

Queensland



Parliamentary Debates  
[Hansard]

**Legislative Assembly**

**THURSDAY, 13 AUGUST 1936**

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**THURSDAY, 13 AUGUST, 1936.**

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

CIRCULATION AND COST OF  
"HANSARD."

Mr. SPEAKER laid on the table the report of the Chief Reporter, State Reporting Bureau, on the circulation and cost of "Hansard" for the financial year ended 30th June, 1936."

Ordered to be printed.

PAPERS.

The following paper was laid on the table, and ordered to be printed:—

Forty-first Annual Report of the Auditor-General under "The Supreme Court Funds Act of 1895."

The following papers were laid on the table:—

Regulation, dated 26th March, 1936, under "The Workers' Homes Acts, 1919 to 1934."

Orders in Council under "The Income (Unemployment Relief) Tax Acts, 1930 to 1935."

Proclamation, dated 24th June, 1936, under "The Fish Supply Management Act of 1935."

Orders in Council, dated 24th June and 13th July, 1936, under "The Fish Supply Management Act of 1935."

Regulations, dated 30th June, 1936, under "The Fish Supply Management Act of 1935."

#### VOTING AT BY-ELECTIONS.

##### RETURN TO ORDER.

The following paper was laid on the table, and ordered to be printed:—

Return to an order relative to details of polling at the by-elections held in 1935-36.

#### DOCUMENT CITED BY MEMBER LAID ON TABLE.

##### PERSONAL EXPLANATION BY PREMIER.

Mr. GODFREY MORGAN (*Dalby*): In compliance with the request of the Premier yesterday, I desire to lay on the table of the House a copy of the Manitoba "Commonwealth," dated 29th May, 1936, in which an article appears by the Hon. W. Forgan Smith, LL.D., Premier of Queensland, on State enterprises.

The PREMIER (Hon. W. Forgan Smith, *Mackay*) [10.41 p.m.], by leave: I thank the hon. member for Dalby for laying on the table of the House an extract from the Manitoba "Commonwealth." It is the first time I have heard of that newspaper, and at no time have I contributed an article to it. So far as I have been able to see from the cursory glance in the time at my disposal the article appears to be a condensed reprint of an article published in extenso elsewhere, and many of the words have unfortunately been omitted.

#### QUESTIONS.

##### BREAKFAST CREEK ROTATIONAL RELIEF WORKERS.

Mr. NIMMO (*Oxley*) asked the Secretary for Labour and Industry—

"1. Has his attention been drawn to the dismissal of a number of rotational relief workers by the Brisbane City Council for not paying £1 5s. for a ticket in the Australian Workers' Union?"

"2. Were these men working under any award of the court?"

"3. What action, if any, does the Government intend to take to protect the men?"

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

"1. Yes

"2. As a result of an Order in Council issued on 1st February, 1933, men employed on certain relief work were excepted from the operation of 'The Industrial Conciliation and Arbitration Act of 1932,' but by arrangement with the Brisbane City Council the rates and conditions prescribed in the Brisbane City Council Award (Road-making, &c., Employees) were observed on this work, and all other Local Authorities under similar circumstances recognised and observed the rates and conditions in relative awards. The men concerned,

on engagement, entered into written undertakings to meet the requirements of the preference clause in the award, but failed to honour such undertakings, and were therefore dismissed in terms of the preference clause. The majority of the married men who were so dismissed have now been restored to intermittent relief work, subject to the ordinary conditions governing such work, and under which they are receiving wages in cash varying from £1 5s. to £3 14s. 6d. per week, according to the number of their dependents.

"3. The matter is receiving consideration."

##### PURCHASE OF WINDMILLS FOR STOCK ROUTES.

Mr. MAHER (*West Moreton*), without notice, asked the Secretary for Public Lands—

"Will he lay on the table of the House all the papers in connection with the purchase by the Department of Public Lands of windmills for stock routes?"

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

"The papers can be inspected at any time the hon. member desires to call at the office."

#### DISALLOWANCE OF QUESTION.

##### MR. SPEAKER'S RULING.

Mr. JESSON (*Kennedy*) giving notice of a question of the hon. member for Albert with reference to his visit overseas—

Mr. SPEAKER: Order! The hon. member is only entitled to ask another hon. member for information with respect to the business of this House and therefore his question is not in order.

#### STATE EMPLOYEES.

##### ORDER FOR RETURN.

Mr. NICKLIN (*Murrumba*), for Mr. CLAYTON (*Wide Bay*): I move—

"That there be laid upon the Table of the House a return in the usual form showing the number of Government employees at 30th June, 1936 (all departments), paid from Consolidated Revenue, Trust Fund, and Loan Fund respectively."

Question put and passed.

#### SUPPLY.

VOTE ON ACCOUNT—£3,150,000

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, 1937:—

"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 £550,000."

## COMMITTEE.

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

The TREASURER (Hon. W. Forgan Smith, Mackay) [10.43 a.m.]: I move—

“That there be granted to His Majesty, on account, for the service of the year 1936-1937, a further sum not exceeding £3,150,000 towards defraying the expenses of the various departments and services of the State.”

This is the usual Appropriation Bill that is brought down early in each session of Parliament. The supply granted by the last Appropriation Bill will not be sufficient to meet the requirements beyond the month of August; therefore it is necessary to obtain further supply. The present Bill makes provision to meet the estimated requirements until the end of October. The following sums were appropriated by the Appropriation Act No. 3 of last session, on account of the year 1936-37:—

	£
Consolidated Revenue Fund	1,800,000
Trust and Special Funds	1,200,000
Loan Fund Account	750,000
	£3,750,000

The amounts included in the present Bill are—

	£
Consolidated Revenue Fund	1,600,000
Trust and Special Funds	1,000,000
Loan Fund Account	550,000
	£3,150,000

making a total provision on account of the various funds as follows:—

	£
Consolidated Revenue Fund	3,400,000
Trust and Special Funds	2,200,000
Loan Fund Account	1,300,000
	£6,900,000

The amounts provided for the same period last financial year were £6,800,000. The estimated requirements of consolidated revenue are the same as the appropriation for the last financial year.

Mr. MAHER (*West Moreton*) [10.47 a.m.]: This is an appropriation of money designed to meet the obligations of the Government to the public servants of the State, amongst other things, and I feel it opportune to bring up for discussion this morning claims that have been made recently to the Treasurer by the representatives of the public service unions for restoration of the cuts that were imposed upon them during the period of depression. I have always stated in this Parliament that those officers who are genuinely required for the needs of the public service should be paid a wage that would be accepted as a standard and a model for outside industries. Our public servants, who carry out important work for the Crown, should be appropriately rewarded for their services. There was a great outcry by members opposite, then occupying these benches, when our Government, led by the hon. member for Aubigny, during the period of the depression had to make an average cut of 15 per cent. in the wages of our civil officers. Despite the fact that the average cut that was imposed at that time was the

lowest made by any Government during the depression period throughout Australia, the attacks from the then Opposition were absolutely merciless and relentless.

The SECRETARY FOR PUBLIC LANDS: Your Government deprived them of their civil rights.

Mr. MAHER: They are not so much concerned about their civil rights as they are about the restoration of their salaries to their former level. The point is that by inference and by speeches in this Parliament and outside the members of the Government, then in Opposition, gave the public servants of this State reason to believe that if they supported them at the 1932 elections they would have full and ample restoration of their salary cuts. The Government ordinarily would have a good deal of sympathy from hon. members on this side of the Committee in their present financial extremity in their endeavour to meet the reasonable demands of the public servants, but having regard to the fact that they did not spare the Moore Government in their criticism during the depression they must now stew in their own juice.

Speaking at the Princess Theatre, South Brisbane, on 27th May, 1932, the present Treasurer is reported as having said—

“The Moore Government had brought about stagnation, degradation, and undeserved poverty, with no hope for the future. . . . There was no doubt a rot had set in under the Moore Government, and the best way to stop it was by returning a Labour Government to power, which would restore to the people the advantages which had been filched from them during the past three years.

“He would advise them to smash the wage smashers, and dismiss the baby starvers.”

