cannot be wondered at, and I, as a Queensland, am ashamed to admit it. We know we have a very fine State, but it has been mismanaged by Labour for a great many years. As a result of this mismanagement the citizens have been loaded with debt and taxation. We have the highest taxation of all the States in the Commonwealth. While we boast of the highest basic wage and the shortest working hours, we find that industry will not locate itself in this State. The severity of income taxation and land taxation is greater in Queensland than in any other State in the Commonwealth. In a

table recently compiled by Professor L. F. Giblin we can see striking evidence of the great disadvantage under which this State is labouring to-day, and with the increased taxation that must occur owing to the borrowing of large sums of money she will be out of the race with secondary industry. In the development of our primary industries we have practically reached the saturation point in the disposal of our products. At all events, the outlook is not bright, and one naturally turns one's mind to other avenues where we may employ our people. It seems to me that the main avenue exists in the greater encouragement of our secondary industries, and in order to encourage the establishment and expansion of secondary industries we must remove many of the handicaps under which they labour in Queensland as compared with the other States. Professor Giblin puts the whole case clearly before us in the following index figures, showing a comparison of taxable capacity and severity of taxation in the various States:—

	Taxable Capacity.	Severity of State Taxation.
Queensland ...	79	132
New South Wales ...	103	120
South Australia ...	76	100
Tasmania ...	74	86
Western Australia ...	82	74
Victoria ...	116	67

It will be seen that the severity of taxation is greatest in Queensland. As a matter of fact, whereas the severity of taxation in Victoria is 67, that of Queensland is 132, or nearly double. That is brought about by the higher rates of taxation here, including land and municipal taxation. As compared with the city of Melbourne, the city of Brisbane inflicts probably three times as much municipal taxation on the taxpayer.

The TREASURER: You are entirely wrong.

Mr. RUSSELL: I think my assumption is correct.

The TREASURER: If you take the basis of value, it will alter the whole position.

Mr. RUSSELL: I know that the basis of value in Melbourne is rental value; but bearing all factors in mind, I think I am right in saying that Brisbane municipal taxation is three times that of Melbourne. Under these handicaps, how can Queensland progress along the line of development of secondary industries? It shows how necessary it is for the Government to exercise the greatest economy in their financial administration—first to see that loan money is expended on reproductive works, and, secondly, to see that the greatest economy is exercised in the administration of the affairs of the State. Judging by the present rate of progress, it looks to me as if we shall be faced with the same position three years hence that we experienced in 1929. It is generally admitted that, but for the Premiers' Plan, Australia would be practically insolvent. Queensland derived a great advantage from the Premiers' Plan, the savings accruing thereunder amounting to approximately £800,000. With the lavish expenditure of loan money, however, it is expected that those savings will have been

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dissipated by the end of the present Parliament. Whilst I advocate the utilisation of idle funds by Governments, I contend that if private enterprise is not afforded the opportunity of expending that money on reproductive works, it is essential to see that the money is expended wisely. One hon. member on the Government side said he believed that the Government should spend millions of pounds on public works. If that is a remedy, why stop at £4,000,000? Why not go to the extent of £40,000,000, on the assumption that the more that is spent the greater the earning capacity and purchasing power of the people? If we are to pursue that doctrine to its logical conclusion, it must end in disaster to the State. We must beware of any extreme inflation. We have the example of the United States of America using Government funds in its inflationary methods, whereas we are borrowing from investors. I think it is pertinent for me to quote some verses that I have obtained from "The Timberman," a lumber journal published in Portland, Oregon. I have adapted the verses to meet local needs. They are headed, "When are we coming back?" (Government laughter.) They read—

"WHEN ARE WE COMING BACK?"

"No one is looking for a job now.

'Cause they are on the dole;

Forgan Smith will furnish food and clothes;

He will even buy the coal.

"I don't know where we are.

Or how we'll create the jack;

I am not worrying about where we are going;

But, oh, God—when are we coming back?"

Of course, that means the country. Before I exhaust my time I desire to refer to Commonwealth taxation. It is popular for Labour demagogues to try to blame the Commonwealth, asserting that the Commonwealth Government impose too much taxation.

The TREASURER: Every Premier in Australia says that.

Mr. RUSSELL: I would ask the hon. gentleman which Commonwealth tax he would abolish in order that the Commonwealth Government might reduce taxation on the people of Queensland. Would he, for instance, advocate the abolition of the invalid and old age pensions and the maternity allowance? The total Commonwealth payments to the States last year were £15,800,000. Would the Treasurer like to have a larger sum than he got? The Assistant Treasurer in the Commonwealth Parliament put the case for the Commonwealth in a nutshell the other day when he stated that the Commonwealth is not taking out of the pocket of the taxpayers anything more than the amount that will cover the obligations it cannot escape. We cannot get away from that situation. It is idle to throw out a smoke screen or try to bolster up our case by blaming the Commonwealth. The payments to the States alone last year totalled over £15,000,000, out of which Queensland received her fair share.

The CHAIRMAN: Order! The hon. member has exhausted the time allowed him under the Standing Orders.

Mr. DEACON (*Cunningham*) [11.7 a.m.]: It would appear that the Treasurer is commencing this financial year pretty well in the same fashion as he did for the past three years. It appears that it is his intention to keep on spending as much loan money as he can get hold of. If that course is continued the Treasurer must find himself in the position of having to increase the rate of taxation. Such an increase may not be effected this year but it must come about eventually, in all probability next year. It seems to me that it will be an impossibility for him to raise sufficient by taxation to meet the situation in which he will find himself next year. It must not be forgotten that the present has been a bad season for all kinds of producers.

Mr. TAYLOR: Not for all producers.

Mr. DEACON: Nearly all.

Mr. TAYLOR: Only some. What about the dairying industry?

The CHAIRMAN: Order!

Mr. DEACON: The hon. member is not a dairy expert. Hon. members, if they care to do so, can make an investigation and see from the factory returns that the quantity of butter produced has fallen off considerably. There is no relief in the weather conditions at present, and after any drought or, in fact, any dry spell, it is a long time before farmers can recover. The cows do not come in and if cows after calving do not come in with full milk at the commencement they can never get to the same standard. Every person conversant with dairy farming knows this of his own knowledge. He knows that there is no recovery for a year after a set back by a dry spell.

The national income for Queensland next year will be a much smaller one than last, nevertheless the Treasurer proposes to proceed in the same fashion as he did when he was on a rising income. He had a higher amount of taxable income to work on and a steadily rising revenue. The hon. gentleman has now to face a decline both in taxable income and in revenue. In a good season and with a large revenue he failed to bring his revenue up to his expenditure by £500,000. During the next year, with a much smaller revenue to be received, he must have a higher rate of taxation. How long can he hope to continue this procedure of borrowing money for the ordinary revenue expenditure purposes of the State with the financial position as it is? It is to be noted that the money market is tightening. The raising of the last loan was slightly more difficult than the previous one and a higher rate of interest had to be paid. It seems certain that with each successive loan the rate of interest to be paid by the borrower will necessarily be slightly higher. Each loan is slightly more favourable to the lender and less favourable to the State. Let us not forget the position that existed in 1920, when the State could not obtain money in England. Queensland had to float a loan in America at a very high rate of interest. The bargain it made turned out to be very bad for this State. We had to pay a tremendous rate of interest, and the exchange rate went against this country. It is now not possible to go outside of Australia for the purpose of borrowing, as no country will lend money. We cannot borrow money even in London, because anything we have to offer is not good enough

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for them to accept. We have therefore to depend on the local market. The Treasurer is just over his election and he is safe for three years. The situation is bound to get worse. This year he might have pulled in a bit and by next election his action would have been forgotten. I do not say that because I want him to do that, because, as a matter of tactics, I should prefer to see him go on and spend away and meet his bad period about election time.

Mr. TAYLOR: Why bring it up?

Mr. DEACON: It is one's duty to point out these things. Every member of this Committee, no matter what he would like to do, has a job to perform, and it is the duty of every hon. member to point out to the Treasurer how things really are.

Mr. TAYLOR: Act as a kind of instructor in finance!

Mr. DEACON: I am not acting as an instructor in finance, but I am trying to show that the producers of this State are going to be hit by the Treasurer's proposals. The Treasurer proposes to go on with his schemes. The people on the land are going to be hard hit, and they are going to do the paying. All people get their living either directly or indirectly from the land. At the present time the man on the land is very hard hit by taxation, and if the Treasurer's proposals are carried into effect for this year only, he will have to bear heavier taxation. The Treasurer cannot let his finances get out of order. So far as his present proposals take him, he is simply going to borrow and not make any effort to meet his liabilities. Next year, or perhaps later on in this year, he will bring down fresh proposals for further taxation. We know that a little while ago he proposed to give some relief in so far as unemployment taxation was concerned. It was announced in the press at election time and promises were made on the hustings that relief would be given in this direction. A little bit of relief was given, but that was relief only in one form, and it was so small that it is hardly worth considering. Now, to put heavier taxation on the people in the country is bound, in the long run, to make the position of the State much worse than it is. There is a fair proportion of the people at the present time who are just able to hang on, and any extra taxation will knock them right out. That is the position of many people on the land; they are just able to continue as things are. I know members of the Government Party will say that extra taxation will not mean extra expense to the people on the land, but we must bear in mind that the business community in the city can pass on extra taxation. It is passed on in the form of an extra charge on everything they supply to the fellow up country.

Mr. TAYLOR: If that is the case, does not the worker help to pay?

Mr. DEACON: The worker automatically gets a rise in his wages from the Industrial Court if his expenses or cost of living go up. The man up country, the man on the land, can look for no increase in his income. He must accept a price for his products based on the price overseas, and nothing can alter that.

Mr. TAYLOR interjected.

The CHAIRMAN: Order!

[Mr. Deacon.

Mr. DEACON: If the hon. member for Enoggera would only stop talking and start thinking he would realise that for himself.

Mr. TAYLOR: There is one thing, I do use my own brains.

Mr. DEACON: If the hon. member uses his own brains—I do not dispute his claim—then it is a pity that he does not give some indication that he does. He would then earn some respect in this Chamber. Many hon. members appreciate sensible interruption in the Chamber, but I am afraid that anything the hon. member may say must count for naught. What he says in this Chamber does not make the slightest difference to anybody, but only redounds to the discredit of his own side.

The CHAIRMAN: Order! I am afraid the hon. member is deviating from the course of his speech.

Mr. DEACON: I apologise to you, Mr. Hanson, but I was led astray. In my opinion the Government have not expended their loan proceeds in the most equitable manner. For instance, a greater proportion of it has been expended in the cities than in the country. Of course I admit that important road construction programmes have been carried out in country districts, but the ratio of expenditure has undoubtedly been higher in the cities than in the country districts. The result is that the cities are becoming overcrowded, and despite the number of unemployed and the number still employed on relief work there is actually a shortage of labour in many parts of the State. The Secretary for Public Instruction is administering a bureau for juvenile employment in the hope of placing boys in work, but it is no use the Government establishing a bureau with the object of inducing boys to work up country.

The SECRETARY FOR PUBLIC INSTRUCTION: Why not?

Mr. DEACON: Because they can do better in the cities.

The SECRETARY FOR PUBLIC INSTRUCTION: Already 235 have accepted positions.

Mr. DEACON: What of 235?

The SECRETARY FOR PUBLIC INSTRUCTION: In a few months.

Mr. DEACON: It is longer than two months since I visited the department and could not secure even one boy.

Mr. POWER: You must be a bad employer.

Mr. DEACON: I did not want the boy for myself. At any rate, the hon. member does not know whether I am a bad employer or not, but I am prepared to give him a job on the farm so that he may learn for himself. The Minister can easily confirm my statement by referring to the Director of Education. I was anxious to obtain two boys, and could not secure even one, and they were to be placed in good places. I could have placed twenty boys, but what hope have I got when I could not secure even one to place in either one of two good places? There is no doubt that the boys are satisfied that they can do better here in the city. The Minister has intimated that already he has placed 235 boys in the country, but I suppose that is in all positions.

The SECRETARY FOR PUBLIC INSTRUCTION: No, definitely on farms.

Mr. DEACON: That is a very small percentage in view of the demand for boys on farms. Relief workers are to be found in practically every country town, but they are not prepared to go out and work on farms because they know full well that the farmer cannot pay them the same rates of wages as they are getting. He finds it impossible to do so because of the scanty return from his farm. He must earn his own living, it is true, but it is not sufficient to enable him to pay a wage that will attract boys to his employment. The boys prefer to remain in the city, and I cannot blame them when they know that they will be better off here. All the work that attracts them is being provided out of loan money, which is expended in such a way as to bring no additional return in national wealth. There is big waste in the expenditure of loan money and in the expenditure of relief funds, but the most tragic phase of it all is that there is no improvement whatever in our national income as a result of this expenditure. If the Government continue their policy the country will certainly get into a worse position.

The Treasurer, who is asking for a large amount of money to cover commitments within the next few months, should pay more regard to the need of the country and the development of the country than he is doing at the present time. All the big work proposals, many of them unnecessary, are centred around Brisbane. We see great Government buildings being erected. The Government have a programme that embraces the erection of a large number of new Government buildings in Brisbane. They are all big buildings. We have already got a new building to house the Department of Agriculture, and much of it is unnecessary. We still have other buildings to be erected when the present Government buildings are quite sufficient to cope with the needs of Government staffs. Yet we are to have more! Every £1 that is put into a building that is unnecessary is money wasted, because it will bring nothing in return. There is to be no saving in rent and no saving in the cost of Government administration. It will be the other way about, as these buildings will mean an increase in the cost of Government administration. At the same time we have many proposals in the country that could be helped. For instance, a railway has been proposed, not in my electorate, but in the electorate of the hon. member for Warrego, from Charleville to Blackall. That railway can be built for nothing. It can be built out of the savings of money that is being invested, and that would mean no interest or anything of the kind for the State. As a railway it would be a good investment for the State. The savings it will effect every few years in stock would very soon repay the cost of building it. Any proposal that would mean a saving of stock or giving assistance to the people in the western areas means a great deal more to the State, and brings in a greater value to the State, than the expenditure of a similar amount of money in the city. This huge expenditure of loan money in Brisbane must stop sooner or later; otherwise more people will be coming to the city from the country. I get applications—and every hon. member representing a country constituency is in the same position—to try and get boys placed in the city, especially in the Government service. The writers say "Get him

somewhere! Get him off the land! The land is no good!" that is the cry of all of them. They also say "A boy will be much better off in the city; he will be better paid; shorter hours, a better outlook; a better future; and more prospects for a rise than he has in the country." What has been the Government policy for the last three years? Feed the towns and starve the country!