Who are the wage smashers to-day? Yesterday the Treasurer delivered a speech in this Parliament which gave the impression to all who heard it and to the public who read it in the Press that conditions equal to those of the prosperous times of 1929 have been restored to the State. If that is the case, then how are the Government justified in refusing the request of the public servants for a full restoration of their salaries? In 1932 the Treasurer advised the people to smash the wage smashers and dismiss the baby starvers. Who are the wage smashers and who are the baby starvers to-day? We have the spectacle of public servants carrying out important duties to the Crown who have not had anything like a reasonable restoration of their salaries—a restoration of roughly 3½ per cent. out of an average cut of 15 per cent. When the Treasurer recently received a deputation from the public service unions he was in such an extraordinary mood that he said—

“Employees on the basic wage in Queensland had suffered a reduction of only 13 per cent since June, 1930. but the cuts in other States, in round figures, were:—Victoria, 23 per cent.; South Australia, 22 per cent.; Western Australia, 19 per cent.; New South Wales, 16 per cent. In terms of cash the basic wage man in Queensland lost 11s., but his fellow worker in Victoria lost £1, in South Australia 19s. 6d., in

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Western Australia 16s. 6d. and in New South Wales 13s. 6d. The cost of living was lower in Queensland than in any other State."

Can we have a better testimonial to the sweet reasonableness of the Moore Government during the period of the depression than the assertion by the Treasurer to-day that the Moore Government reduced salaries to a lesser extent than any other Government in Australia? He asserts as a fact that the Queensland cut was the lowest and he invites public servants to take comfort and consolation from that.

The TREASURER: If all that you are saying is true, what are you worrying about?

Mr. MAHER: The hon. gentleman adopted quite a different tune in 1931, when these cuts were imposed upon the public servants. His opposition to the wages cuts proposed in the Premiers' Plan was most marked and determined, but he was quite agreeable to the other provisions in the Plan for a reduction in the interest to be paid to bondholders and in respect of other items. The latter provisions had his full approbation, but not the suggestion that wages should be reduced. Having by inference and by statements from the public platform given the impression to the public servants that they would obtain a full restoration of their salaries if his party was returned to power he cannot complain if I deem it necessary now to refer to the arguments that were used by the Labour Party when they sat on this side of the House during that difficult time. The public servants must think to-day, if they have any intelligence at all, that they have been absolutely fooled by the present Government. As a matter of fact it is rather extraordinary that the Treasurer should have to refer to the reduction in the salaries of the public servants of Queensland as having been only 13 per cent., and the reduction in the basic wage as amounting to only 11s. a week, especially when one thinks of the position of the Government during those difficult times. Mr. Bolger, secretary of the council of the combined public service unions had this to say recently—

"Full restoration had been made in the Commonwealth Public Service up to £474 a year, except for a cost of living reduction of £30 a year, Mr. Bolger continued. Even above £474 the reductions were much below what obtained in this State. In Western Australia salaries had been subjected only to the reduction made in the basic wage. The same applied to South Australia. In Tasmania the existing rate of reduction was 10 per cent. on all salaries. The Victorian Premier was budgeting for the abolition of reductions up to £312 a year and a 25 per cent. abatement of the rates of reduction above that figure. In New South Wales two-fifths of the reductions imposed under the Salaries Act had been restored, and as the basic wage increased, so also did the salaries of public servants. This position had never obtained in Queensland. Great Britain and every British Dominion had abolished the emergency cuts with the exception of New Zealand, which would abolish them from 1st July.

"Official proof of the soundness of their case, he said, was that the

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'Economic News' showed Queensland to be within 4 per cent. of pre-depression prosperity, and that the outlook for this year was extremely bright."

The Treasurer cannot have it both ways.

The TREASURER: That is what you are trying to do.

Mr. MAHER: The hon. gentleman claimed in the House yesterday that his Government have restored prosperity, and proceeded to quote figures showing material increases in bank clearings, index figures, stock exchange shares, erection of new public buildings, and capital of companies—all of which he claimed to be the direct outcome of the policy and action of his Government. He contended that employment had been restored to the 1929 level, which was the prosperity level. If that is so, how can the Treasurer withhold from the public servants their just claim for a restoration of their salaries to the amounts that were paid them during the prosperity period? How can he, as Leader of a Labour Government, deny to those men their just rights when we find a Nationalist-Country Party Government in New South Wales giving tax reductions on the one hand and making restoration to the public servants of wages and salaries on the other; a Country Party Government in Victoria recognising the claims of their public servants to a restoration of salaries and wages; and also the Commonwealth Government, a combination of Nationalist and Country Parties, recognising the just rights of their public servants for a restoration of wages and salaries?

The public servants must be extremely bewildered by the attitude of the Treasurer. They see the propaganda issued by his department showing increased prosperity in every direction and yet they are told, apparently, that there is no chance that any restoration worth while will be made to them, although at the same time the hon. gentleman falls back on the very arguments used by all of us when on the Government benches on the introduction of the Premiers' Plan to this Parliament. It is a paradoxical position and it helps to illustrate to the disillusioned people the political hypocrisy of the members of the Government. It is going to be very difficult indeed for the Treasurer and those associated with him to convince the public servants that they are not entitled to an increase. After all is said and done, the Treasurer claims that governmental revenue is buoyant and things are better. Why then deprive the public servants of what they are entitled to?

The Treasurer, when speaking at the City Hall, Brisbane, on 23rd April, 1935, said—

"The Labour Party never made any secret of its hostility to some conditions of the Premiers' Plan. It opposed that section that arbitrarily reduced wages and social services."

There is no question that that is an implied promise to all his listeners that if Labour was returned to power it would restore to those who suffered salary cuts what was their due. The public service, in view of what the Government have said, and in view of the implied promises of the Treasurer and his supporters on the public platform, have a right to expect a restoration of their salaries. I know the position financially, but at the same time I must draw attention to the fact that the Treasurer and those

supporting him have made those promises to our public servants and are definitely pledged to fulfill them and see that they get a fair deal.

The TREASURER: Will you support a restoration of the 1929 level?

Mr. MAHER: That is the task of the hon. the Treasurer. The hon. gentleman is in a difficult financial position and he must extricate himself from it.

The TREASURER: You have no responsibility at all, eh?

Mr. MAHER: If I had to face a responsibility I should do what I considered right. The Treasurer has made his position difficult and has prejudiced the prospect of the public servants' getting a restoration by his liberality in admitting to the public service approximately 3,000 new officers since 1932.

The TREASURER: Is that figure based on the same idea as your "shilling a bushel" yesterday?

Mr. MAHER: That figure is drawn from the public records, which disclose that on 30th June, 1932, there were 25,357 employees being paid from consolidated revenue.

The TREASURER: Did you not make that mistake last year during the discussion on the Estimates?

Mr. MAHER: I am not making any mistake. These are facts. The number of employees paid from trust funds at the date I just mentioned was 2,687, making a total of 28,044. The number of officers being paid from consolidated revenue on 30th June, 1935, was 26,451, and from trust fund 4,530, making a total of 30,981, representing an increase of 2,937. We have to take into account that the Main Roads Commission employs a large number of hands that come under the trust funds. There is an increase of 2,937 employees, or in round figures 3,000; and if one takes the average wage of these people at £4 a week that represents £12,000 a week or approximately £500,000 per annum. That amount has been added to the budgetary requirement of the State because of the employment of these additional officers. I am not going to deny, as the Treasurer stated last session, that some of these officers have been necessary because of the public works that are being undertaken, but not all of them are needed. The outstanding fact is the revenues of the State are being called upon to the extent of approximately £500,000 to pay these additional officers, and to that extent the chances of our public officers of securing a reasonable restoration of the money taken from them during the period of the depression is prejudiced.

The justification for this increase was stated by the Secretary for Public Lands who was reported as follows:—

"In this manner the (Queensland Government, in common with other Governments, has materially assisted in reducing employment."

On that reasoning we have only to add another 20,000 employees to the wages bill of the State and the whole problem would be solved. What I am trying to point out is that the Government should be very careful in admitting new hands to the public service—thereby increasing our salary expenditure—whilst leaving undischarged our obligations to our public officers who suffered

heavy salary cuts during the period of the depression. I sympathised with the public officers of Queensland in the salary cuts imposed on them at that time, and I sympathise with them now because they have been confused, bewildered and fooled by the members of the present Government party, who led the people to believe at the last election that they would bring about a restoration of those cuts. The public servants have been let down. There is not the slightest doubt about that.

Mr. WATERS: If you were Premier would you restore the cuts?

Mr. MAHER: The hon. gentleman is an aspiring Premier and the responsibility of controlling the finances is in the hands of the party to which he belongs. If I were in charge of the Government I would indicate to this Committee the method I should adopt in order to give justice, and it would be a fair one, too. I have indicated our sympathy with our public officers in a reasonable demand for a restoration of their salary cuts. There are other matters of importance I wish to deal with during the passage of the Bill, but I reserve them until the second reading stage.

Mr. LARCOMBE (*Rockhampton*) [11.6 a.m.]: The Leader of the Opposition is still tilting at windmills (Government laughter). It is remarkable that since he became Leader of the Opposition he has been obsessed with windmills. His first question this session concerned windmills. In his speech yesterday he complained as to the cost of the manufacture of windmills, and to-day he has continued in the same strain. The hon. gentleman has imparted quite a Spanish flavour to his speeches. Is the international situation responsible for this? He really resembles a modern Don Quixote (Government laughter). Nothing could be more quixotic than the tilting at windmills indulged in by the hon. gentleman since he became Leader of the Opposition. Yesterday the Treasurer pointed out how absurd was his charge that the windmills purchased by the Government are to be manufactured in other States. The Leader of the Opposition made a quixotic blunder in that respect, for the Treasurer pointed out that the windmills were to be manufactured in Queensland.

Mr. MAHER: I have not finished with the windmill argument yet.

Mr. LARCOMBE: Yesterday the hon. gentleman was pounded and pulverised logically by the Treasurer, and I should think he would be well advised to let the matter drop.

I never tire of watching aspiring youth climbing the ladder of fame, but the Leader of the Opposition has been imposed upon by his party. They have unloaded their responsibilities upon him. He has a herculean task, one almost impossible of satisfactory discharge by any political leader—the rehabilitation of the prestige of the Moore Party, the anti-Labour Party in Queensland. Hon. members opposite encompassed their own undoing; they are their own destroying angels. The Leader of the Opposition was badly treated by his own party when they placed him in the position of their leader—they "passed the buck" to him. (Government laughter.) The hon. gentleman is endeavouring to stem the tide and turn the current. It is an impossible task.

*Mr. Larcombe.]*

The hon. gentleman endeavours to lay down the wages policy for this Government. When he becomes Premier of the State—

A GOVERNMENT MEMBER: When?

Mr. LARCOMBE: If he does.

Mr. MAHER: You all seem a bit nervous.

Mr. LARCOMBE: If he becomes Treasurer of this State he will have the opportunity and the responsibility of laying down the wages policy and the industrial policy of the State. But that time has not yet arrived, and in view of the record of his own party—the Moore Government—it is almost an impertinence for him to endeavour to inspire the policy of the Government regarding wages and working conditions. The Government will declare its wages and salaries policy in its own way at the proper time.

The Leader of the Opposition indulges in mental gymnastics. Yesterday his complaint was not about the restoration of a higher wages standard, but that the wages policy of the Labour Government was ruining secondary industries and retarding the progress of Queensland. Yesterday that was the burden of his lay—the wage standard was too high.

Mr. MAHER: No.

Mr. LARCOMBE: He stated that in the Rockhampton district there were poor unfortunate unemployed workers who were prepared to accept 25s. a week, but were not allowed to work.

Mr. MAHER: That was only an instance in passing.

Mr. LARCOMBE: That hon. gentleman dealt with the secondary industries of Queensland. He complained of their backward condition, and attributed it partly to our wages standard. Here again he displayed mental gymnastics. He quoted the period from 1914 to 1929.

Mr. MAXWELL: The ghosts of the past.

Mr. LARCOMBE: How carefully he omitted the period 1929 to 1932. How gingerly he skated over that period! He went back twenty years, but he refused to face the ghosts of 1929-1932. The complaint of the Leader of the Opposition yesterday was that our wages standard was too high.

Mr. MAHER: I never made such a reference. What is the good of misleading the Committee?

Mr. LARCOMBE: The hon. member should read his own speech, for there he will have confirmation of my charge. It is remarkable that the charge of not restoring a better wage standard should be laid against this Government by the very party that destroyed that standard, that threw Queensland back industrially, politically, socially, and economically, and destroyed the basic wage standard of £4 5s. a week and the standard of the wages paid to the public servants by their predecessors.

Mr. MAXWELL: On whose recommendation?

Mr. LARCOMBE: The hon. member cannot shirk his responsibility.

Mr. BRAND: Neither can you.

The CHAIRMAN: Order!

Mr. LARCOMBE: We have never endeavoured to. On two occasions the Moore Government went to the Industrial Court and obtained reductions. They went on

the third occasion and the court was sickened of their repeated applications and resolutely refused to make that further cut in the wages standard of the public servants of Queensland. And the party that would have probably reduced the wage standard from £3 14s. are now criticising the Government for not restoring the wages standards of 1929! This party promised something and have fulfilled their promises. We promised to restore arbitration to the workers of Queensland and to the public servants who were deprived of that right, and we did so, living up to our responsibility and the promises we made in that regard. The party that destroyed arbitration for two-thirds of the workers of Queensland are now, with Pecksniffian pretensions, pleading for the public servants of Queensland.

There is relationship, we know, between wage standards and arbitration. The workers, including the public servants, were denied by the Moore Government the right to come before a fair and impartial tribunal, and it was Labour's task and responsibility to restore that privilege to them. The Government have re-established arbitration. The public servants have since gone to the court and secured some restoration of the reductions they suffered. Our task has been stupendous, because of the handicap of the obligations that three years of Moore Government brought about in this State. Nevertheless, arbitration has been restored and the public servants have obtained better conditions. I understand that approximately £1,000,000 in restored wages and salaries has been received by them as a result of this Government's industrial policy. The Government will reveal their industrial and wages policy at the proper time.

Mr. BRAND: We have been waiting for twenty-five years.

Mr. LARCOMBE: The hon. member has not been waiting at all, because substantial concessions have been granted, and an approach to 1929 standards has been commenced, although such efforts have been absolutely distorted by the hon. member who interjects and by his party.

Mr. BRAND: You ask the public servants.

Mr. LARCOMBE: It is clear therefore that the present Administration have not shirked their promises and responsibilities. They have restored arbitration and the 44-hour week that was destroyed by hon. members opposite. Certain railway workers have also secured increases in hourly wage payments.

The TREASURER: The increased wage payments due to Industrial Court awards and other concessions given by this Government cost £900,000 per annum.

Mr. LARCOMBE: That is a substantial improvement on previous conditions and shows how well the Government are living up to their promises. The railwaymen and the public servants voted for the Government candidates by thousands in 1935. They helped to destroy the Moore Government in 1932; for, after the Moore regime from 1929 to 1932, they determined that such men should never again grace the Treasury benches.

The restoration of the 44-hour week during the life of this Government should be emphasised. It was a definite reform and the fulfilment of another promise made by the Government. It resulted in substantial

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increases in the wages of the railway employees. The very party opposite who dare to lecture the Government on their treatment of the public servants actually dismissed 7,000 Government workers during their period of office—throw them upon the streets, without any wage at all—and now they complain that the public servants have not been restored to the 1929 standard. Why, hon. members opposite struck terror and fear into the very hearts of the public servants during their period of office. They were responsible for robbing them of millions of pounds in wages and salary payments. That is no exaggeration. Not only did they do that but they also instituted short-time work, thereby robbing 8,000 public servants in some cases of up to 40 per cent. of their salaries or wages.

Mr. MOORE: The rationing system was introduced during your time as Secretary for Railways.

Mr. LARCOMBE: When I went out as Secretary for Railways in 1929 there was generally full-time employment in the railway and other Government departments.

Mr. GODFREY MORGAN: That is not true.

Mr. LARCOMBE: It is true.

Mr. GODFREY MORGAN: It is not true.

Mr. LARCOMBE: It is true.