Mr. WATERS: That is not a fact.

Mr. DEACON: It is a fact. Show me anywhere in the State where the Government have had a proposal to spend something like £4,000,000 on one big work.

The SECRETARY FOR PUBLIC INSTRUCTION: There is the Stanley River dam works. That is not Brisbane.

Mr. DEACON: There is not a proposal to build a railway anywhere. Take the towns from Brisbane right up the coast and it will be seen that everyone of them has some big loan project. I admit that there is a little bit of loan expenditure in the country. It might be our proportion so far as population goes, but not so far as the development of the country the creation of wealth and national income are concerned. The city has to live on that expenditure as well as the country. The expenditure of more money on the country would bring in very much better results. It would lessen the burden of taxation on the State. I know that some hon. members seem to think, especially representatives of town electorates, that you have only to build a town and that is the wealth of the country. It is not. If the country is not developing then the towns are going to suffer, and the townspeople are going to suffer sooner or later as a result of the neglect of country interests. I hope that starting with this year the Treasurer will in the three years of his office see that Queensland country industries are not neglected, for, after all, that is everything that counts in the welfare of the people of this State.

Mr. WATERS (*Kelvin Grove*) [11.30 a.m.]: At the outset I desire to congratulate you, Mr. Hanson, on your re-election as Chairman of Committees. The success that characterised your efforts in the last Parliament will, I feel sure, be a feature of your occupancy of the position in the present Parliament.

In the speeches delivered by hon. members opposite to-day we have had a re-statement of the old policy advocated time and again in this Chamber. Every endeavour is made by these hon. members to decry the State and to damage its reputation. After listening to the speech of the Deputy Leader of the Opposition one could have no other opinion than that he was playing the role of a Jeremiah and endeavouring to damage the credit of Queensland. In the eyes of that hon. member every Tory State throughout the Commonwealth is a paragon of virtue, but on the other hand he cannot view optimistically the future progress of this great State. In May last the people of Queensland had an excellent opportunity of testing the relative merits of the Nationalist policy and the Labour policy, and even in the country districts referred to by the hon. member for Cunningham the people gave a thumping majority for the Labour Party. The Nationalist Party are so hopelessly discredited amongst their own supporters, both in the city and in the country districts,

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that they are now in the unique position of having the smallest Opposition in the history of this Parliament. Nevertheless, the members of that Party persist in advancing the arguments they adduced in the last three years! They are indeed voices crying in the wilderness, and so long as their mental outlook is conditioned by the thought that prevailed two hundred years ago they will undoubtedly remain in opposition. The people of Queensland will pay no serious heed to them.

The main criticism of hon. members opposite is directed to Labour's loan policy. At one stage the Deputy Leader of the Opposition almost reached the point of agreeing with the policy, but later on gave his approval only to certain features of loan expenditure associated with reproductive works, such as sewerage works, electric light extensions, and the provision of water facilities. The hon. member does not believe in other loan projects which to suit his purposes were unnamed. As a matter of fact, most of the loan money expended during the last three years has been appropriated in the directions named, but apparently the hon. member for Hamilton is in disagreement with his colleague, the hon. member for Cunningham, who apparently does not believe in the expenditure of loan funds on sewerage, electricity, and water supply undertakings, but believes that the funds should be expended in country areas in unnamed and unknown projects.

The world is undoubtedly facing a very serious position to-day, and no matter how hon. members opposite may criticise the loan policy of Governments, the fact remains that private enterprise has been found wanting in providing employment, and that Governments have had to come to the aid of the unemployed in every country of the world. The hon. member for Hamilton has referred to the position in the United States of America. For years that country stoutly resisted the employment of Government funds on public works projects, but has now been forced to spend millions of dollars in order to cope with unemployment.

Mr. NIMMO: And the number of unemployed is increasing.

Mr. WATERS: No; reliable authorities state that the unemployment situation has been considerably eased in that country and that had it not been for the expenditure of public moneys by the Roosevelt Administration, serious upheavals and riots would have occurred throughout the country. As a matter of fact, the policy being adopted there is the only one calculated to relieve the unemployment tension in that country. In France the same thing is taking place. The Government there are subsidising unemployment schemes. France has been forced into the same position as the United States because of the fact that private enterprise has shown itself incapable of shouldering its responsibilities. America is a land of comparatively little taxation of industry. Labour conditions, from the point of view of the employer, are almost ideal. There are no industrial inspectors and no industrial awards of any magnitude. Despite all these factors and despite all the obstacles that hon. members opposite allege hedge round Queensland and obstruct its progress, the fact remains that in America, with all the facilities afforded to the employers,

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there was an unemployed army of approximately 15,000,000 until the Government presided over by President Roosevelt undertook the task of relieving the pressure. It is all very well for members of the Opposition to speak about the restrictive effect of taxation and labour conditions governed by industrial awards and interstate competition, but the fact remains that a "high wage" community is the best kind of Commonwealth from the point of view of everyone living therein. Queensland's success during the past three years has been largely contributed to by the fact that there are in this State the highest basic wage and the lowest cost of living in the Australian States. These levels have been attained because of the policy pursued by Labour administration.

The returns of the last State elections show clearly that the Nationalist Party must have lost thousands of its supporters. These erstwhile supporters deserted that party because of the hopeless policy presented by their leader. I refer to the motherhood endowment and other fictitious schemes which, because of their obvious impracticability, could not be entertained by intelligent people. That is the cause for the great dwindling in the ranks on the benches of the Opposition.

Mr. BRAND: Do you believe in motherhood endowment?

Mr. WATERS: We do not believe in such a hopeless scheme of motherhood endowment as was proposed by the Leader of the Opposition at the last State elections.

Mr. BRAND: What about the Federal public service scheme?

Mr. WATERS: In the Federal public service there is a different scheme altogether. It is now easy to understand how the members of the Opposition adopted that policy at the behest of their leader. Either they were not placed in possession of the full facts or were utterly incapable of understanding the position. The Deputy Leader of the Opposition has mentioned what he regards as the dire effects of the loan policy pursued by the Labour Government and their record. Investigation of financial journals will show to each and all of us that during the last two years trading companies in this State have benefited considerably from the effect of the reign of Labour. In Brisbane the trading companies are maintaining their position. They are paying dividends and in many instances increasing the rate thereof.

Mr. EDWARDS: That is quite true so far as money is concerned.

Mr. WATERS: I thank the hon. member. Of course it is quite true. It is an undeniable fact. At the annual meetings of trading concerns the men in charge have drawn attention to the improved conditions made possible by Labour administration. Just prior to the last election Sir William Glasgow—and he was a leading light in the Nationalist Party—drew pointed attention to the improvement that had been made in Queensland. He further said that he hoped that that wise government would continue. The electors took his advice to such purpose that they have ousted a number of the old Opposition.

An OPPOSITION MEMBER: Do you think that was the cause of our defeat?

Mr. WATERS: There are many causes for their defeat. The personnel of the Leader of the Opposition is one of the causes of the defeat, but the hopeless policy advocated by the hon. gentleman and the lack of public confidence in him are the greatest factors in the defeat of the Moore regime.

The CHAIRMAN: Order!

Mr. MAXWELL: He is still the leader to-day.

Mr. WATERS: The unemployment position has undoubtedly improved since Labour came into power. As a matter of fact, since Labour have been in office something like 32,000 men have been placed in full-time employment. Labour has been responsible, through its loan policy, in placing men in full time positions and improving the conditions of relief workers.

Mr. MAHER: How many are still on relief?

Mr. WATERS: The fact remains that the conditions of those on relief have been improved. There is a constant stream of men being placed in full-time employment, and this fact cannot be denied. The hon. member for Cunningham went on to say that there was no reproductive return for the spending of loan money. His attitude was that posterity would have to bear the burden. It is the expenditure of loan money by previous Governments—National Administrations and the like—that has made it possible for men to settle in farming constituencies represented by members like the hon. member for Cunningham. If previous Governments had not pursued loan policies and had not embarked on the building of railways and roads, settlers could not have settled to the extent they have. In a young country like Queensland, or a nation like Australia, there is no limit to the development that may take place. Loan money must be available for further developmental purposes.

Mr. RUSSELL: There must be some end to that.

Mr. CLAYTON: There was an end to Beerburum.

Mr. WATERS: There was nearly an end to the hon. member at the hands of a Douglas Credit candidate. The fact remains that there is no end to the extent that a country like Australia can be developed, if we go on opening new roads and throwing open further areas for developmental purposes. While we are embarking on developmental schemes, the Government and municipal bodies throughout the State are justified in pursuing the policy that has been adopted during the last three years. I think the majority of the people of Queensland have proved that Labour's policy was right, and if the Opposition continue to put up the same arguments as they have done during the past three years we shall have the satisfaction of knowing that their next appeal to the electors will be futile, and quite a number of those now sitting on the Opposition benches will have gone by the board.

Mr. EDWARDS: You will have to look out for yourself.

Mr. WATERS: Probably I shall, but I do not think I shall adopt the attitude adopted by the hon. member for Nanango, for a man paid him to organise the seat for him and then he dropped in at the last minute and stole the seat off him. I think I shall

probably adopt a more honourable course than that.

The CHAIRMAN: Order! The hon. member is not justified in accusing another hon. member of stealing. I would ask the hon. member to withdraw that term.

Mr. WATERS: I was only using it in a figurative sense.

Mr. EDWARDS: I would ask that the hon. member be made to withdraw the statement.

The CHAIRMAN: Under the procedure of this House the statement should be withdrawn.

Mr. WATERS: If it is offensive to the hon. member for Nanango I will withdraw it.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [11.47 a.m.]: The debate, so far as it has proceeded, has not dealt very fully with the general financial position. That remark applies particularly to the hon. member for Hamilton, who obviously spoke as the nominee of the Leader of the Opposition. His attitude, of course, was naturally restrained because of the circumstances. Neither he nor anybody else can get away from the fact that the general financial policy of the Labour Government has been endorsed in no uncertain way by the people of this country. In other words, we have received a mandate from the people to carry on the financial policy that has been followed in Queensland during the past three years. Naturally much argument circles round the question whether the expenditure of itself is justified as well as round the nature of the expenditure, too. There can be no doubt that the ideal in connection with loan expenditure would be an expenditure that gave an ever-increasing return, or, in other words, an expenditure that provided a more regular form of employment after the initial expenditure had been made. There can be no doubt at all about the validity of that contention, but all public works cannot be carried out on that basis. There are public works that are in the nature of services, and the money expended upon them does not of itself give the financial return that meets the approval of the accounting eye that is for ever on the profit and loss account. Still, expenditure of this kind is inevitably in the interests of the general public.

The hon. member for Hamilton, finding it necessary to make excuses for the taxation policy of the Commonwealth Government, asked this Government to suggest what field of activity the Commonwealth should vacate or what social service they should bring to an end. He went on to point out that the Commonwealth Government were committed to certain forms of expenditure for social services, and that no just Government could argue in favour of their discontinuance. That certainly does apply to a considerable amount of Commonwealth expenditure, including the amounts required for old-age, invalid, and war pensions. In addition, there are commitments under the Financial Agreement involving annual payments to the States from customs revenue and in the provision of their share of the amortization fund. But a similar case can be presented by the State. Anyone who cares to peruse various publications relating to public expenditure

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presented to Parliament will readily see that the State is committed to an expenditure involving increased and improved services to the State. Will anyone contend that the expenditure on educational facilities is an unproductive one? The hon. member for Hamilton, like hon. members opposite generally, are in danger of adopting an attitude of mind that was so vigorously developed by Mr. Fadden, the ex-member for Kennedy, who tried in this Chamber and in his articles in the press to make it appear that unless interest was earned loan money must be regarded as being expended upon unproductive work. Such a contention is basically absurd. If that contention were adopted it would merely lead to an increase in the bookkeeping activities of the Treasury Department. It would be necessary to charge the Department of Public Instruction a rent for all the land that it held, and a sum based upon the interest and redemption required to cover the cost of the construction of school buildings. It would be necessary to charge the Parliamentary Buildings Committee a rent for the ground that the building occupied, based on a proper rate of interest and redemption on the money expended. That would merely inflate the expenditure and revenue sides of the Treasurer's Financial Tables. One could go on for a long time conclusively proving that it is sound economy to expend money in providing increased and improved services in the State.

Let us consider the proposed construction of the Stanley River dam, about which a question was asked this morning. Will anyone argue that that scheme is not in the best interests of Brisbane and its immediate environs? In the first place an additional water supply is required for the component local authorities. A water supply is the life blood of the community, and it must be provided. There we have a service. On the other side there is always the ever-present danger of flood damage, and what has happened before in Brisbane as a result of the untrammelled forces of nature is likely to happen again. The loss that would be incurred from any one flood could be far greater in one year than the whole of the loan expenditure that is likely to be incurred in the construction of the Stanley River dam. I mention these things to indicate how hon. members must probe beneath the surface of things and get to the basic facts that underlie expenditure.

The other important point is this: Is it going to be suggested that all relief expenditure to be carried on by the Government must be from revenue? Can people argue that all the capital expenditure involved in getting men relief work and in preventing them from starving should be a charge against the annual revenue account? If that contention is being put forward seriously, then the reply is that taxation would be so great that the people would not be able to carry on under the burden. The methods adopted by the Labour Government of Queensland cannot be attacked because of any alleged failure. They are attacked by hon. members opposite because of their undoubted and apparent success. The Labour policy is, briefly, to put to work in the public interests unemployed men and capital that would otherwise be unemployed. We have shown very clearly that our results have placed in regular employment, apart from Government services at all, a vast number of addi-

tional men. These men are wealth-producers. Their wages represent an increased spending power to the community. That is of advantage to all concerned.