Mr. GODFREY MORGAN: You dismissed them.

Mr. LARCOMBE: There was full-time work in the railway and other departments in 1929 and it is no good hon. members opposite denying the fact or trying to shirk responsibilities.

Mr. BRAND: Do you remember the economy board that you established?

Mr. LARCOMBE: I remember a lot of things. I remember the record of the Moore Government during 1929-32 and we are not going to allow the public servants to forget it; nor are we going to allow the electors of Queensland to forget it.

Mr. DEACON: Do you remember when you sacked the whole lot? (Laughter.)

Mr. LARCOMBE: Another Rip Van Winkle who has suddenly awakened to the interests and welfare of the public servants of this State! But in his electorate he refers to them as parasites who batten upon the poor unfortunate farmer. Here, in Parliament, he awakens to their interests and is sympathetic to a degree. But he gives lip service only. If we are to be attacked on our industrial and wage policy, then we wish to be attacked by a political party that has some degree of consistency and honesty of record and not by a party that has been guilty in an intensified form of every sin with which they charge the present Administration.

As one who represents a good many railway men and public servants, I congratulate the Government upon the splendid approach that they have made towards the restoration of the 1929 conditions and express the hope that it will be possible to improve the existing standard, thus enabling us to approach still closer to the 1929 level. The financial policy of the Government for the present financial year has not yet been determined and it is unfair to anticipate it so as to criticise it accordingly. It is ridiculous that a party that crucified and scourged

the public servants should at this late hour make a virtue of necessity by claiming that the public servants are prevented from securing reasonable salary payments.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [11.23 a.m.]: When Parliament opened the Leader of the Opposition announced in this Chamber that his party had been reformed. There has been reform in the matter of leadership, but there has not been any reform in the method of dealing with Government policy. It is interesting to note that apparently the methods that are going to be adopted by the Opposition under their new leader are methods that would delight the heart of what are known as the "Wobblies."

Mr. MAHER: What?

The TREASURER: The "Wobblies." Evidently the Leader of the Opposition has been getting a few lessons from the Communists and the Wobblies. Consequently, he thinks that he can win the party's way back to power by making statements such as he has made this morning. It is indeed a pitiable thing that the remnants of a once great party cannot rise to the heights demanded of those who aspire to discuss national problems. Even the "Courier-Mail" this morning, more in sorrow than in anger, deplored that fact.

The position of the Treasurer is an interesting one. He has a responsibility to the whole State of Queensland. He is surrounded by a series of economic groups all saying "Give me! Give me! Give me!" The Leader of the Opposition made a plea this morning for the restoration of the 1929 conditions to Crown employees. Yet, if his speech yesterday meant anything, it was a claim that wage standards were too high to enable secondary industries to be established in this State. On still another occasion we find him attacking the level of taxation, and making a plea for its reduction. That is to say, on the one hand he advocates an increase in expenditure and on the other demands reduced taxation. The hon. gentleman cannot have it both ways.

I want to remind this Committee of the position in regard to Crown employees at the time this Government took office. The Moore Government were very proud—they often referred to the fact—that they were the first Government in Australia to make reductions in expenditure and cuts in wages. The cuts in wages were made by the Moore Government in the first instance, before the Premiers' Plan was initiated. They made them not so much on the basis of the Premiers' Plan as because that course was in consonance with their general low-wage policy—a policy that sticks to them still, that will always stick to them. When the Moore Government ascended to office they made application to the Industrial Court for reductions in wages. The Attorney-General of the day said that his Government had applied to the Industrial Court, that the court had not functioned as it ought to have done, and in reply to an interjection said, in effect, that his Government would ringbark the court. What form did that ringbarking take? The Moore Government issued an Order in Council excluding all Crown employees from its ambit. That meant that they were not only removed from the Industrial Court, but also industrially outlawed. After the Moore Government had done that, a similar procedure was applied to the workers engaged in the pastoral and metalliferous mining

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industries, which meant that very large sections of the community were denied the protection of the industrial code. Yet we find members of that party rising in their places to-day and advocating the restoration of what they are pleased to call the 1929 standards.

The Government I have the honour to lead are carrying out the pledges they made to the people. We condemned this policy of industrial outlawry by the Moore Government, and promised to restore arbitration and the right of access of all workers to the court. That has been done.

The Leader of the Opposition claims that no consideration has been given at all to the public servants. I desire to emphasise what has been said by the hon. member for Rockhampton—that the restoration of the 44-hour week has been effective. The improvement in industrial conditions that has resulted from that Act—the Act that restored it—is of considerable value. Sometimes an improvement in wages can be nullified by means of an increase in the cost of living, but the improvement in the working conditions of the workers of this State as a result of the legislation of this Government is a permanent and definite one. The cost to the Budget of the restoration of the 44-hour week is £165,000. The restoration of the automatic and classification increases of the public service, which were withheld by the Moore Government, involve a considerable sum also. As I interjected when the hon. member for Rockhampton was speaking, the judgments of the Industrial Court and other improvements represent an increased expenditure of £900,000. So that in common with the rest of the people the public servants have had reasonable treatment from the present Government.

My condemnation of the Moore Government's policy was directed at their giving effect to certain economies arbitrarily without regard to the principles of arbitration. They refused to allow the court to function and they arbitrarily made reductions in wages and salaries without regard to equity and without any opportunity for an impartial tribunal to deal with it on an equitable basis. In 1929 the basic wage standard was £4 5s. I repeat, the Moore Government applied for reductions in that basic wage. Certain reductions were made by the court, but the court refused on one occasion to make any further reduction. Following upon the refusal of the court to make a reduction the Government of the day effected a reduction by Order in Council. That is what I condemn.

Since 1929 the general wages standard in Queensland, owing to the reduced cost of living and court awards, has been reduced by approximately 13 per cent. I think the correct figure is 12.98 per cent., but the reduction in the nominal wage has been practically 13 per cent. Is the Leader of the Opposition arguing that the Crown employees should have a 13 per cent. higher standard than that laid down by the court? Is he arguing that the people who are not Crown employees should be taxed to pay for a standard of conditions that they do not themselves enjoy? We say, as a Labour Party, that all employees are entitled to the highest wages standard that industry can afford.

GOVERNMENT MEMBERS: Hear, hear!

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The TREASURER: We say that all employees, whether Crown employees or private employees, should be treated on the same basis. That is the policy of the Government. All Crown employees have the right to go to the court and have their wages and salaries adjusted entirely on the same basis as any other employees in any other occupation throughout the State. It is satisfactory from a Labour point of view and is sound, just, and equitable.

Mr. MAHER interjected.

The TREASURER: The Leader of the Opposition tries to get away from the barren and the base record of the Government he supported. I will give further evidence of the Moore Government's attitude towards the wages question. The Leader of the Opposition must not think that in this Parliament he can play with a double-headed penny. Statements like he made about 25s. a week and a 1s. a bushel may suit in some of the remote centres of his electorate, but they will not suit in Parliament where men are acquainted with the facts. The Moore Government, I repeat, were a wage-slashing Government. They were proud of it. They openly boasted that they made cuts before any other Government in Australia, and they made these cuts without recourse to a judicial tribunal at all.

I want to quote from the report of the Conference of Premiers of April, 1932, which was attended by representatives of the Moore Government. An expert committee's report was presented, the basis of which was that all Governments, by legislation or otherwise, should give effect to a further cut of 10 per cent. made in some cases by the Federal Court of Conciliation and Arbitration. The Prime Minister of the day, who is still Prime Minister, said that was the further development of the Premiers' Plan, and that his Government accepted in its entirety the committee's report. The actual recommendations were that the principle of a reduction in real wages of 10 per cent., already provided under awards of the Federal Court of Conciliation and Arbitration, should be made general and given effect to by all wage-fixing tribunals, or by legislation.

"This recommendation really provides for the carrying out of what was an underlying principle of the Premiers' Plan. Nobody desires to see a reduction in real wages, yet it has to be recognised that, if effect were given to this recommendation, it would result in equality of treatment of all workers in Australia. At the present time the most inequitable distinctions exist. While workers throughout Australia who are under Federal awards have already been subjected to the cut of 10 per cent. in real wages, and while the wages of public servants generally have been reduced, the workers who are under State tribunals have, in the majority of cases, been subjected to no cut in real wages."