On the other side, let me deal with the financial institutions, which provide the major portion of the loan funds. There is the Treasury bill position, which I mentioned this morning when introducing this resolution. Has anyone the temerity to say that the issue of Treasury bills by the Commonwealth and various State Governments was not in the interests of the financial institutions themselves? During the period this Government have been in power Treasury bill rates of interest have been brought down from approximately 6 per cent. to 1½ per cent., but the point I am seeking to drive home, Mr. Hanson, is that were that avenue of investment not available to the financial institutions who took up those bills how would they have been placed in regard to their commitments to their depositors and shareholders? As a matter of fact, these Treasury bills were panna from Heaven to the financial institutions, and enabled them to obtain a suitable avenue of investment when no others were available. The same applies to the general loan funds that have been raised by the various Governments. One of the loans that were raised was at the low rate of 3 per cent. That is the lowest rate at which a Commonwealth Government has ever been able to raise money. It was only equalled by a loan issued by the Government of Queensland in 1901—in the first year of Federation. At that time £900,000 was borrowed at 3 per cent. That low rate of interest is in itself an indication that avenues of investment in private industry were not available, and that our policy of putting unemployed men and unemployed capital to work was a well-balanced policy and in the interests of the country as a whole. When we hear hon. members opposite talking at length about the value of financial institutions to Australia—I am not seeking to depreciate that value by any means—I want to say that the policy that has been carried out during the last four years has been of advantage not only to the unemployed but also to all the people, including the financial institutions which otherwise would not have had this avenue for investment.

The hon. member for Hamilton, in the statement of the case he put forward on behalf of his side of the Committee, said that during the period we have been a Government we received the benefit of the decreased payments for exchange. If the hon. member seriously thought so he has not taken the trouble to look up the various financial reports that are available to him. As a matter of fact, during the period we have been in power we have paid far more in adverse exchange than was paid by our predecessors during the previous corresponding period.

During the period of the Moore Government the amount paid in adverse exchange was £1,570,000, whereas during our period of office it was £2,754,000, or a difference of £1,184,000. Those facts cannot be contraverted and afford a complete answer to the hon. member for Hamilton in reference to exchange.

Exchange problems bristle with difficulties, and one has to look beneath the surface to determine whether or not the exchange is

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of advantage to this country. As the result of my own personal investigations and from the opportunities I have had of consultation with experts in those matters, I definitely assert in this Parliament that the payment of exchange to the extent of the 25 per cent. at which it is at present pegged has been of value, not merely to Queensland, but to Australia. It is not my purpose to analyse the figures in detail this morning, but anyone who doubts the truth of my assertion need only divide by one-fourth the figures showing the value of exports from Queensland to ascertain what the adverse exchange is worth. When I was in London a number of people asked me why Australia maintained exchange at its existing rate. I replied that there were two good and valid reasons. In the first place, when the exchange rate was fixed at its present figure, Australia was buying more than she could afford to pay for, and as a debtor country cannot continue indefinitely to buy more than she can sell, it was found to be expedient of prohibiting the importation of luxuries and the consequent inflation of her adverse trade balance. The policy adopted has proved a success, for the adverse trade balance has been corrected, and as a consequence the fiscal position of the Commonwealth has improved. But there is another reason that I do not think has previously been referred to in this Parliament, and it was a further reason I advanced in response to the query of a distinguished gentleman in London as to why Australia kept the exchange pegged at the present rate although adequate funds existed in London to enable a reduction in the premium on exchange, even to bring exchange to par. Hon. members generally should understand the position. Australia has a protective tariff. The subject is a controversial one, I know, but as a Commonwealth we have definitely approved of a protective tariff for our industries—a tariff that applies, not only to primary industries, but to secondary industries as well, so that those industries have a protected home market and under the shelter of the tariff can obtain a price level that has a definite ratio to the value of the protective duty imposed. A premium on exchange such as we are operating under at the present time gives export industries the benefit of an export bonus which otherwise would not exist. That aspect must surely be clear, not only to hon. members of this Parliament, but also to the public generally. Australia is a great exporting country. Queensland exports millions of pounds' worth of produce—minerals, wool, meat, butter, etc.—every year, and the method of pegging exchange has resulted in the payment of what amounts to an export bounty to those industries that are dependent on the world's markets. The immediate result of that is a more balanced economy within Queensland and within Australia. The protective tariff shelters various industries; the pegging of exchange helps the producers and the exporters to get a higher price level than would otherwise be the case were the exchange at par or less than it is at the present time. I thought it desirable, because of the controversial nature of the subject, to make the position clear, and to emphasise the fact that the hon. member for Hamilton had neglected to examine the figures when he asserted that we had paid less in exchange than had our predecessors.

Mr. RUSSELL: You are begging the question.

The TREASURER: I would not like to beg of the hon. member.

The CHAIRMAN: Order!

The TREASURER: Perhaps I am dealing with the thing in a way the hon. member is not pleased with.

Mr. RUSSELL: I know all about it.

The TREASURER: Then the hon. member has the advantage of me—I am quite candid enough to admit that. The hon. member for Hamilton, with a wave of his hand, says he knows all about it. I reply by saying that the hon. member has the advantage of me if he knows all about it, and that he is the only man that I have ever met who was egotistical enough to assert that he knew all about it. There are quite a number of facets of this question that are beyond the ken of the hon. member, still more beyond his understanding. Shakespeare has said:—

“There are more things in heaven and earth, Horatio, than are dreamt of in your philosophy.”

The same thing applies to the economic knowledge that the hon. member lays claim to possess. If he “knows all about it,” he is wasting his time in this Parliament. He should be appointed to a position carrying much higher honours and, probably, higher emoluments than he enjoys at the present time.

The hon. member also dealt with the question of the reduction of deficits. We have reduced our deficit very considerably, progressively reduced it, every financial year. The last people who should talk about deficits, however, are members sitting on the Opposition benches. The Moore Government were a “record-making” Government. They were wreckers and made records, and one of their records was the huge increasing deficit that they incurred each financial year. They adopted a policy of deflation, the kind of thing their spokesman advocated this morning. They made violent attacks on the wages of the people to balance the budget and repeated demands on the people to effect economy. The more they deflated and the more they reduced the worse their budget position became. The Hon. S. M. Bruce, who was Assistant Federal Treasurer on one occasion, and whom I regard as one of the most capable men that the Nationalist Party ever produced, even rebuked the then Premier of Queensland, the hon. member for Aubigny, and drew attention to the rapid increase in his Budget deficit. The percentage of reduction in the Budget deficits of the States last year was as follows:—

	Per cent.
New South Wales	13.76
Victoria	80.5
Queensland	49.81
Western Australia	78.82

Tasmania showed an increase. The position of South Australia and Western Australia, and to some extent Tasmania, is in a different category altogether from that of Queensland. Last year South Australia received from the Commonwealth Government a grant in excess of £1,000,000. Having regard to revenue and expenditure and comparing them with ours, a direct grant of £1,000,000 to Queensland would have enabled

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us to show a very considerable surplus indeed. The real financial position of these States can only be appreciated by having regard to their budgetary position without taking into account the special grants they receive from the Commonwealth Government that no other States receive. On frequent occasions, both here and at Premiers' Conferences, I have pointed out the unsatisfactory position that that brings about. It is an entirely wrong thing that the Government of the Commonwealth and the respective States should be called upon to negotiate a political agreement each year in regard to what is called the financial disability of the smaller States of the Federation. The States concerned are raising a claim based on a right rather than on the basis of political negotiation, and I believe it is the duty of the Commonwealth Government to devise a formula whereby the political bargaining that goes on at the present time will be brought to an end and any disability that it has caused will be liquidated on the basis of right according to a sound mathematical formula.

There is nothing further I wish to say at the present time other than to emphasise the point that I made earlier; while the Moore Government were in power they pursued a policy of deflation, and the longer they pursued that policy of deflation the worse the situation became. I point out and emphasise that the policy of the Queensland Labour Government has increased real employment and the spending power of the community, and it has benefited all people engaged in useful industries within the State.

Mr. MAHER (*West Moreton*) [12.12 p.m.]: First of all I desire to congratulate you, Mr. Hanson, on again securing the confidence of the House in your appointment to the high and responsible office of Chairman of Committees. That appointment was unopposed because you exercised your office with particular fairness to both sides of the Chamber. The manner in which you carry out your duties is appreciated by members of the Opposition.

After listening to the Treasurer in defence of his lavish borrowing policy, I feel constrained to ask: how it is that the Labour Party, and this Government in particular, have departed from their principles in respect to public borrowing? In fact, the Treasurer, and his supporters on the other side of the Committee, might indicate to me whether I am wrong in saying that there are several planks in the Labour platform which declare that the party stand for, *inter alia* :—

- (1) A reduction in the public debt.
- (2) Public borrowing only for reproductive works and for the repayment of maturing loans.
- (3) Interest on all future loans to be subject to taxation.

Do those principles of Labour count for anything at all or are they to be disregarded?

The TREASURER: They are being carried out, as a matter of fact.

Mr. MAHER: In an extraordinary fashion. It is almost a paradox to say that the rank and file of the Labour movement in convention affirm and reaffirm those principles. During the whole period that Labour has been in power it has disregarded the attitude of the annual conventions on

this important question of public debt. The Labour Party in Queensland have really based their whole political power on their ability to borrow and spend lavishly. In the last three years there has been no exception to that rule. I am prepared to say that there is every justification to borrow reasonably when times are bad to assist employment and to stimulate industry within the State. The Labour Party, however, have adopted that policy in good times as well as bad. When times were really good and the primary producing industries were buoyant and trade generally was good, Labour adopted a record borrowing policy. It seems rather strange to me, in face of those principles, that the good solid man and woman of the Labour movement reaffirm each year at the annual conventions, that the Labour Party should absolutely disregard the planks that embody them and persist in a policy that must inevitably lead us to great trouble in the near future. To demonstrate that those planks do actually exist and must have the support of the great body of working people of this State, and recognising that any violation of them will cause great unemployment and distress to the State, I quote a few extracts from this famous "Little Red Book" to show what the Labour platform means—

"If the working class could realise how they are robbed by the institution known as the public debt, there would be an outcry against further borrowing from one end of the country to the other, and statesmen would find it imperative to find means of extinguishing the debt and terminating the folly of continuous interest paying . . .

"The Labour Party demands that definite measures shall be taken to wipe out loans as they mature, instead of following the fatal course of contracting new debts in order to pay off old ones and continuing the payment of interest year after year without in any way reducing the principal owing."

Could anything be more effective in denunciation of that policy than the maintenance of a big public debt, increasing from year to year, with consequential increased taxation to the detriment of industries, both primary and secondary, and the final result of this taxation falling heavily on the people least able to carry the burden? It is the glib talk of Labour politicians at election times and in this Chamber that taxation is only imposed on the shoulders of the people best able to bear it. Leaders of the Labour Party, such as Mr. Theodore and Mr. McCormack, and even the Treasurer himself, have indicated that the people who really pay the taxation that follows from excessive borrowing are the people least able to pay it—in other words, the workers of this State. When all is said and done, if taxation is imposed upon a manufacturing industry, that concern meets the increased levy by passing it on in prices. A great many industries of a secondary nature are able to transmit at least a portion of the increased taxation levies to the general consumer, so that in the final analysis it is beyond all argument that it is the worker and the farmer of this country who have to pay the taxation levy through the increased cost of living. They are at a dead end and they are unable to pass on any increase in the cost of living. Clear-headed Labour

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thinkers at annual conventions from time to time during the past twenty years have realised these things and have emphasised their views so strongly that they have had resolutions carried at these conventions for the guidance of "Labour-in-Politics," but there has been a complete disregard of the opinions of the working people who placed these planks in the platform of the party by those who have been entrusted with the responsibility of governing in Labour's name in Queensland.

There is no doubt that the effect of the borrowing policy of the Government has been to stimulate business considerably. I do not hesitate to say that the borrowing that has proceeded throughout Australia, and particularly in our own State during the past three years, has been a big aid to economic recovery; but it has not been the only aid. Nevertheless, it has been a definite aid, and whilst money has been cheap there has been some merit in borrowing within reasonable limits. The real point at issue is rather the manner in which the money is being expended, and I express the opinion to-day that the amount borrowed during the past three years, approximating £8,000,000, has not been expended wisely or in the best interests of the State. Undoubtedly the Government received a mandate from the people at the last elections to continue their borrowing policy in the construction of public works, but I am satisfied that the money could be more wisely expended than by its utilisation in the public works projects so far announced. It would appear that a greater proportion of the expenditure has been concentrated in the metropolitan area and in the larger provincial cities of the State. Considerable sums have been loaned to the Brisbane City Council for sewerage schemes and for other things. A loan has been made for the Mackay outer harbour, and there is the projected Stanley River dam scheme, which will absorb probably £3,000,000. Again, we have the Jubilee Bridge to be constructed over the river at Kangaroo Point, absorbing approximately £2,000,000. All these big projects, involving the expenditure of £7,000,000 to £8,000,000 all told, are located in or about the metropolitan area and the larger provincial towns of the State, and the effect has been to attract away from the country districts a very substantial proportion of our working population. During the past three years there has been a big movement of families from country districts to the cities, and the country can ill afford to lose those families, whilst the city can ill afford to have them here.

At 12.23 p.m.,

Mr. O'KEEFE (*Cairns*), one of the panel of Temporary Chairmen, relieved the Chairman in the chair.

Mr. MAHER: Speaking in this Chamber last year in an endeavour to justify the action of the Government in carrying out a redistribution scheme, the Attorney-General informed hon. members that at the end of 1932 there were 497,806 voters on the roll, whilst at the end of 1935 the number had increased to 562,396; but he went on to point out that of the extra voters 20,000 were located in the metropolitan area of Brisbane alone. It must be apparent to everybody that an increase of 20,000 in the adult population of Brisbane during a period of three years could not be the result

of a natural increase in population. It was an increase in adult population, the result of families migrating from the country districts. Family after family desired to come to live in the city for the reason, in the first place, that they could not tide over things by obtaining relief work in the country. It is a well-known fact that intermittent relief work in country districts is limited in extent as compared with that in the city area. Many families, finding that conditions were likely to be better in the city than they were in the country, and recognising that times were bad in the country—that the primary industries were in the doldrums, the dairy farmers were having a very thin time, the wheatgrowers were in a parlous position, and the cattlemen were having a hard struggle—decided that opportunities were greater for them in the city, and so they left the country towns and came down to Brisbane, Ipswich, and Toowoomba. They came to Brisbane and these centres on the principle that they could enrol here on the intermittent relief scheme to tide them over until they secured better paid jobs, possibly on one of these big loan projects, such as the Kangaroo Point Bridge and the Stanley River dam. It is clear that the Government have a deliberate policy that prevents the country toiler from securing a job on one of their big projects, because he will have no chance of selection at the local labour bureau. He must either register at Brisbane or Ipswich, and therefore come to reside in either of these cities, to become an applicant for work on the Stanley River dam, or register in Brisbane to become qualified for work on the Kangaroo Point Bridge. This fact has caused a big drift of the country population to the metropolitan area. I can count up numbers of men in my electorate who on that account have moved away to Brisbane and Ipswich.

Mr. T. L. WILLIAMS: You have helped some of them to get work on projects outside of Brisbane.

Mr. MAHER: In what way?

Mr. T. L. WILLIAMS: You made representations on their behalf to the various departments.

Mr. MAHER: I should be false in my duty to my constituents if I did not. I had no alternative than to recommend them to reside in Brisbane or Ipswich to qualify for those jobs. The length of a job is largely dependent on the amount of loan money available, and the greater amount of the loan money is being concentrated in the metropolitan and provincial areas.

Mr. FOLEY: That is not correct.

Mr. MAHER: That policy is detrimental to a large section of the country population.

THE SECRETARY FOR LABOUR AND INDUSTRY: Has not a considerable amount of loan money been expended on the construction of roads in your electorate?

Mr. MAHER: I am prepared to admit it has, but the amount of loan money expended in my electorate on road construction is infinitesimal on the population basis as compared with the large amount of money that is spent in the metropolitan and other city areas. I am grateful to the Government for the amount of money they have expended on road construction in my electorate. In addition to carrying out useful work for the benefit of the people, this

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policy has absorbed a large number of men, but the expenditure is not comparable to the millions available for works in and about the metropolitan area. This is attracting our country population to the cities and making for congestion in this city. It also provides a complex problem for future Governments. I have found as I have moved about during the last three years that our woolgrowers, our cattlemen, our wheat-growers, our fruitgrowers, and dairy farmers have all felt the want of suitable labour. Hon. members on the Treasury benches realise that the low prices ruling in most of these primary industries are such that they cannot pay a wage to the men engaged in them on a par with or anywhere near to the basic wage that is paid on the loan fund projects. The obvious effect, therefore, of expending millions of money in and about the city is to attract to these workmen from the country districts and make it impossible for those who produce the wealth to obtain the labour requisite to carry on their industry. Last February Mr. Carl Rissmann, of Rosedale Station, Goondiwindi, told me that he required twenty men for ringbarking; that he applied at Goondiwindi, Inglewood, and Toowoomba Labour Bureaux, but the men were not available. He got a proportion of his requirements from Toowoomba. His experience has been the experience of others in that district. They cannot get experienced lush and farm labour, because those men have gone to the cities. The hon. member for Albert some time ago gave me an instance of what the man in the country had to put up with. Fifteen or twenty men were camped under a bridge near Beaudesert. A farmer wanted a man to work in the field at haymaking and similar work. The police sergeant went down to these men and asked if any one of them wanted a job.

Mr. TAYLOR: When was this?

Mr. MAHER: Some time last year. One big chap rolled over on the green sward and said, "What is the work?" The sergeant said, "Farm work." The man replied, "Tell the cocky to carry it out himself; I'm not interested."

Mr. FUNNELL: That is not true.

Mr. MAHER: The sergeant said, "I shall have to take you off the roll of those entitled to secure rations," to which the man replied that he did not care, that he would move on to the next place and that if the sergeant checked him up there he would move on again and would finally secure rations. Such a system is breeding a useless, nondescript type of fellow who will not take a job unless he is paid in the rural industries a wage that corresponds to the basic wage in the city. With that ideal I have a great deal of sympathy, but hon. members generally know full well that it is impossible for producers to pay on that scale of wages, much as they would like to. Most farmers and graziers are men of good heart and conscience and would like to be in a position to pay the wages prescribed, but obviously are not able to do so in the present condition of affairs. For example, dairy producers are experiencing difficulty. So also are cattle producers, for although prices for fat cattle have increased, prices for store cattle are still low. And fruitgrowers are, in many cases, finding it difficult to market their products at anything like payable prices. Under these circumstances the wages

demand cannot be paid, and the men who would otherwise be employed are walking the country and receiving rations on the most liberal scale. No effort is made to alter the position. Whatever the faults of the communistic system of economy, it lays down the principle that a man must work and that if he will not work he will starve.

Here men are being encouraged to refuse to accept work in the country and to drift back to the cities to take advantage of the liberality of the Government relief scheme. The whole system is out of balance and entirely wrong. Whilst the Government are justified under present conditions in borrowing reasonably at a time when rates of interest are low, there is ground for the Government seriously to consider the effect of this expenditure on big loan projects in and about the city in view of the effect on the primary industries, which are unable to secure the requisite labour, and in view also of the evil effect on the youth of the State who—perhaps following an ideal, or for some other reason—pass by any work in primary producing industries because they feel that they can always come back to a paternal Government in the city and, taking advantage of its relief scheme, participate in the enjoyments of city life so far as the limitations of that relief scheme will permit. Certainly from their point of view it is much better than working on a farm from day to day.

I commend these observations to the thoughtful members of the Government Party in order that some efforts may be made to rectify the position, for a system under which the best types of our country toilers are attracted to the cities where they depend either on the Government's relief scheme or on the chance of securing work on big loan projects is detrimental not only to primary industries but also to the cities and the taxpayers generally.

Mr. TAYLOR (*Enoggera*) [12.35 p.m.]: I have listened with interest to the differences of opinion expressed this morning by hon. members opposite. On the one hand we have the hon. member for Cunningham saying that borrowing must stop, whilst on the other hand we have the hon. member for West Moreton agreeing with the borrowing policy of the Government. The fact remains that the Government's policy has the full agreement of the people of this State. In their criticism of loan expenditure in the cities, hon. members opposite forget the basic fact that all money expended in the cities definitely provides an increasing market for the produce of primary producers. Of a total population in the State of approximately 985,000, Brisbane has 325,000 people. There surely must be some outlet for primary produce in the industrial market that will meet with the approbation of the members of the Opposition. So far as the reproductive investment of loan moneys is concerned, it cannot be said that the Stanley River dam will not prove reproductive. The provision of the city of Brisbane and its environs with a flood prevention scheme, and, in addition, a water supply that will be adequate to the needs of the city for the next fifty years, will mean an expenditure of money at a time when loans can be obtained in the financial market at a lower rate than at any time during the past twenty years. The expenditure of the money on the Stanley River

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dam water supply scheme, in addition to being an immense benefit to the householders generally and the tradespeople of the city, will increase the purchasing power of the community and the consequent consumption of the products of the primary producers.

As to the statement that the cities are receiving per head of population a greater amount of loan money than the country areas, I believe that if one were to group 325,000 persons in any specified area of the State and calculate the expenditure that has taken place in that area over a given number of years, it would be found that loan moneys have been expended in the country areas at a higher rate per head than in the city sections. Of course one must omit from one's calculations the two projects that are peculiar to the solving of the unemployed problem. It is only because the State reached such an economic stage during the regime of members occupying the Opposition benches that the Labour Government have found it necessary to depart from normal loan investments and engage in such work as the Stanley River dam and the Kangaroo Point Bridge. Had private enterprise not fallen down on its job—

Mr. MAHER: You killed the goose.

Mr. TAYLOR: Nobody killed the goose like the Moore Government. There were more bankruptcies during the three years of the Moore Administration than there were in the previous fifty-three years. There were more empty shops and empty houses during that time than before, owing to the fact that rents became almost an obsession with the landlord. In cases he was compelled to let his house to a tenant as a caretaker. Workers' dwellings had to be let for 7s. 6d. a week. To-day it is almost impossible to obtain a rentable house and building operations are proceeding all over the city. The hon. member for Hamilton has stated that he would like to see investment by private enterprise taking place; but it has fallen down on its job. That being so, is it not the duty of the Government to make investments? There is no sense in having money tied up in the banks with an army of unemployed clamouring for the right to earn their living. That must not be tolerated in a country like Australia with its ideals and standards. The policy of the Labour Government during the past three years has been an attempt not only to assist private industry to reinvest its own funds, but also to disburse loan moneys in such a manner as will reinspire confidence among the people of the State.

The hon. member for Cunningham raised the question of the construction of a railway line from Charleville to Blackall. That may, or may not, be a very good proposition; but, certainly, it cannot be said that some railways constructed thirty or forty years ago under the parliamentary authority of men with the same political outlook as the Opposition to-day, were built with any desire that they should prove of economic value to the State. They were constructed to suit the exigencies and serve the requirements of the pastoralists who then controlled the Parliament of the country. But to-day we are blamed for the result—we are "carrying the baby." If it be a question of railway construction in the interests of the stockholders, it may be just as well to view it also from the defence angle and to decide that a better investment, probably,

would be the construction by the Commonwealth, assisted by the States, of a railway line from Bourke, through Charleville and Camooweal, to Darwin. That may be a proposition worth considering by the Governments of the Commonwealth and the State. On the other hand it may be wiser to have the disbursement of loan moneys take the form of the construction of roads in the far West.

We have to take into consideration the progress made in methods of transport. Would a road connecting the various railheads in Queensland through the stock-bearing country be better than a railway?

AN OPPOSITION MEMBER: No.

Mr. TAYLOR: The hon. member says "No." I do not suppose his experience is any better than mine. There is not one square inch of the Southern portion of Queensland, from Blackall to the border, that I have not been over. The fact remains that to-day we have overloads of stock being transported by motor vehicles and we have the ever-increasing fight between the internal combustion motor and the steam-driven unit.

Mr. MOORE: There is no fight—the railways have a monopoly.

Mr. TAYLOR: Only because of legislation. There is an issue in front of us. Is it better to expend money on a road or a railway? After all, sooner or later, all Governments will have to give consideration to a railway from Darwin to the South, through the stock-bearing country. Would it be better to do it at this time when we have a large number of unemployed in Queensland and the Commonwealth, or would it be better to delay the proposition until such time as money is dearer and labour more costly? I am going to say, so far as the policy of this Government is concerned, that the expenditure in the next three years will be on a par with the expenditure during the last three years. There has been an attempt by two or three members on the opposite side to show that the Government are going to increase loan expenditure, but that is not a fact. Loan expenditure has been carefully considered, and it will be along the lines of the policy adopted during the past three years.

Mr. MOORE: Saving it up for the third year?

Mr. TAYLOR: There is no doubt that the hon. gentleman, when Leader of the Government, saved up nothing. He did not even hang on to the few million pounds that were in the Treasury when he took over. He lent them to his friends in the South to employ their unemployed when his own unemployed were starving in Queensland.

At 12.44 p.m.,

The CHAIRMAN resumed the chair.

Mr. TAYLOR: I consider the time has arrived when we should receive from the Opposition some constructive criticism of the policy behind the resolution before the Committee—that is to say, the expenditure of a few million pounds throughout the civil service in Queensland. We have had nothing from them but a gloomy outlook expressed in a doleful dirge. To-day, we are in the position of being able to say that the people of Queensland accepted the Moore Government's deflation policy and applied it to the Moore Government in no uncertain manner in 1932;

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and again accepted them as a deflationary outfit and deflated them this year, which shows conclusively that the people of Queensland do not stand for a policy of deflation. The people stand for a policy of progress, and this Government stand for that policy and are carrying it out.

In conclusion, I desire to say that I am pleased to be a member of the Government party again and to congratulate you, Mr. Hanson, on being elected to your office as well as on your re-election as the member for Buranda. I know your chairmanship has always been impartial and members in this House have always received fair and honest treatment at your hands.

Mr. NIMMO (*Oxley*) [12.47 p.m.]: I should like to congratulate you, Mr. Hanson, on being appointed to the office of Chairman of Committees of this House. I feel sure we all appreciate the fair way you handle your job. I notice from the tenor of the speeches delivered by hon. members opposite, particularly by the hon. member who has just resumed his seat, that they still cling to hypocrisy and say that the Moore Government adopted a deflationary policy. How could the Moore Government have carried out any other policy than that pursued during those three years? Every other State in Australia subscribed to the same policy for the sole reason that it was compulsory on it to do so. The position in Victoria, where a Labour Government was in power, was more serious than it was in Queensland; whilst in Labour-governed New South Wales the position was absolutely deplorable. Still, I am not going to blame those Governments, because I realise that the position had to be faced, but if any regard were to be paid to the remarks of hon. members opposite one would have to admit that the comparative improvement that is taking place in Queensland to-day is not of general application throughout the Commonwealth. Hon. members opposite would have us believe that the improvement is confined to this State, that it is the result of wonderful administration by a Labour Government, a Government that is literally raining manna down from the heavens on to the people. But, Mr. Hanson, that is not the case. The improvement is not so good in Queensland as it is in some of the Southern States, where the large body of industrialists have again been taken back into employment. That position is clearly disclosed by the great improvement in the balance-sheets issued by companies in the South. The manufacturing companies in Queensland are drifting. They are unable to compete with Southern business undertakings because they are retarded by the irksome conditions imposed upon them in this State by a Labour Government.