I am quoting from a speech made by the Prime Minister. The purpose was that a 10 per cent. cut in real wages should be made general and given effect to by wage-fixing tribunals or by legislation.

Now let us see what the representative of the Government then in power had to say about this proposal. I quote from the speech

of the hon. member for Aubigny, the then Premier of Queensland, but at present the Deputy Leader of the Maher-Moore Party—

“The Queensland representatives have given most earnest consideration to both the committee’s report and the statement of the Prime Minister. They desire to make clear that the Queensland Government has no intention of departing from the spirit of the Premiers’ Plan.”

Mr. BRAND: From the spirit.

The TREASURER: A very opportune interjection. The hon. member for Isis says, “the spirit,” and the Leader of his party in the Commonwealth arena said it was, “the underlying principle of the Premiers’ Plan.” Are they both in agreement—the “underlying principle” being a 10 per cent. reduction in real wages? The then Premier further states—

“The Queensland Government have already passed legislation directing the Arbitration Court to consider the possible and probable economic effects on the community as a whole in any determination it may give. Therefore, the Court having full powers, no further legislative action should be required to give effect to that portion of the committee’s report.”

Mr. NIMMO: If the court thought it advisable.

The TREASURER: Yes. But the court, said Mr. Macgroarty, did not function as it ought to have done! (Government laughter.) Then the hon. member goes on to state—

“The Queensland representatives dealt with the efficiency of the whole wage-fixing system.”

He proceeds—

“In view however, of their being on the eve of a general election it was difficult for his Government to give effect to these proposals.”

Here we have the expert committee’s report presented to a Premiers’ Conference. The Prime Minister states that this further report and recommendation of the 10 per cent. reduction of real wages is the underlying principle of the Premiers’ Plan. However, the hon. member for Isis prefers to use the word “spirit.” Very well, he may have it if he chooses, but that was the nolicv. There is no doubt at all, Mr. Hanson, that had the Moore Government continued in power that policy would have been given effect to and the workers’ wages in Queensland would be based on the Harvester standard, less 10 per cent. No amount of chicanery, no amount of sophistry, and no amount of special pleading on the part of the apologists of the Maher-Moore Party can get away ever from that fact.

Mr. MAHER: I thought you were finished.

The CHAIRMAN: Order!

The TREASURER: The hon. gentleman would perhaps prefer that I was finished, but I am not finished yet. As a matter of fact if he listens to me and exercises that modicum of intelligence that he should have then in future we may hope that he will take such steps as will prevent him from falling again into grievous error. (Opposition laughter.) The Leader of the Opposition

can laugh. He reminds me of the words of Goldsmith—

“The loud laugh that speaks the vacant mind.”

But the hon. gentleman cannot laugh away facts. Facts cannot be laughed off in that fashion. The Leader of the Opposition further stated that the public service had been swollen by 3,000 additional Crown employees. He made that statement in the last session of Parliament. He was corrected at that time, but evidently—like his predecessor in office—he learns nothing and forgets nothing. It is true that there are more Crown employees than there were when the Moore Government were in power. But the Moore Government pursued a policy of deflation and did not carry on any public works of any consequence. They preferred lending money to New South Wales so that the Sydney bridge could be built. The money should have been used for the development of Queensland. Had that been done there would not have been so much unemployment and budgets would not have been so badly unbalanced.

What are the facts, Mr. Hanson? I quote from the Public Service Commissioner’s Report. Let us take the figures for 30th June, 1935. The number of employees as at that date paid from the various funds were:—

Consolidated Revenue Fund ...	11,103
Trust Funds ... ..	4,530
Loan Funds ... ..	2,770

The Public Service Commissioner states in his report—

“The main increases for 1934-35 in the numbers of employees paid from Trust and Loan Funds were in the Main Roads, Forestry, Public Estate Improvement, Mining Operations, and Public Works Construction sections, and were due to extended activities in conformity with the Government’s policy for the relief of unemployment.”

You will find, Mr. Chairman, that that is a complete answer to the statement made by the Leader of the Opposition.

Mr. MAHER: The figures I used were official.

The TREASURER: The figures the hon. gentleman used were calculated to lead people to believe that the civil service was being unduly increased.

If there was anything in the hon. gentleman’s statement at all, the inference was that Crown employees could be given better conditions were it not for the fact that the civil service was being loaded with employees that are not required. When we have the Public Service Commissioner’s report dealing with the number of employees and carefully pointing out that the increase in employees paid from trust and loan fund accounts is due to the Government’s development and public works policy—

Mr. MAHER: They have to be paid, all the same.

The TREASURER: Of course they have to be paid.

Mr. MAHER: The money has to be found.

The TREASURER: And we have found the money. The Leader of the Opposition says—with the air of having made an

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important discovery—that they have to be paid and the money has to be found. Of course money has to be found to pay the men. That is the case for finding employment. Our policy is to utilise to the full the resources of the State so that men who would otherwise be unemployed will be given normal work and men and capital that would otherwise be idle will be usefully employed in the development of the State.

Mr. GODFREY MORGAN (*Dalby*) [11.47 a.m.]: The Treasurer has just said that the Leader of the Opposition is evidently desirous of becoming connected with the Communistic Party. I think the charge might be reversed and that we might say that the Treasurer, since his recent trip, has deserted the Socialist Party and joined the Imperialists. He has been hob-nobbing with dukes and duchesses abroad and has altered his views considerably.

The SECRETARY FOR PUBLIC LANDS: You are getting jealous.

Mr. GODFREY MORGAN: Even the Secretary for Public Lands does not agree with the Treasurer, for he said, "If I were Premier I would do certain things to-morrow morning."

The SECRETARY FOR PUBLIC LANDS: You will never be Premier; that is a certainty.

Mr. GODFREY MORGAN: That may be so. (Government interjections) These things just go to show what changes of opinion are brought about. I remember that when the late Mr. Ryan went home to England he came back with considerably changed views—for the better. All honour to him! I am not saying anything against him. He went to England, mixed with the notables, came back with views changed for the better, and was able to carry them into useful effect. The same can be said of Mr. Theodore. We all remember the occasions on which he visited the old country and how he came back a changed man. He was not the Red-rag Communist that he was before his departure; he returned almost a Conservative, and to-day he is a capitalist. Again, the same can be said of Mr. McCormack.

Mr. JESSON: Would you not like to go over there?

Mr. GODFREY MORGAN: I think it would do us all good to go over there. Particularly would it be good for Simple Simon. (Opposition laughter.) Perhaps the money expended upon the Treasurer's trip to Great Britain will not all be lost, although it is very hard to discover any good that came out of his visit. I am not complaining about it, because I realise that it has had the result of broadening his views, and that his increased knowledge may be used with good effect. He may even be induced to dress up in his court "pretties." We could hire the Town Hall for the occasion, and no doubt the Caledonian band would agree to play without any cost. Thousands of people would assemble to see the Treasurer dressed in his court "pretties," and a collection could be taken up to relieve the distress of the wives and children of the Breakfast Creek workers. Why have all these pretty clothes in a box merely to be moth eaten? Why not make use of them? Would hon. members opposite not like to see the Treasurer wearing that three-cornered hat,

the long socks, and the short breeches? It would be a wonderful sight for Queensland if the people could see just how he looked when he was in Great Britain. It is a great pity that all these clothes are going to waste. The Secretary for Public Lands would not be able to wear those clothes if he was elected to the position of Premier, because it is hardly likely that they would fit, and so we should have to go to the expense of buying new clothes for him.

The SECRETARY FOR PUBLIC LANDS: We could paint ourselves like we paint horses.

Mr. GODFREY MORGAN: The hon. gentleman is an authority on painting, because he once painted a drunken man on board a ship. He was an opponent of the hon. gentleman, and the hon. gentleman was to be prosecuted for painting him. So that painting a horse is not as bad as painting a man, and be it remembered that this man was under the influence of drink. The hon. gentleman took advantage of the fact that he was under the influence of drink on board ship to paint him. What do you think of that?

The SECRETARY FOR PUBLIC LANDS: I never painted a horse.