The only real improvement that has taken place in this State has been the result of a lavish expenditure of loan money, and it can be confidently claimed that the Premiers' Plan is really responsible for the comparative improvement throughout Australia. That plan was roundly condemned by hon. members opposite when it was put forward as a means of solving our difficulties, and the people were led to believe that if Labour were returned to power the plan would be scrapped.

The SECRETARY FOR PUBLIC INSTRUCTION:
That is not true.

[*Mr. Taylor.*]

Mr. NIMMO: It is true. I intend at a later stage of my speech to quote from the remarks of the Premier in support of my contention. The adoption of the Premiers' Plan was responsible for a considerable reduction in the interest burden borne by Governments, and in the consequential readjustment Queensland secured a reduction in interest commitments of £816,000 per annum. This advantage has been whittled away during the past three years by a lavish expenditure of loan money, but the Government still have an advantage amounting to £340,000 per annum—and that appears to them to be sufficient to enable them to continue lavish loan expenditure for another three years! At the end of that time they will have exhausted the advantages that accrued to this Government under the Premiers' Plan. The Governments of Australia generally enjoyed advantages amounting to as much as £14,000,000 by the adoption of the Premiers' Plan, and a further benefit of £3,000,000 by the cessation of interest payments in respect of our war indebtedness, making a total advantage of £17,000,000 per annum.

It will be remembered that when the Premiers' Plan was adopted prominent Labour politicians like Mr. Theodore and Mr. Scullin admitted that at that time Australia could pay only 12s. in the £1, and that unless the plan was adopted Australia would fail to meet her commitments. However, this country courageously faced up to the position, although it meant that during a period of three years the people were called upon to endure great suffering. In spite of all those plain facts hon. members opposite are prepared to enter this Chamber and to proclaim to the country that the depressing conditions of that period were entirely the result of the administration by the Moore Government. They know in their own hearts that their statements are dishonest, and they know full well that if a Labour Government had been in power in Queensland during that period they would have been compelled to adopt that very plan. What is the use of deceiving the people by telling them a story in direct conflict with the facts? In 1929 the interest burden of Australia had assumed such gigantic proportions that Mr. Scullin and Mr. Theodore were constrained to inform the people that unless something drastic were done Australia would be unable to meet her commitments. However, by the adoption of a carefully conceived plan aimed at financial and economic recovery Governments in Australia were able to enjoy a considerable benefit by a reduction in interest payments and in governmental expenditure generally, and thus were able to pilot the country through a most difficult time.

We have had a period of prosperity. In that time, unfortunately, the State has embarked on a reckless policy of borrowing and spending money without regard to whether a given project will return interest or not. No regard is paid to the question whether it is going to be permanently reproductive, with the result that the State will get into more serious trouble than ever before. At the present time our loans are being floated internally—we are not going overseas for them. There will be no possibility of the Government's saying, if financial difficulties face them and they cannot meet their obligations, "We will repudiate, we will not

pay." That is what some have said in regard to the overseas bondholder, but the circumstances have now changed because we have been borrowing from our own people, and if repudiation takes place our insurance companies, superannuation funds, and friendly society funds will go overboard. It will be very difficult for Governments to meet the interest bill, as the taxpayers are now taxed to their utmost capacity.

Another factor that has not been considered by the people who make such remarks as "Why not borrow when rates of interest are cheap? You can get money for 3½ per cent., and go ahead with public works," is the rate of interest which we will require to pay for the renewal loans. Most of the loans raised at the present time are for a period of fourteen years. Can we carry the great load of indebtedness that now confronts us and in addition a higher interest bill? The first of these internal loans falls due on 1st January next year. That loan must be renewed. It will probably be renewed at a low rate of interest. The next renewal loan will be in 1938, and thence forward another falls due every two years. I definitely predict that interest rates will become higher. In fact, they have already commenced to rise. It therefore looks as if we are approaching a period of higher interest rates.

What will happen if the Government maintain their present rate of borrowing? I find that the programme contemplated includes £3,000,000 on account of public works, £1,150,000 to fund the deficits, £1,000,000 loans under the Savings Bank agreement, £1,600,000 repayment by local authorities, and £1,650,000 to be raised by local authorities from outside sources, or a total appropriation for the year's loan expenditure of £8,400,000. Conditions ought to be very rosy in this State unless the Government, true to tradition, "sock" it away for expenditure immediately before the next election. That has been the policy they have adopted in the past and probably they will continue to follow it in the future. Is not the popular cry "Keep going while the going is good; it will last our time at any rate, and posterity can pay?" Labour borrowed very heavily from 1914-15 until they left office in 1929. That was a very long period, but they maintained that policy throughout. When Labour assumed office in 1914-15 they found the financial position of the State to be very comfortable. The public debt per head of population then was—

	£	s.	d.
Queensland	82	2	4
Commonwealth	1	5	0
Total	£83	7	4

To-day the debt per head of population has increased to—

	£	s.	d.
Queensland	123	0	0
Commonwealth	61	0	0
Total	£184	0	0

In addition, the debt of local authorities in this State is £12 per head of population. Therefore, the total debt per head of population is £196. The position of the public debt to-day is therefore vastly different from what Labour found it in 1914-15 when they

took over the reins of office. As a matter of fact, the per capita indebtedness has increased by £113 since 1914-15.

When the Labour Government took office in 1914-15 they inherited a position under which only £267,000 was required from revenue annually to pay the interest bill of the State, for our earlier statesmen had invested borrowed money wisely. To-day £2,500,000 is required from the taxpayers to meet the excess interest bill, only a small proportion—less than half—being earned by the investment.

When I stated this morning that the Treasurer and his colleagues were opposed to the Premiers' Plan the Secretary for Public Instruction interjected, "That is not so."

The SECRETARY FOR PUBLIC INSTRUCTION: You said that they would scrap it entirely.

Mr. NIMMO: I have paid particular attention to the speeches of these hon. members not only here but on the hustings, and I know that they said that if they were returned to office they would see that the Premiers' Plan was scrapped. Here, for example, is what the present Treasurer said in this Parliament on 23rd June, 1931:—

"I am very definitely opposed to most of the principles contained in the measure under review. It is a Bill that endorses in every possible way the policy that the Government have pursued since they attained office."

The hon. gentleman was referring to the Moore Government, who, in collaboration with Labour Governments in other parts of the Commonwealth decided to adopt what was known as the Premiers' Plan. The Queensland Labour Government since 1932 have reaped the advantage of that plan; yet hon. members opposite have the temerity to talk of the deflationary policy of the Moore Government. What of the deflationary policy of the Lang Government, the Hogan Government, or the Scullin Government? I am sure the Treasurer must go on his knees and render thanks that a Nationalist Government has been retained in the Federal sphere, because it is only because of that fact that it is possible now to borrow money (Government dissent). If there were a Labour Government in the Federal sphere, confidence would again be shattered in Australia and loan money would be unavailable. (Government dissent). The people have no confidence in the wild-cat schemes put forward by Labour members.

Another aspect of the matter warranting serious consideration in any examination of an increasing expenditure on unproductive work—a state of affairs that cannot continue for as long a period as previously—is the fact that our population is not increasing as rapidly. For instance, in 1914-15 the population of the State was increasing at the rate of 24,000 per annum, but to-day the yearly increase is only 10,000, so that there are fewer people to carry the excessive burden now being imposed. Let me make my position clear; I believe in borrowing, for I contend that money borrowed and wisely spent is good for the country. I have always subscribed to that policy, for Queensland, unlike many other countries of the world, is a wonderful country awaiting development. Unfortunately we find loan money, instead of developing the country, being squandered on unproductive projects in the city.

Mr. Nimmo.]

The hon. member for Kelvin Grove this morning spoke of its being expended on sewerage works and electric lighting schemes that would return good interest. The point is that it is another instance of the employment of capital to defeat labour. How many men are put out of employment by the introduction of a sewerage scheme in the smaller towns? How many men are put out of employment, and is the money not going to the capitalists in the form of interest? Further, those who have to pay the local authority rates will have another tax on their pockets. Many such people, for the sake of such a convenience, have to pay sums larger than they can really afford.

Mr. BRASSINGTON: They are asking for sewerage schemes all over Queensland.

Mr. NIMMO: My argument is right. I would point out that money is being spent, to a certain extent, for political purposes. In Mackay, the electorate of the Treasurer, there is a greater squandering of public money per head of population than in any other electorate in Queensland.

The SECRETARY FOR PUBLIC INSTRUCTION: That was only after a full investigation by competent officers.

Mr. NIMMO: A railway was provided at the expense of the whole of the State to serve Mackay. Now we have a harbour being constructed to take freight away from the railways. The harbour is to be an artificial one, and runs the risk of being broken up during the first decent blow. Still, its construction will attract Labour supporters to that centre and boost up the city of Mackay, all for the benefit of the Treasurer.

The Secretary for Labour and Industry is asking for the sum of £500,000 to be expended on a sewerage scheme for Townsville. Yet we have a scheme that would return interest on the cost tenfold—water conservation. What has been done about it throughout Queensland? Can one send a young man out to the hinterlands of this State and ask him to make a living there? No! For the reason that there is not a sufficient water supply after the wet season is over. Until we go in for some definite policy of improving the State and making it more reproductive, can we hope for any great improvement at all?

The Government pride themselves on having reduced the deficit for last year. They advertise the fact. Is it any great benefit to them to have a deficit of £500,000 less when £4,000,000 has been added to the debt of the State? The Government are like a man in business who employs six or seven employees but is unable to make ends meet. He borrows £1,000, pays three of his employees out of the loan, and finishes up showing a profit. The policy being pursued by the Labour Government is one of borrowing to-day and ignoring the future. If that policy be persisted in, the present improvement must only be temporary. Eventually the pursuance of such a policy will make things more serious than they were before. Large numbers of our men in the country are being attracted to the cities. In the Brisbane area alone the increased population was such that it required the constitution of another electoral division. The augmentation of the city population means a lessening of the productivity of the country districts. The 25,000

extra people in Brisbane to-day will have to be catered for so soon as there is a slackening in the expenditure of loan moneys. The hon. member for Kelvin Grove is returned to this Chamber as a representative of the people. He is expected to give a lead to them. He knows very well that the greatest cruelty being inflicted on the people at the present time is the endeavour to persuade them that "everything is over. Go in for a worker's dwelling. Have a big debt over your head." The hon. member knows that the present improvement is merely temporary, and may disappear overnight. In view of the large numbers of people who are being attracted to the city it is a case of "God help us if we at all pin our faith to the power of the State to borrow." Many of the works being proceeded with are merely temporary measures for relieving unemployment. Nothing permanent is being done. The Moore Government advocated the construction of a dry dock down the river below Hamilton. This would have attracted ships to Brisbane for repairs. The men who would have found employment in the construction of the dock would, after its completion, have obtained permanent employment in the repairing of ships. There is no question but that the policy before the country to-day is simply a policy of borrowing to-day and ignoring the future.

The Government have had a glorious time. There is no doubt that loan money has simply poured in since they assumed office, but their ability to obtain it resulted from the efforts of the Nationalist Party in the Federal Government.

The CHAIRMAN: Order! The hon. member has exhausted the time allowed him under the Standing Orders.

Mr. FOLEY (*Normanby*) [2.12 p.m.]: It has been rather interesting to listen to the members of the Opposition and note the varied reasons they have brought forward in their accusations against this Government for adopting their present policy. The hon. member who has just concluded his speech has really contradicted himself many times. First he roundly condemned the Government for what he called an excessive borrowing and loan expenditure policy, yet towards the latter end of his speech he said in effect, "God help us if loan supplies fall off." I do not know what to make of that contradiction. In the first place we are damned if we do; in the second we are damned if we don't.

An attempt has been made to throw the whole of the blame for bringing forward the Premiers' Plan on to Labour in the Federal sphere. That attempt, I think, is rather unjust. If hon. members opposite remember exactly the circumstances that prevailed during that period, they will know that the utmost pressure was brought upon the then Labour Government by all the financial institutions in the Commonwealth to force them into the position of either defaulting or accepting the plan as it was eventually presented to the country. Those were the alternatives placed before that Government. We in Queensland certainly did condemn the Commonwealth Labour Government's action at that time. We contended that there were other methods to be adopted, and the Premier of this State in his announcements from time to time pointed out the need for a revision of that plan. At the first

[*Mr. Nimmo.*]

opportunity he had at the Loan Council and the Premiers' Conferences, he set out to have the plan revised, and he was successful. The result of his attempts has been that he has been responsible for altering a deflationary policy—which was having the result of crippling the Commonwealth, lessening business activities and increasing unemployment—to one of work and wages for the unemployed citizens of the Commonwealth of Australia. As a result we have been able to note a definite improvement throughout the Commonwealth.

On this question of the distribution of borrowed money, I can assure hon. members opposite that they are totally wrong when they contend that the whole of this money, or even the bulk of it, is being concentrated in the metropolitan area. Recently a table was prepared by the Treasury and every member in this Chamber, or, at any rate, every member of the Labour Party, had a copy of that table. It showed definitely that there was an equal distribution in country and metropolitan areas.

Mr. NIMMO: I did not get that table.

Mr. FOLEY: At least, that information was there for the hon. member if he had asked for it through the usual channels. As to the question of loan expenditure generally, which has been so much stressed by the members who have spoken, I should like to ask the hon. members opposite who have raised this point and any who intend to raise it, what other alternative could have been adopted with the view to bringing about an improvement in business conditions and a decrease in unemployment in Queensland?

Mr. EDWARDS: A reduction in taxation.

Mr. FOLEY: That would not have brought about the desired effect. You could have wiped out taxation altogether at the time Labour came into office and that action would not have increased activity in private enterprise. The position was that there was definite stagnation in business circles as a result of many economic factors, and it was intensified as a result of three years of Moore blight that was experienced throughout this State. From the very day that the Commonwealth councils jettisoned the policy of deflation in favour of one of providing work and wages for the people, there has been a decided improvement. One alternative for the purpose of bridging the gap by stimulating business activity is the policy of Nazism where under a system of dictatorship the whole burden of reconstruction would be thrown upon the wage-earners of the country. In other words, it would mean the enforcement of lower wage standards and industrial conditions throughout industry, and this for the main purpose of propping up private enterprise to enable it to totter on its feeble way. That is what can be seen in other countries of the world to-day. Another alternative is the adoption of a bold and heroic system of planned economy providing for the utilisation of the whole of the industrial resources in the State with a view to the absorption of the whole of its man power, including youths leaving school. Would hon. members opposite subscribe to either of those alternatives?

Not one hon. member opposite who has spoken has offered any alternative that might have had any reasonable chance of success in the noble work of rehabilitating the

Commonwealth. The leading economists of the world to-day hold to the view that if the present social order of capitalism is to be maintained some scheme must be adopted of making good the deficiency in trade and commerce by a programme of loan expenditure upon public works. Ever since the adoption of the more progressive plan of recovery a marked improvement has been noted in the figures supplied by statisticians, disclosing an improved business index and a welcome decrease in the number of unemployed, but I do not for one minute argue that by the adoption of such a policy we are solving the complex problems that confront us. However, I do claim that the policy now pursued has much more to commend it than the policy that the hon. member for West Moreton appears to advocate. He has contended that the primary producers are in such parlous circumstances that they are unable to pay the necessary wages cost to enable them to reap their harvest. He insinuates that the proper procedure would be to scrap our industrial arbitration system and allow the farmers and primary producers generally to engage their labour on whatever terms they deem suitable to themselves. That is all that can be inferred from the remarks that have been made by the hon. member. It would be a very sorry day for Queensland if such a policy were adopted. The present social order will inevitably come to a dead end not only in this country, but also in other countries throughout the world. Its collapse is inevitable whether hon. members opposite like it or not. The capitalistic system contains within itself the seeds of its own destruction, and on reaching the fullness of its development, it will, by the operation of the immutable laws that govern it, eventually collapse. The fundamental basis of the capitalistic or profit system is that the wage-earner shall produce for his employer sufficient wealth to reimburse the employer the wages cost with a surplus besides, but by the application to industry of science and inventive genius, leading to the introduction of important machinery, productivity has been increased beyond the point of consumption by the reduced number of wage-earners. The enormous surplus produced by the employees, the actual producers, with the aid of machinery tended by fewer employees is growing year by year, but it cannot be consumed because of the insufficiency of purchasing power in the hands of the reduced number of employees. The inevitable result must be that the surplus cannot be consumed by the owning classes throughout the world. We must look forward to periodical crises similar to the one that has just been experienced throughout the world. I hold to the view that the next crisis is not very far distant, and that on its arrival it will be found to be more intense than the one of the immediate past. That position is not a result of the factors alluded to by hon. members opposite, but solely due to the economic forces operating within the social system under which we are living. The idea that this problem can be solved by reducing wages, as the hon. member for West Moreton practically suggested, or by a reduction of taxation, as other hon. members suggested, is erroneous to a degree.

Mr. MAHER: Would it not be better for a man to take a little less than the dole and thus become a useful member of the community?

Mr. Foley.]

Mr. FOLEY: That is not a solution of the problem. The amount received by the actual wage-earners and producers throughout the world is now less than it was ten or fifteen years ago. Yet we have a crisis that is greater than any other that has been experienced during the period of capitalism. These are uncontrovertible facts; yet some hon. members opposite desire to bring about a further reduction by decreasing the nominal amount now paid to employees in some of our primary industries.

As we have pointed out over and over again, the policy now being pursued by the Government enables the State to carry on and feed its people until there is a brightening up of industry. I, and other hon. members sitting on this side of the Chamber, do not claim that this policy will produce a solution of the economic difficulties or problems facing us. It is rather galling to sit here and listen to some of the arguments adduced with the object of condemning the Government for carrying out this policy. Hon. members have only to read the statistics of the Bureau of Economics, which are supplied to hon. members monthly to agree—at least if their submissions are based on them—no other conclusion can be arrived at but that this policy has definitely brightened conditions in this State. I emphasise again that this policy was put into effect mainly as a result of the advocacy of the Treasurer at the meetings of the Australian Loan Council, and had the effect of bringing about a definite improvement throughout the Commonwealth.

Mr. NICKLIN (*Murrumba*) [2.27 p.m.]: I desire to offer my congratulations to you, Mr. Hanson, on your reappointment as Chairman of Committees. I feel certain that the dignity with which you upheld your position during last Parliament, together with your fair and impartial rulings, commended your reappointment to all sides of the Committee.

It has been very often claimed that the improvement shown in the budgetary position has been due to the efforts of the present Government. There might be some ground for that argument, if that improvement were shown in Queensland only and not in the other States of the Commonwealth, but we find that the budgetary position in the other States has also improved, and that in some instances the improvement has been greater than we find in this State. Undoubtedly, as the hon. member for Oxley stated, the improvement in the general budgetary position not only of Queensland but also the other States of Australia is due to the effects of the Premiers' Plan. The present Government have been particularly fortunate inasmuch as, on their assumption to office, loan moneys became available. That has assisted the budgetary position of Queensland. However, I feel certain that the improvement in our budgetary position meets with the approval of all Queenslanders. It is pleasing to note that the actual deficit for the last financial year was less than the amount estimated by the Premier in his Financial Statement, but when we examine the position it is obvious that there is no reason why a greater improvement should not have been shown. There was an actual improvement in the Budget as compared with the previous year of £563,191, but I

[*Mr. Foley.*

have not heard one supporter of the Government Party give some credit for that improvement to the fact that the Commonwealth Government made a grant to the State Government of £286,000. If we deduct that amount from the actual improvement then the improvement in the deficit between the revenue of this State and all controllable expenditure was only £278,000 for 1934-35. It is only fair that the Federal Government should be given some recognition for the assistance they have given not only to Queensland but also to the other States of the Commonwealth. The efforts of the Federal Government to improve the financial position of the various States certainly do not call for the blackguardly remarks of their critics.

The Government have had the advantage of very buoyant revenues during the last twelve months in particular, when the receipts exceeded the estimate by £232,000. On the other side of the picture, however, we find that the expenditure has considerably increased, the estimate having been exceeded by £495,000. If some check had been kept on that ever-growing expenditure, a considerably improved budgetary position would have been disclosed.

A matter of vital concern to this Assembly is the devising of means whereby a reduction can be effected in the very high taxation burden now imposed on the people of the State, but instead of intimations by hon. members opposite that we can expect some substantial reduction, we have efforts on their part to camouflage the very heavy increases in taxation made since Labour took office. In their attempt at camouflage hon. members opposite blame the Moore Government, but an examination of the position will disclose that taxation has been growing yearly under Labour, and that unless some check is imposed we are riding for a fall. Consider, for example, the following remarks of the present Treasurer at an election meeting in the Theatre Royal, Brisbane:—

“The Nationalist Party bled the people of Queensland, but mercifully the treatment was changed by Labour's efforts, and they had survived.”

The people of Queensland have survived, not as a result of Labour's efforts, but in spite of Labour's efforts. An examination of the figures discloses the per capita taxation in Queensland to have been as follows in the years shown:—

	£	s.	d.
1929	5 11 11
1930	5 3 0
1931	5 0 6
1932	4 17 4
1933	6 0 4
1934	6 3 0

It will be seen that in 1933, when the first effects of the present Government's administration were felt, taxation increased tremendously as compared with the position under the Moore Government. In these circumstances, can it not be fairly said that the present Administration are bleeding the people of Queensland by heavy taxation?

The following figures of the total amount of taxation collected will show the progressive increase in taxation under the present

Government as compared with the Moore Government:—

	£
1931-32	4,189,749
1932-33	5,347,529
1933-34	5,479,943
1934-35	5,708,200

The Leader of the Opposition has stated that the Governor's Speech might well have come from a so-called Tory Government, for one of the main planks of the Labour Party in years gone by—the socialisation of the means of production, distribution, and exchange—has been carefully relegated to the background. But when we examine the position in the light of the ever-increasing taxation burden, there is ground for the belief that the people are being led to that objective, whether they like it or not. Unless some check is imposed, socialisation will arrive, whether the people desire it or not.

The present financial position in Queensland is an unanswerable case for a substantial reduction of taxation. Last year the Government had greater revenue than in 1931-32 to the extent of £1,500,000. Greater revenue was obtained by the Railway Department, a special grant of £286,000 was received from the Commonwealth Government, and on the Government's own figures unemployment had decreased by 50 per cent. In addition, the Government have had the advantage of lower interest rates.

On the figures I contend that there is an incontestable case for the reduction of taxation in Queensland, but the only relief promised to taxpayers is the reduction of 1d. in the £1 in the unemployment relief tax. This tax is, perhaps, the most onerous of any on all sections of the community, especially the smaller producers. In view of the greatly improved financial position of Queensland, I commend to the Government the desirableness of making a definite effort to give some substantial reduction in taxation, and their first effort should be towards the reduction of the unemployment relief tax. In view of the reduction in the number of unemployed and the increased amount of loan moneys now available there can be no reason in the wide world why the unemployment relief tax should not be reduced by half. In the first place it was introduced as an emergency measure, but, to quote the words of the Government, that emergency has now more or less passed. There is no reason why there should not be a more substantial reduction than that forecast by the Government. I commend for their special consideration the small producer, who in very many instances, whether he makes a profit on his farm or otherwise, is compelled to contribute. In very many instances he is not receiving as much as many of the men employed on the relief work financed from the fund. This tax is one of the very many burdens imposed on the small producer, who perhaps has to contend with the over-capitalisation of his farm and low prices for his products. The unfair method of assessment that prevails at the moment calls for an immediate move on the part of the Government.

A particularly distressing factor in the financial position of Queensland is the ever-increasing expenditure of loan money. In 1933-34 loan expenditure amounted to £3,166,481, whereas in 1934-35 it had grown

to £4,785,700. This large increase was no doubt due to the fact that there was an election that year. During the present financial year the Treasurer has forecast an expenditure of approximately £4,000,000. A check must be placed on this expenditure of loan funds. I am not one who believes that there should be no expenditure of borrowed money. I believe that during the difficult period through which Australia has passed there has been a necessity for Governments to disburse a certain amount of loan money through avenues that are likely to give the country revenue-producing assets and on projects likely to return sufficient interest and redemption. I contend, however, that there is not now the same necessity for the large expenditure of loan money, especially on many of the projects being undertaken at the present time. A halt should be called in the use of borrowed money, especially in order to give private enterprise an opportunity of doing its bit.

Comparisons have been made in this Assembly on many occasions between Queensland and New South Wales. During the debate on the Address in Reply the hon. member for Rockhampton stated that New South Wales was spending as large an amount of loan money as Queensland. Undoubtedly New South Wales has expended a considerable amount of borrowed money. In addition to that they have given very considerable reductions in taxation amounting, during the three years of the Stevens Government, to well over £9,000,000.

The SECRETARY FOR PUBLIC INSTRUCTION: What did they get in from relief taxation last year in New South Wales?

Mr. NICKLIN: I cannot say.

The SECRETARY FOR PUBLIC INSTRUCTION: It was well over £5,000,000.

Mr. NICKLIN: I should like to point out that relief taxation in New South Wales has been cut in half since that imposition was made by Mr. Lang.

The SECRETARY FOR PUBLIC INSTRUCTION: And it is still producing over £5,000,000 per annum.

Mr. NICKLIN: When we compare the populations of New South Wales and Queensland, I do not think we have anything to crow about in regard to relief tax. It is heavy enough in this State, goodness only knows. However, to continue my argument, the fact remains that New South Wales, in addition to the expenditure of loan money, and in an endeavour to turn the corner and improve conditions, has given opportunities to private industry by very considerably decreasing taxation by over £9,000,000. That was done to enable private industry to take up the burden of private employment, which, after all, is the kind of employment we require. Employment in private industry has a snow-ball effect. As one industry is established, it leads to work in other industries and so gives permanent work, whereas the expenditure of loan money leads nowhere. When the loan money is expended the work goes, and consequently we have to start off afresh. The objective we should aim at here in Queensland is to give encouragement to private industry to enable it to do the employing, and the first measure towards giving the necessary encouragement is to make reductions in the heavy burdens of taxation the State is compelled to bear.

Mr. Nicklin.

During the Royal National Show, I had the privilege of listening to an excellent address by the Premier of this State, when replying to the toast of "Parliament." One of the points he made was that if you told the people the plain blunt truth, they would always do the right thing when it came to an election or other appeal to them. I appeal to the Premier, on this occasion, to tell the people of Queensland the truth in regard to the financial position of the State—the plain blunt truth why the present Government are not making an effort to reduce the high burden of taxation in this State.

Mr. GODFREY MORGAN (*Dalby*) [2.45 p.m.]: I listened to the speech delivered by the hon. member for Normanby. He gave the Treasurer of this State the great credit, to which he is not honestly entitled, of bringing about a change in the Premiers' Plan. We know that during the last three years; no matter what Government were in power, in any part of Australia, whether Nationalist or Labour, they continued to carry into effect the Premiers' Plan, with perhaps one alteration. That alteration was in respect of the borrowing of money. Previously, it was a well-known fact that it was almost impossible to borrow money. Money was scarce, and we were refused loans from overseas and had to depend on internal borrowings. There was a scarcity of loan money during the first three years the Premiers' Plan was in operation. After that time there were changes of Government throughout Australia. Almost every Government, even the Scullin Government, who were responsible for the initiation of the Premiers' Plan, were dismissed from office. We saw a change in Western Australia, where there was a Nationalist Government. In South Australia, where there was a Labour Government, a change was made to Nationalist. In Victoria, where there was a Labour Government during the period of the Premiers' Plan, that Labour Government was replaced by a Nationalist Government. Those changes were due to the fact that the people objected to that plan. I have always said, during the time I have been in this Chamber, that if you touch a man's pocket you touch the most tender part of his anatomy. That statement is true of a Government, and—more especially—of the civil service, who will vote against any Government who attempt to interfere with wages. Following the adoption of the Premiers' Plan the Moore Government, together with all the other Governments that were signatories to the plan, whether Labour or Nationalist, were defeated at the polls on their next appeal to the people. When new Governments were returned to power they collectively decided that the time was opportune to borrow money to provide work for the unemployed and they were eminently successful in their desire. It is only natural to assume that there must be a favourable economic reaction to the annual expenditure of large sums of borrowed money, and if Governments that have been in the habit of spending at the rate of £1,500,000 per annum suddenly decide to increase their annual expenditure to £4,000,000 it naturally follows that the proposal will be frantically received by the people who have passed through depressing times. And so, following the expenditure of an increased amount of loan money, there were beneficial reactions in this State and in all the other States, quite regardless of whether they were

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governed by Labour or Nationalist Governments. No Government can claim the credit for the relatively bright financial position in Australia to-day, merely because it carries a certain political brand. All Governments co-operated with a view to recovery, and all Governments that were afterwards successful at the polls joined in the comparative recovery following upon loan expenditure.