Mr. GODFREY MORGAN: It was only by the skin of his teeth that he escaped gaol for it.

Dealing with the expert committee's report we should bear in mind that experts appointed by Mr. Lang, which included Communists and others, considered the matter. The report was submitted to the Premiers' Conference, but it was not approved by all. Mr. Lang decided to retire from the conference, and I was present when that occurred. He refused to remain in attendance any longer, whilst other Premiers, including the then Premier of Queensland, Mr. Moore, refused to go any further with the proposals. Mr. Moore stated at the time that the Queensland Industrial Court was free to consider the question of wages if it so desired. He also made it clear that so far as he was concerned, the question would be left entirely with the court.

Mr. McLEAN: Your Government deliberately took the public servants away from the court.

Mr. GODFREY MORGAN: If the hon. member had been in this Chamber at the time he would have heard the then Premier state that it was the intention of his Government to leave the matter with the court. There was no intention on the part of the Moore Government to make a further cut, although the passage that has been quoted was seized upon for electioneering purposes, and used to such good purpose that it attracted a considerable number of votes to the Labour Party. However, there was no truth in the assertion that the Moore Government intended to adopt the report of the expert committee that was presented to the Premiers in conference assembled at that time. Many reports are made by royal commissions. The present Government have appointed royal commissions, but that does not mean that the Government will adopt their recommendations and suggestions. The Government generally use their own judgment as to what they accept and what they reject, and that was the case in regard to that report of the economists. It was purely and

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simply a report submitted for the consideration of the Prime Minister and at a conference of Premiers representing every State in the Commonwealth it was rejected.

I want to deal with one or two matters that I consider are of very great importance. I am sorry, because I was for a certain period Minister for Transport, that the hon. member for Rockhampton should make certain statements that should not be allowed to go unchallenged. First of all, he said that the Moore Government were responsible for pooling and rationing work in the Railway Department. When I took charge of the department I found that work was being rationed in the workshops by the Labour Government who had just left office. Perhaps the pooling and rationing of work was being practised in other forms of employment. The hon. member for Rockhampton was, as Secretary for Railways, responsible for the pooling and rationing of work in his department. We continued that policy. Even after the Moore Government were defeated that policy was continued for a certain time. If I were Minister for Transport to-morrow I would ration railway employees instead of dismissing them. That is recognised as the best policy by almost every railway union in Queensland. The Australian Railways Union is an exception. It preferred all surplus railway employees to be dismissed. There were some fifteen or twenty railway unions outside the Australian Railways Union.

Mr. McLEAN: You took work away from the railway workshops and gave it to private contractors with the result that railway men were put off.

Mr. GODFREY MORGAN: Can the hon. member mention any instance?

Mr. McLEAN: I will mention them in my speech.

Mr. GODFREY MORGAN: I do not remember any instance of it and if the hon. member has any information on the point I shall be pleased to hear it. It was difficult to find work during the depression for all railway employees. We could not give the Maryborough Foundry work by building engines because at that time the department had too many engines. I tried to do my best to conserve the work for the railway workshops. I even issued instructions to the Commissioner of Main Roads that any work he required that could be done at the railway workshops had to be done there. I object to the hon. member's declaring that the Moore Government were responsible for rationing work in the railways. I say that the principle of rationing work under the circumstances was a good one. It was introduced by the Government whom the Moore Government succeeded, was continued by them, and for a period was continued by the present Government.

Mr. TAYLOR: You increased hours from forty-four to forty-eight.

Mr. GODFREY MORGAN: That is so, and I do not think under the circumstances we did wrong. Conditions then were altogether different to what they are to-day. The present Government, in restoring the 44-hour week, only followed the course adopted by every other Government in Australia who have succeeded in giving back to the workers something that was taken

away during the depression. Every Government, whether Labour or Liberal, had to take something away from the worker during that period, and since 1932 every Government, whether Labour or Liberal—and hon. members opposite have to be fair in regard—have endeavoured to give back something that they took away. The Labour Government of Queensland have given back to their employees less than any other Government in the Commonwealth. That is the point I want to make.

The hon. member for Rockhampton said that the Moore Government slashed wages to a greater extent than any other Government. He knows perfectly well that is not so. If the figures quoted by the Treasurer are worth anything at all and are reliable—I claim they are—then the South Australian Labour Government reduced salaries and wages by 22 per cent., the Western Australian National Government made reductions equalling 19 per cent., the New South Wales Labour Government made reductions aggregating 16 per cent., the Victorian Labour Government cuts equal to 25 per cent., and the Queensland National Government cuts amounting to 13 per cent. What has the hon. member got to complain about? Those figures were made public by his own Treasurer. They must be authentic.

The Labour Government who were in power previous to the advent of the Moore Government sent an order abroad for twenty-five locomotives and the Moore Government had to shoulder the burden. I very much regret the fact that the railways are slipping into a deplorable state of drift similar to the condition they were in before I took control.

A GOVERNMENT MEMBER: When you were there.

Mr. GODFREY MORGAN: Before I took control losses had been accumulating. During the period of fourteen years under Labour Governments the total losses on the railways amounted to approximately £19,000,000. Owing to economics effected by the Moore Government the annual loss was considerably reduced. During the first three years of the Smith Government the railways were operating under the system introduced into that department by the Moore Government and they were able to show a surplus. In the year 1934-35 there was a very large surplus, amounting to £423,308. It was refreshing to learn that the department was on the road to financial recovery. But what do we find the position was for the year just expired? There has been a tremendous drift in the finances. The Governor's Speech stated there had been a decrease of £353,000 in revenue, which was attributed to the considerably lessened number of trains required for transport for starving stock and fodder. Yet the expenses have increased enormously! That is the point that requires explanation. There was a surplus of £423,308 for the year 1934-35 and a loss of nearly £100,000 for the year 1935-36. Those figures indicate that in one year the department has gone back by approximately £500,000.

The MINISTER FOR TRANSPORT: There was a loss during your term.

Mr. GODFREY MORGAN: The second year of my term was better than the first, and the third year was better still. The first year the hon. gentleman had control

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there was a small surplus, which was attributable to the economies effected by the Moore Government. The hon. gentleman did not increase wages and expenditure.

The MINISTER FOR TRANSPORT: Yes, we did. We gave a 44-hour week.

Mr. GODFREY MORGAN: To-day the department is going back to the condition of drift that it was in when the Moore Government took control. From the figures that are available I am of the opinion that the department will show a loss of nearly £100,000 for last year.

The MINISTER FOR TRANSPORT: You are wrong.

Mr. GODFREY MORGAN: I may be wrong. I hope I am greatly wrong. At any rate it appears as though there will be a loss. I think the Press prophesied a loss of something in the vicinity of £34,000. The Minister is well aware that if the last pay of the last financial year is charged to the current year's expenditure (because the pay-day took place a couple of days after the 30th June) a better result will be shown for the year just expired. If the wages due up to the 30th June, although perhaps not actually paid to the employees till two or three days afterwards, are debited to the last financial year the revenue account will show a considerable loss. If on the other hand there is a desire to fake the balance sheet, wages due but not paid will be carried on and debited to the next financial year.

Mr. POWER: Did you do that when you were Minister for Transport?

Mr. GODFREY MORGAN: No. I did not, nor have I a desire to do so. It would not have benefited me in any shape or form. (Government laughter.)

Notwithstanding that the train mileage for 1935-36 was some 500,000 miles less than that of 1934-35—no doubt accounted for by the decrease in the starving stock trade—the expenditure, including interest, is more by £123,291. That shows that there is something wrong. If fewer train miles are run naturally the expenses should be less, and vice versa.

Mr. POWER: Not necessarily.

Mr. GODFREY MORGAN: The Minister for Transport will admit that when special trains are being run expenses increase. Overtime has in many cases to be paid, and, of course, there is the ordinary wages of the staff of these special trains. The running staff are paid according to the work done. They do not receive a weekly wage. Consequently, the expenses must increase with the number of trains run. We find, however, that in the financial year just closed fewer miles were run at a considerable increase in expenditure. Another important aspect is the accumulated capital indebtedness of the railways. The Government of which I was a member considered it advisable to reduce this indebtedness, and a recent conference of railway chiefs has confirmed our view, for it considered that the capitalisation of railways throughout Australia should be reduced. The Moore Government reduced the capitalisation by £28,000,000.

The TREASURER: No, that Government transferred the capital liability.

Mr. GODFREY MORGAN: So far as the Railway Department was concerned it was reduced. Certainly it was transferred to

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Consolidated Revenue Fund, but that was the proper thing to do. What has been the result? In the past four years the capital indebtedness of the railway has increased to the extent of £2,000,000; and I am satisfied that in that period much money has been charged to loan fund that should have been debited to revenue account. Had the latter account been rightly charged the financial position of the Railway Department of Queensland would show a much worse position over the past four years than appears. This is an evil against which I endeavoured to guard when I was in charge of that department.

Mr. POWER: Enumerate what items you refer to.

Mr. GODFREY MORGAN: Take rolling stock. The cost of constructing engines was originally debited to Loan Fund, and, therefore, as they became obsolete—and I do not confine my remarks to engines but extend them to all rolling-stock—the cost of replacement should be a charge on revenue. Capital should not be charged with the cost of replacement.

The TREASURER: You consider the department should have a depreciation account.

Mr. GODFREY MORGAN: Yes. I think we made provision for that but I know we had a sinking fund and a depreciation fund. If the balance-sheets of the department are to be shown correctly renewals should be charged to revenue. Loan money should be used only for the purpose of increasing the amount of rolling-stock over and above what is in existence.

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

Mr. MCLEAN (*Bundaberg*) [12.12 p.m.] After listening to the speeches of hon. members opposite one is placed in the unfortunate position of not knowing really what they mean or what they were intended to mean. The hon. member for Dalby has stated that the loss shown by the Railway Department should be lower, and the plain inference behind his remarks that it is not necessary to have such a number of employees as exist in the department—that we should dismiss them as he did when he was Minister. The Leader of the Opposition said that high wages and low hours were a deterrent to industry, and he has been supported by his Deputy Leader. But the hon. member for Dalby, when he was Minister, certainly did everything he could to destroy the prestige of railway men. He slashed their wages unmercifully, worked them all sorts of hours, and the increase asked for by the Government in the Appropriation Bill to-day is really one result of his reduction of their salaries. This year a large increase has been given to the railway men, and I hope that increases will continue to be given until they receive some adequate return for their services to the citizens of the State. There are many short-comings in the railway men's conditions; there are still rates of pay whose inadequacy should be rectified, though there has been a great improvement already under the control of Labour.

The hon. member for Dalby, when speaking on the Appropriation Bill on 9th October, 1929, said:—

“In the Premier's policy speech it was stated definitely to the electors that, if

we were returned to power, we would introduce the contract system wherever possible.

"We are only fulfilling our promise to the electors when we call for tenders for certain repair work and new work in connection with our railways. With regard to maintenance work, such as bridges, culverts, and maintenance of lines, it is not the intention of the Government to call tenders for work of that description. We intend to have that work done by our permanent employees as at present; but there is other work in connection with which we can make considerable savings, and get it equally as well done by contract as has been the case during the last twelve or fourteen years by day work. Owing to the policy of the Government, we have found it necessary to dismiss a certain number of carpenters and men of that description, but only very few. In every large centre we keep a number of permanent men to do work which is necessary to be done."

That refutes the statement made by the hon. member when he was Minister that they had not allowed the contract system to creep into the Railway Department. They did allow it, and they dismissed and deflated and rationed railway men to such an extent that members of the Opposition know that there was a state of chaos amongst the railway men such that, had it not been stopped by the defeat of the Moore Government, would have resulted in revolution in the railway system of the State. (Opposition dissent.) The miserable tactics they adopted incited the men to such an extent that they could have controlled them no longer. The Moore Government set out when they took control to destroy the prestige of the railway men—of all the Crown employees. To-day, however, we find that big improvements in the wages and salaries and conditions of teachers, railway employees, the police force, and Crown employees generally, have been effected by the Labour Government. On the one hand, hon. members opposite complain that taxation is too high, but on the other hand they contend that increased salaries should be paid to the public servants. How can they reconcile those two things? First they howl, "Why do you not reduce taxation?" and then loudly ask, "Why do you not increase the wages of the Crown employees?" You cannot have your cake and eat it, too, but that is the suggestion they would make.

Mr. MOORE: That is what we have a cake for.

Mr. McLEAN: The workers had no cake when the hon. member's Government were in power. Many people were then forced to wander round this State with empty stomachs. Why, their tactics were so miserable that they even deprived the railway men of their uniforms—took their trousers and clothes from them. (Opposition laughter.) I should like to remind the public servants that they can look only to a Labour Government to protect their wages and industrial conditions generally. The Appropriation Bill that is to be introduced to-day contains ample evidence of the marked improvement in the salaries of public servants under the present Government, but the Leader of the Opposition sheds crocodile tears and pretends that he is striving to improve their conditions still further. I

have no desire to be personal in this connection, but I definitely assert that hon. members opposite are not sincere in their endeavour to improve the industrial condition of the Crown employees. They do not believe in that policy and they speak to-day with their tongues in their cheeks.

The TREASURER: They believe in a policy of riches on the one hand and poverty on the other.

Mr. McLEAN: That is so. They stand for a policy of poverty for the Crown employees, contending always that their salaries are too high. They hold that public servants have cosy jobs and that their wages should be reduced so that the burden of taxation upon their wealthy friends may be eased. That is their continual howl throughout the country. After their term of office had expired and the Crown employees were given their first opportunity to pass judgment on their stewardship, the latter, their wives and their children, could not rush quickly enough to the ballot box to empty them out of office.

Mr. MAXWELL: Children have no votes.

Mr. McLEAN: I am speaking of children over the age of twenty-one years. Even the Treasurer in the Moore Government, the late Hon. W. H. Barnes, said in 1929—

"Administration and all other costs have been allowed to increase beyond all reason. The enormous expansion in these charges has inevitably resulted in tremendous increase in taxation. The weight of this burden is now so great that some relief to the taxpayer is essential."

What was he referring to? He was referring to the salaries of Government employees. Speaking about the same time the hon. member for Hamilton said—

"Our policy is to encourage greater co-operation for the greater diffusion of wealth and the greater diffusion of ownership. I believe in the diffusion of popular ownership—that the more owners you make and the more capitalists you create, the less strife you are going to have and the greater the return for everybody interested."

Mr. RUSSELL: That is the policy for Queensland to-day.

Mr. McLEAN: That is their policy—the creation of more capitalists. As the Treasurer pertinently interjected a moment ago, their tender care is for the capitalist, they have an utter disregard for the circumstances of the poor. They are always ready to protect the interests of the rich—who can easily protect themselves—they care nothing about the workers.

We have heard a lot of cant, humbug, and hypocrisy from hon. members opposite concerning the Breakfast Creek workers, but what concern have they for those people? I know what interests they support and have always supported. They have never had any regard for the working class. Is it not a fact that all the industrial awards must be closely policed to see that the employers honour their obligations to their employees as to the wages and conditions prescribed? These are the very people who cry with tears that the workers are not being fairly treated. What do they care

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about the Breakfast Creek workers? They do not care a tinker's curse about them, and the workers know it. They have nothing in common with the workers. They are ready to help the Communist element that has intruded itself into this battle.

Let me give one illustration to show how hon. members opposite are prepared to ally themselves with the communistic element in the hope of political gain. At the recent municipal elections in Maryborough the Nationalist Party worked hand in hand with the communistic element in an endeavour to defeat the Labour candidates.

Mr. RUSSELL: Nonsense!

Mr. McLEAN: It is a fact.

Mr. RUSSELL: That is stupid.

Mr. McLEAN: It is well known. As a result of the communistic activities in that election workers with avowed communistic tendencies who had been debarred from employment on council works because they had interfered with their operations were reinstated at the instigation of the Nationalist forces now in control of municipal affairs in Maryborough. That has happened in other directions. The communistic element was working in collaboration with the Breakfast Creek workers. It would surprise the public generally to know that a well known supporter of the Nationalist Party in this city, who is acknowledged to be one of the leaders of industry, has been going round with a subscription list seeking donations from employers to assist the Breakfast Creek workers.