Many years ago, when the Labour Party was first formed and David Bowman figured as one of its most prominent leaders, the party was definitely and irresistibly opposed to a policy of borrowing for public works purposes, holding to the view that all public works should be financed out of taxation. But upon their return to power they swiftly became one of the largest public borrowers. I listened very attentively to the contention by the hon. member for Rockhampton that it was the duty of the Government to borrow during a period of depression to enable them to tide the country over its difficulties. I should like, at this stage, to remind hon. members that when the Labour Party was first returned to power in 1915 the national debt of Queensland, which stood at £56,000,000, had been incurred by succeeding Governments during their management of the affairs of this State over the period of fifty-six years, in which Queensland had enjoyed responsible Government, or an expenditure at the average rate of £1,000,000 per annum. But when the Labour Government were first returned to power in 1915 they commenced to borrow, despite their previous ardent advocacy of a non-borrowing policy. Bear in mind, also, that their orgy of extravagant borrowing between 1915 and 1929 was indulged in during what may be regarded as the most prosperous period experienced in the history of Queensland and Australia. It was an era of wasteful expenditure with a tendency on the part of Government and individuals to become exceedingly extravagant, and during that period of fourteen years of Labour Government the national debt of the State rose another £56,000,000. During this period of the greatest prosperity in the history of the State the Labour Government increased the national debt at the rate of £4,000,000 per annum. The hon. member for Rockhampton says it is the duty of a Government to borrow money to bridge a gap during a period of depression! It must have been a very long gap that the Labour Government was endeavouring to bridge during a most prosperous period when the public debt was increased by £56,000,000. Bear in mind, also, that this money was borrowed overseas, and that it involved the annual payment outside of Australia of a huge sum to meet the interest commitment. I freely admit that during this extravagant period Governments in other States of the Commonwealth were equally guilty of living at a pace we now know could not last for an eternity. The national debt of Australia was increased by many millions of pounds, and when the depression overtook us in 1929 we were very hard put to it indeed to secure sufficient financial resources to service our loans overseas. Unfortunately, the price of wool dropped considerably. We lived on the back of the sheep for many years, but eventually the poor, old sheep let us down. I am not blaming the sheep. Wool dropped considerably in price until it reached a level unprecedented in the history of Australia. Up to that time Australia was borrowing and

spending at the rate of £40,000,000 per annum. The value of Australia's wool clip had been £40,000,000 more than it was in 1929. At one period the price of butter dropped to a low level, as also did the price of wheat. Australia found as a result of the low prices of wool, butter, and wheat overseas that her revenue from these three sources alone was £40,000,000 less in 1929. As a result she was not able to borrow from her previous sources. We have not heard hon. members opposite mention these facts as having been responsible for bringing about the depression in Australia from 1929 onwards. At this time the Federal Government was controlled by the Labour Party under the leadership of Mr. Scullin. His administration, recognising the seriousness of the position, called a conference of Premiers. That conference was attended by representatives of four Labour Governments and three Nationalist Governments, and whether the plan submitted was good or bad it was adopted by the majority of the representatives of Labour Governments in Australia. It was really their plan, because they possessed the majority at that conference. They could have turned it down had they so desired. The fact remains that the plan was agreed to unanimously by Premiers representing the States and the Commonwealth. Hon. members opposite may criticise that plan to-day, but it is irrefutable that it was responsible for rehabilitating the finances of Australia. If our position is better to-day, and if we have a greater financial stability, we must honestly say that it is owing to the operation of this plan. It was responsible for the improvement that resulted after its adoption.

The Treasurer has endeavoured, on a smaller plan, to pursue a policy similar to that adopted by the President of the United States of America, Mr. Roosevelt. We know, as far as we can judge by reading, that the policy of borrowing and spending has not had the desired effect in America. In fact, the position there to-day is worse than before the "New Deal" was put into effect and the financial position is becoming acute. That will be the position we shall eventually find in Queensland. We are borrowing and spending on the verge of £4,000,000 per annum, and that fact must have some effect on the financial position of the State, because more money has been put into circulation—a man would be very foolish to say that is not so—but the point is: how long will this improvement continue? In order to have money circulating in this State are we to continue this borrowing policy for all time? Is there never going to be any "let up"? The hon. member for Normanby said that the next crisis was going to be more damaging than the one just past. Any man who studies what is happening in Australia must be convinced that we are approaching a financial crisis, not only for the individual but the State also. We cannot go on finding additional interest on new loans. We have a standard of living of which we are proud, but, unfortunately, we are not entitled to that standard because we are not producing the wealth that entitles us to enjoy it. That standard of living is only maintained because we have borrowed money to enable it to be maintained. If a man is receiving £5 a week and £2 of that sum is represented by borrowed money, can he continue on those lines indefinitely? No standard of living is too high for an Australian, who has the

right to the highest standard of living possible.

A GOVERNMENT MEMBER: How long have you held that view?

Mr. GODFREY MORGAN: Always. I am not one of those who believe that a man should not have a motor car, if he can afford it, but I do believe that we should live within, and not above, our income. Only recently the elections in Alberta, Canada, were won on a promise that each person in the community would receive £5 a month. Such a promise ensured a sweeping victory for the Douglas Credit Party, a victory that must have astounded even Major Douglas. However, now that the elections are all over it has been discovered that it is impossible to fulfil that promise, which only goes to show that no matter what a Government may say, certain economic laws have to be observed. You cannot give certain individuals special consideration at the expense of another section of the community, and a Government that neglects to observe that fact must eventually find itself in trouble.

No one who honestly faces the position will assert that the whole of the money that is being borrowed and spent by the Queensland Labour Government is being spent on reproductive work. I will not say that some of the money is not being so spent. Every Treasurer, no matter of what Government, will always claim that loan money is being expended on reproductive enterprises. Under the Government's loan policy, local authorities are benefiting to the extent that in some cases a grant is made of 50 per cent. of the value of the work undertaken. When a local authority sets out to do work costing, say, £40,000, it knows that the Government will grant £20,000, so that the local authority finances need take cognisance only of interest and redemption on £20,000. No heed is paid by the local authority to the balance of £20,000, which has nevertheless to be paid by someone.

Surely that cannot be the proper way to do it. It cannot be claimed that that money is being expended on reproductive work. There are works that this Government could undertake. One is the construction of a railway from Blackall to either Mitchell, Morven, or Charleville. That railway might not be revenue-producing in normal times to any great extent, but during drought periods it would be the means of saving the lives of sheep and cattle. That is a work that would prove of national benefit. I would suggest that if it should be undertaken the whole of its cost should not be a charge upon the Commissioner for Railways. There are thousands of workers in the State who could be given a period of employment on the construction of that line and there is no reason why the wages of such workers should not be a charge upon the Unemployment Relief Fund. They could be profitably employed thereby instead of employed on the chipping of footpaths and other such unproductive work as at the present time. I suggest that the Commissioner for Railways should find the necessary sleepers, rails, and other material and the workers be paid from the Unemployment Relief Fund. During my regime as Secretary for Railways two small extensions to existing railway lines, one of them from Wallaville to Morganville, were constructed under such a system. The department found

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the material and the Secretary for Labour and Industry found the funds for the payment of the employees constructing the line. By this means the cost of construction to the Commissioner was approximately £2,000 a mile, whereas had he had to find the whole amount of cost the sum would have been £4,500 a mile. Only two railways were built during the time the Moore Government were in power. I would advise the Government to give serious consideration to the construction of a line from Blackall as outlined by me.

Mr. MAHER: And there could be a line into the Goodnight Scrub.

Mr. GODFREY MORGAN: Yes. I make these suggestions hoping that the Government will recognise the fact that the money spent should be expended in works that would be beneficial to the whole of the people of the State.

The CHAIRMAN: Order! The hon. member has exhausted the time allowed him under the Standing Orders.

Mr. BRAND (*Isis*) [3.10 p.m.]: I take the opportunity of congratulating you, Mr. Hanson, upon your election to the position of Chairman of Committees of the Whole House. Your return without opposition is, certainly, an indication that you gave general satisfaction to both parties during the period of your occupancy of that chair in the last Parliament. I have no doubt that the experience you have gained will be used for the benefit of hon. members.

The Bill under discussion is one in which it is proposed to provide a sum of money for the purpose of carrying on the activities of the State. In regard to the development of Queensland there is ample room for suggestions and criticisms from hon. members generally. Portion of the money proposed to be expended is to be used for the payment of the salaries and wages of the public servants of the State.

I have not yet heard why there is not some suggestion from hon. members opposite—at least I am going to stand for it—in favour of some restoration in public service salaries of the moneys taken from them in 1930-31. The Leader of the Government has indicated in many speeches throughout Queensland, during the past and in the present year, that this State is fast rehabilitating itself and emerging from the serious depression it has passed through. I have noticed during this debate that hon. members opposite are endeavouring to perpetuate that boggy that the depression was due to the fact that the present Leader of the Opposition was the Leader of the Queensland Government for the period 1929-32. I should like to say that every recognised authority in Australia to-day, including every Labour leader in the Commonwealth has publicly stated that the depression was not brought about as a result of the actions and activities of one Premier or one Government in any one of the Australian States, but through matters over which Parliaments and the public men in Australia had no control. I think, for the rehabilitation of Australia, it would be better if public men generally would accept that fact instead of perpetuating the boggy that certain men were responsible for the depression. The Deputy Leader of the Labour Party in Queensland, as late as March of this year, admitted that so far as the depression

was concerned, no one in Australia was to blame, and it was the result of a world-wide movement, which is even to-day taxing the brains of all eminent men in the world. In this country, although we have made some progress towards rehabilitation, we have not achieved a full return to the conditions that operated in 1929. Everyone will agree that something or somebody must have been responsible for such a state of affairs, and we must recognise that it was brought about, in Australia at any rate, by a reduction of prices generally, particularly in wool, and the fact it was impossible to secure the amount of loan money that the Commonwealth and State Governments required for public activities. In leading off in the debate this morning, the hon. member for Hamilton, our Deputy Leader, offered suggestions that would tend to prevent a depression occurring again. I would ask the members of this Committee what would happen to Queensland and the people of Queensland if we found it impossible again to borrow loan moneys, so essential to carry on certain services in the State? The Government have set their minds on a £4,000,000 loan policy for public works. Every class in the State is hoping that there is not going to be any diminution of the supply of public moneys, which would bring about a lessening of the purchasing power of the people. It is our duty so to shape the destinies of this country that the people will be able to maintain a high standard of living equal to any other throughout the world.

In considering a policy of reconstruction abundant opportunity is presented for helpful suggestions and constructive criticism. The Government should expend their loan funds in a manner that will tend to avert an economic catastrophe in the future, and in this connection they should give a fair measure of attention to those industries that are the very bases of our national wealth and existence. Loan moneys should be expended with the object of encouraging development in industry and with the object also of providing markets for the absorption of our additional products. Our only hope of further development in industry lies in our ability to find profitable markets beyond our shores. Our secondary industries have almost reached the stage of stagnation, or at least development is not proceeding at a rate that one would expect to see in a great State like Queensland. In primary industries we can hope for extensive development only with the aid of a sense of security prompted by the fact that reasonably profitable markets can be found abroad. To-day the primary products of Queensland are sold on the markets overseas at a price that does not return to the primary producer a standard of living and comfort that we all feel should be his lot. The primary producing industries to-day are in a most deplorable condition. The producers are deserving of every consideration by this Parliament and in that connection I suggest that loan funds be expended in a manner that will provide them with the maximum of assistance to enable them to achieve a greater measure of comfort. We should encourage the development of those industries for which markets are already available and we should decide to utilise the funds available to enable the primary producers to enjoy a reasonable livelihood.

[*Mr. Morgan.*]

During his speech to-day the Treasurer made reference to the fact that the interest burden had been reduced and specifically pointed out that for the first time for many years loan money was available at 3 per cent. I hold the view that 3 per cent. is the maximum rate that any State Government in Australia should pay for its loan accommodation. In many quarters it is contended that even that rate is too high for a Government to pay.

The TREASURER: What is the effective rate of interest to-day?

Mr. BRAND: I know that the Government charge local authorities 4½ and 5 per cent.

The TREASURER: You cannot get out of it that way. What is the effective rate of interest to-day, having regard to the exchange rate?

Mr. BRAND: The Government raised their last loan at a cost of £3 8s. 6d. per cent.

The TREASURER: The effective rate is 3⅝ per cent.

Mr. BRAND: If money is to be borrowed at a rate in excess of 3 per cent it will mean a burden and a hardship upon the people of the State.

The TREASURER: I will remember that the next time you come for a loan.

Mr. BRAND: If money is borrowed in excess of 3 per cent. it follows that eventually a heavy burden of taxation will be imposed upon the people in making available sufficient revenue to meet interest payments. The party sitting on this side of the Committee recognise even at the present time that it is necessary for the Government to engage in public works of a reproductive character, but in no instance can it be shown that the works being carried out to-day will assist in the development of any new rural or secondary industries that will be of advantage to the people of Queensland. We should bend our energies towards making it profitable for new industries to be developed. In Queensland we have some of the best agricultural lands in the world. I wish to re-echo the sentiments expressed by some hon. members that money should be expended for the development of main roads and railways in the country districts to enable producers to transport their products to the seaboard. Most of our railways run parallel with the seaboard, but in those localities that have been opened up by railways more closely settled areas are to be found. Money can be profitably expended in a continuation of the policy of development pursued in the past, including the construction of suitable railways and roads, to give better service than exists to-day. The hon. member for Dalby submitted railway propositions that would be of advantage developmentally. In the great Burnett area, part of which I have the honour to represent, some of the finest land in this State is to be found. There is room for the construction of railways there and the development of new industries that will bring about prosperity, not only in the particular areas, but also generally. I hope that the Government, in expending loan moneys, will bend their energies to fostering and developing the cotton industry, which is a worth-while industry, as it will find work and wages for a large number of people. We must recog-

nise that it is the established custom for the Government to co-operate with the Federal Government in the development of agricultural industry, and in this respect the two Governments could co-ordinate their activities in fostering a prosperous cotton industry leading to the employment of many thousands of people and assisting in a new era of prosperity. There is a market for cotton in both Great Britain and Japan available, not merely to the producers in this State, but to all producers in Australia. A sum of money should be set aside to intensify the production of cotton. It is an industry that will give satisfaction to the people if developed along the right lines.

Mr. FOLEY: You had a market here for cotton until the Lyons Government destroyed it. The cotton producers at one time received 5d. a lb., but now only get 3¼d.

Mr. BRAND: The hon. member knows quite well that the Lyons Government have given certain assistance to the industry. I contend that that assistance is not sufficient, but it is the duty of this Government to co-operate with the Federal Government, having in view the securing of a price for the producers that will cover the cost of production. The policy of the party on this side of the Committee is that primary producers shall get the cost of their production, plus a reasonable profit on their capital outlay, and that the wages paid to our workers shall be the highest obtainable. We know that in Australia to-day most Governments recognise that it is necessary to restore the salary cuts made in 1930-31 to public servants. Both the Commonwealth and a number of the State Governments have been able to do so to a much greater extent than the present Government.

The SECRETARY FOR PUBLIC INSTRUCTION: Their "cuts" were much more severe than ours.

Mr. BRAND: I am pleased to have that interjection.

The SECRETARY FOR PUBLIC INSTRUCTION: Were the "cuts" not more severe in the other States?

Mr. BRAND: That is so. That fact is a tribute to the Premier of the day, the present Leader of the Opposition. Although that hon. gentleman was committed under the Premier's Plan to reduce all controllable Government expenditure by 20 per cent., he only reduced the salaries of public servants in this State by 15.2 per cent.

We know that in the other States of the Commonwealth the reductions in salaries were greater than those in Queensland; yet at that period in Australian history four Governments were Labour and three were Country-Nationalist. With the Leader of the Country Party in the Victorian House I stand for a full restoration of the reductions made in the case of employees receiving up to £500 per annum and for a restoration of at least 50 per cent. in the case of employees receiving in excess of that amount. When the reductions were made a promise was given to the public servants that the reductions would be restored when public finances improved, but so far as I can see that promise has not been honoured in Queensland to the extent that it should have been. It is all very well for the Government to say that they have given the public servants access to the Industrial Court, where they may fight for their increases,

Mr. Brand.]

but it is far better that the Government should first restore the salary reductions and then, if it is desired to alter the position, make application to the Industrial Court accordingly. Of course, that is not the popular way, and consequently we find the Government have taken the easy course of allowing the salaries to remain at the reduced rates. It is remarkable that the Queensland Industrial Court gave a greater reduction in public service salaries than was suffered anywhere else.

The SECRETARY FOR LABOUR AND INDUSTRY: Your party took the public servants out of the court altogether.

Mr. BRAND: What is the use of putting them back into the Industrial Court when that court will not give any increase?

The SECRETARY FOR LABOUR AND INDUSTRY: They have received an increase.

Mr. BRAND: A negligible increase of 3 per cent. The Treasurer could have restored the salaries in proportion to the restoration in the Commonwealth, New South Wales, and Victorian spheres, where the Governments recognise that it is a duty to restore reductions that were made at one of the worst periods in the history of the country—reductions that the public servants generally bore without complaint.

The SECRETARY FOR PUBLIC INSTRUCTION: The New South Wales "cut" was much greater.

Mr. BRAND: The Queensland Government are in honour bound to restore the salary reductions.

The SECRETARY FOR MINES: Would you vote for it?

Mr. BRAND: I certainly would.

The TREASURER: He would vote for anything when in Opposition. (Laughter.)

Mr. BRAND: Despite the remarks that have been hurled at members of the Moore Government, the present Administration for nearly three years took advantage of the salary reductions that the Moore Government were forced to make.

The TREASURER: We had to build where you had destroyed so much.

Mr. BRAND: Despite all the loose talk that is indulged in about what the Moore Government destroyed, the fact remains that Queensland was in a better position for rehabilitation than any other State of the Commonwealth owing to the fact that the Moore Government maintained the industries and services of Queensland at a higher standard than those in any other State in the difficult period then experienced. The present Government should give every consideration to this proposal, and it should also give consideration to the necessity for a better deal for the primary producers, who are carrying out the main functions of the State in the creation of new wealth.

The SECRETARY FOR PUBLIC INSTRUCTION (Hon. F. A. Cooper, *Bremer*) [3.35 p.m.]: Mr. Hanson, it must be a great source of comfort to you to receive the congratulations of all sides of the Chamber on your reappointment to the position of Chairman of Committees. The sentiments that have been expressed are shared by every hon. member.

[*Mr. Brand.*]

I should not have spoken in this debate but for some of the misstatements made by hon. members opposite. In his usual bull-headed method of debate, the hon. member for West Moreton charged the Government with spending most of their loan moneys in the cities and practically ignoring the country. I would remind that hon. member that the total loan expenditure for last year was £4,785,000. The expenditure was as follows:—

	£
Main Roads	770,000
Loans and subsidies to local bodies	1,372,192
Railways	872,995
Agricultural Bank	173,340
Rural Development	135,870
Forestry	88,562
Public Estate Improvement Fund	123,801
	£3,536,760

That is the amount expended beyond the city boundaries, consequently the statement by the hon. member for West Moreton that the bulk of loan money is expended in Brisbane is absolutely outside the realms of truth.

That hon. member also stated that the public debt had increased by £8,000,000 during the last three years. As a matter of fact the public debt had increased by less than £7,000,000, but what is a million to the hon. member for West Moreton when he desires to bolster up a statement that is not true!

Another statement requiring refutation is that of the hon. member for Murrumba. He became much concerned over the fact that the taxation per head of population has been greater for the period of the Labour Government, 1932-35, than it was during the Moore Government's term, 1929-32. The figures show that to be so, but what the hon. member omitted to state was the fact that from 1932 to 1935 industry and the people of the State have had some money or some income with which to pay taxation. During the period of the Moore Government their income was less than half what it is to-day, and they were hard pressed to find any money whatsoever wherewith to meet taxation. A tax of £5 on a man in receipt of £500 per annum can be said to be nothing in comparison with a tax of £4 on a man in receipt of only £200 per annum. It is the percentage of taxation that counts, and the percentage of taxation to the total income of the State during the term of office of the present Government, compared with those factors during the term of office of the Moore Government, shows that the percentage of taxation compared with the total income of this State was much less during the last three years than in the Moore Government's time.

The hon. member for Oxley made a statement that the expenditure going on at Mackay at the present time was the greatest example of squandering that the State of Queensland had seen. He particularly emphasised the word "squandering." At the time I interjected and informed him that the Mackay outer harbour scheme had been thoroughly investigated.

The TREASURER: He asked a question upon the point.

The SECRETARY FOR PUBLIC INSTRUCTION: That is so, and I remember the Treasurer replying very definitely to that question. I hope the hon. member was not in any way connected with the syndicate that had approached the contractor to withdraw his tender.

Mr. NIMMO: I was not.

The SECRETARY FOR PUBLIC INSTRUCTION: As against what has been said by the hon. member for Oxley I desire to quote from a speech made by an hon. member who was looked upon as an authority so far as the Nationalist organisation was concerned. I refer to Mr. Fadden, who was hon. member for Kennedy in the last Parliament. Speaking on the question of the Mackay outer harbour scheme that gentleman said—

“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.”

Mr. Fadden pointed out he had investigated the proposal for the Mackay Chamber of Commerce, and that he had commenced his investigations entirely opposed to the project but had finished as an enthusiastic supporter of it.

Mr. NIMMO: As an accountant.

The SECRETARY FOR PUBLIC INSTRUCTION: And as an observer. He had commenced his investigations totally opposed to the scheme, but his investigation had proved to him that it was entirely sound, and he said—

“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.”

That statement does not bear out the contention of the hon. member for Oxley that the money is being “squandered.” And further than that, Mr. Fadden stated—

“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.”

From every angle Mr. Fadden was of the opinion that the work served a particularly good purpose and there was no “squandering” of the money. One hon. member, and I have forgotten just for the minute what hon. member it was, raised the old bogey of the uselessness of expending loan money. I think it was the hon. member for Oxley

who said that if a Labour Government were returned in the Commonwealth sphere the financial institutions overseas would refuse to invest one penny in Australia.

Mr. NIMMO: I did not say that.

The SECRETARY FOR PUBLIC INSTRUCTION: The hon. member said there would be no loan money advanced to Australia if a Federal Labour Government were returned. That is the old cry of “stinking fish,” and it ruined Australia in days gone by. I am surprised that the hon. member for Oxley should say such a thing.

Mr. NIMMO: I did not say such a thing. You said you did not know who said it.

The SECRETARY FOR PUBLIC INSTRUCTION: To-morrow’s “Hansard” will show who said it. However, I am sorry to think that any hon. member of the Opposition would say such a thing. The policy that is being pursued by the Government has been endorsed from one end of Australia to the other, although, five years ago, it was roundly condemned. I want to bring forward as additional testimony to it—an extract from an article written by Sir Basil Blackett. Sir Basil is a gentleman of high standing. He is a director of the Bank of England and he was formerly Controller of Finances at the British Treasury and Finance Member of the Viceroy’s Council in India. Listen to what that gentleman has to say about the policy that the Queensland Government are adopting—

“I do not underrate the difficulties, internal and external, which the Government have had to face and still have to face—”

He was talking about the British Government there, but he goes on to say this—

“But it is my reasoned conviction that, without in any way endangering financial stability, an aggressive policy, particularly a policy of bold expenditure on public works financed or fostered by the Government, which would result in a present total of 2,000,000 unemployed being at least halved within three years.”

What a wonderful endorsement that is for Queensland’s policy in the matter of a vigorous prosecution of a public works scheme! That gentleman said he believed that over a period of three years the unemployed of England would, by a vigorous policy of public works expenditure, be decreased by 50 per cent. That has been done here in Queensland, as the figures will show. He did not advocate the spending of £1,000,000 or £5,000,000, but he recommended that the British Government should spend on public works at least £350,000,000 over a period of two and a-half years. The population of Great Britain is about 40,000,000 or forty times that of Queensland. If Queensland were to spend a fortieth of that £350,000,000, we should spend something like £9,000,000 over a period of three years. We have not done that. That gentleman advocates a greater expenditure than we are undertaking, and that in a country as settled as England. It is a wonderful thing that a gentleman of that standing should back up the Queensland Labour Government’s policy so thoroughly. He goes on to say—

“That is why I, as a conservative and supporter of the National Government, have no hesitation in urging upon men of all parties and of none . . .”

Hon. F. A. Cooper.]

Those last few words have a particular application to this Parliament—

“ . . . and on all the different interests in the country and on our National Government, to co-operate whole heartedly in carrying through on a big scale an active policy of wise capital expenditure which I sincerely believe is alone capable of ridding our country of the evil of a vast body of unemployed men and women and building up for this generation and those to come a fairer and happier Britain.”

Mr. NIMMO: Did he say what to do after the two and a-half years had expired?

The SECRETARY FOR PUBLIC INSTRUCTION: Yes, he said that there would be 1,000,000 men in England earning a decent wage and enjoying the comforts of life. There would be 1,000,000 people who would be spending according to their wants and encouraging industry and assisting in the establishment of further industries. Those people would be keeping the old industries going and putting millions of pounds of money into circulation. They would purchase all sorts of products from overseas—Queensland wool, Queensland sugar, Queensland rabbits, etc. There would be a general increase with all concerns—the hon. member for West Moreton in his private capacity would profit by the inauguration of such a scheme in England. I commend this article, in the “Spectator” dated 12th July, 1935, to hon. members opposite—an article by a gentleman who is recognised as one of the financiers of the world. It is a complete vindication of the loan policy pursued by the Labour Government in Queensland over the last three years.

Question—“That the resolution (*Mr. Smith's motion*) be agreed to”—put and passed.

The House resumed.

The CHAIRMAN reported that the Committee had come to a resolution.

Resolution received and agreed to.

WAYS AND MEANS.

COMMITTEE—VOTE ON ACCOUNT, £3,250,000.

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

The TREASURER (Hon. W. Forgan Smith, *Mackay*): I move—

“(a) That, towards making good the Supply granted to His Majesty, on account, for the service of the year 1935-1936, a further sum not exceeding £1,600,000 be granted out of the Consolidated Revenue Fund of Queensland, exclusive of the moneys standing to the credit of the Loan Fund Account.

“(b) That, towards making good the Supply granted to His Majesty, on account, for the service of the year 1935-1935, a further sum not exceeding £1,000,000 be granted from the Trust and Special Funds.

“(c) That, towards making good the Supply granted to His Majesty, on account, for the service of the year 1935-1936, a further sum not exceeding £650,000 be granted from the moneys standing to the credit of the Loan Fund Account.”

Question put and passed.

[*Hon. F. A. Cooper.*

The House resumed.

The CHAIRMAN reported that the Committee had come to certain resolutions.

Resolutions received and agreed to.

APPROPRIATION BILL, No. 1.

ALL STAGES.

A Bill, founded on the resolutions reported from the Committee of Ways and Means, was introduced, and passed through all stages without amendment or debate.

The House adjourned at 3.53 p.m.