I repeat that Crown employees in this State have only received justice at the hands of the Government. I hope that as seasons improve and prosperity returns to this great State that further adjustments of salaries and wages of Crown employees will be made in order that an injustice that still prevails will be remedied. That injustice was originally placed on their heads by the Moore Government, and it has been left to the Labour Government to remove it gradually year by year as finances improve.

I propose at a later stage to refer to the incidence of taxation. The Opposition claim that it is too high. We have all read of the profits made by industry and I repeat what I said in my initial speech in this Chamber—that it is the duty of a Labour Government to levy taxation on those taxpayers who can afford to pay. If industry will not do its job but prefers to hoard its money and distribute its profits to profiteers and profit-mongers, then it is the duty of a Labour Government to do its job and tax them to provide work for the unemployed. I repeat that I have seen people riding in luxurious motor cars and living in luxurious hotels doing nothing to alleviate the present evil of unemployment, and yet howling about oppressive taxation. We have their representatives, the Taxpayers Association, disseminating articles in the Press throughout the State in an endeavour to convince the people that taxation is excessive and that they are being taxed out of their boots. Here we have the spectacle of numbers of people living in the lap of luxury while men and women are out of work. The Labour movement and the Government stand for improved and better conditions for the great masses. I agree with the hon. member

[Mr. McLean.

for Bowen that means must be adopted whereby all sections of the community—and Crown employees are only one section—will get benefits that will improve their conditions.

Mr. NICKLIN (*Murrumba*) [12.28 p.m.]: The Treasurer yesterday painted a very glowing picture of the improvement in conditions in this State. I wondered at that time whether he had ever looked at the crowd of citizens who wait to interview hon. members who now sit behind him. I wondered too whether those hon. members will agree with the glowing picture he painted, and tell him that those citizens come to congratulate them on those improved conditions or are still seeking the jobs promised them at election time. Perhaps they were railwaymen seeking those trousers the hon. member for Bundaberg alleged the Moore Government took away from them.

Behind that pretty picture painted by the Treasurer there are quite a number of realities that lead one to believe that conditions in this State are not so greatly improved as he alleged. Naturally, with the extravagant expenditure of loan moneys in recent years some improvement has taken place, particularly in the cities, where so much of that money has been spent. That policy might have led people to think that there has been a permanent improvement in the affairs of this State, but when we consider the very heavy increase in taxation that the policy of the Government has brought about and the greatly increased burden of debt that has been imposed on this great State, we wonder if the prosperity he mentioned is real or artificial—created by the extravagant expenditure of loan money.

One of the merits that is claimed for the Government's policy by the Treasurer is that there has been an increase in the number of persons paying taxes. He says that is indicative of a return of prosperity. It is interesting to note that very few primary producers or manufacturers are included in the increased numbers who are paying taxation. A reference to the last annual report of the Commissioner of Taxes discloses that the majority of people showing decreased incomes are dairy, sugar, and fruit farmers and manufacturers, people who are responsible for the production of the real wealth of the community. That does not indicate that there has been a return to real prosperity in this State. The people who show an increase in income are commission agents and hotelkeepers, and that is a reflection of the policy of the Government.

A GOVERNMENT MEMBER: What about the breweries?

Mr. NICKLIN: The breweries are doing pretty well as a result of the Government's policy. What we want to see is increased incomes by the wealth producers, but we shall not so long as these people are hampered by the ever increasing taxation inflicted on them by the Government. The annual report of the Commissioner of Taxes is a sad commentary on the present Government's policy. It indicates that it is having a very detrimental effect on the wealth producers of this State.

It has been claimed that the budgetary position in this State has considerably improved. That is so, but it is not a unique

phenomenon in Australia. Every State in Australia shows an improved budgetary position. A comparison of the different States

convince one that Queensland has nothing to be particularly proud of. The following table discloses the position in each State:—

	1931-32. Peak Year of Depression.	Per- centage of total Deficit.	1935-36.	Per- centage of Total Deficit.	Estimate 1936-37.
	£		£		£
New South Wales .. .. .	14,226,838	68.4	1,680,000	71.9	Balance
Victoria .. .. .	1,608,322	7.7	115,000	5.0	475,000
Queensland .. .. .	2,075,180	9.9	741,814	31.8	1,000,000

Mr. WATERS: South Australia received assistance of nearly £2,000,000 from the Commonwealth Government.

Mr. NICKLIN: South Australia and Western Australia reduced their deficits last year and had surpluses and they expect to balance their budgets shortly, whereas the estimates submitted to the Loan Council by the Deputy Premier showed that Queensland will probably have a deficit of £1,000,000 this year. Tasmania also has shown an improvement in the budgetary position. A comparison of Queensland with the other States discloses that the budgetary position of this State is not so good as is claimed by Government speakers.

The total estimated deficits for all the States amounts to £1,575,000, so that Queensland expects to have a deficit that will amount to 63.5 per cent. of the total deficits of all the States.

The Premier's policy speech that was delivered in Mackay in April, 1935, contained the following statement:—

"But for the drought conditions in the western portions of the State we would be within reach of a balanced budget."

On the 2nd March this year, the Secretary for Public Lands, then Deputy Premier, in excusing the increase in the deficit said:—

"The decline of £79,000 in railway receipts was due to the disorganisation caused by floods during the month and to the absence of abnormal traffic in fodder and starving stock, which was a big factor in railway earnings during this period last year."

We have the Treasurer blaming the drought for not being able to balance the budget, but the Secretary for Public Lands, making it grounds for an apology for the increase in the deficit.

During the last election campaign one of the planks of the Government party was that there would be a progressive reduction in taxation in Queensland, but what reduction in taxation have they been able to bring about in the four years they have managed the affairs of the State? The only reduction in taxation has been 1d. in the £1 off the unemployment relief tax. If their progressive reduction in taxation is to continue at this rate, goodness knows how many years it will be before taxation in Queensland will return to normal! In fact, this State enjoys the unenviable reputation of being the only one in the Commonwealth that has increased taxation since 1931-32. Comparing 1934-35 with 1931-32, the increased taxes and charges

imposed by the present Government have been:—

	£ per annum.
Income tax—amount of increased rates imposed in 1932 session	411,245
Super Land Tax, reimposed 1932 .. .. .	110,569
Rail fares and freights—Treasurer's estimate of amount of 1932 increases .. .. .	325,000
Motor transport fees (transport registrations) .. .. .	47,819

In addition we have the large increase of £1,336,272 in the receipts from the unemployment relief tax for 1934-35 as compared with 1931-32. A total increase of £2,230,905 per annum is not a taxation policy that is for the benefit of the State, and the value of the Government's policy of progressive reduction in taxation can be measured by the meagre reduction of 1d. in the £1 in the unemployment relief tax!

During the overseas visit of the Treasurer the Acting Premier gave a wrong impression by misquoting the figures of the Commonwealth Year Book in order to show that Queensland was the lowest taxed State in the Commonwealth. It sounded a rather extraordinary statement, yet it appeared to be borne out by the Commonwealth Year Book. A closer examination, however, discloses that the Secretary for Public Lands quoted only part of the figures. On page 488 of that book we find these figures:—

"State Consolidated Revenue.  
Sources, 1933-34.

	£	s.	d.
New South Wales .. .. .	5	8	8
Victoria .. .. .	4	12	9
Queensland .. .. .	3	9	0
South Australia .. .. .	4	19	11
Western Australia .. .. .	3	2	2
Tasmania .. .. .	4	18	11"

Queensland did appear to be the lowest taxed State in Australia, but the Acting Premier at that time forgot to mention that there was a footnote that stated:—

"In some States certain taxation collections are not paid into consolidated revenue fund. For total collections see next page."

Turning therefore to page 490 we find that the State revenue from taxation per head of population is as follows:—

	£	s.	d.
New South Wales .. .. .	5	8	8
Victoria .. .. .	4	12	9
Queensland .. .. .	6	3	0
South Australia .. .. .	5	0	5
Western Australia .. .. .	4	3	4
Tasmania .. .. .	4	18	11"

Mr. Nicklin.]

This shows that the statement of the Acting Premier was entirely misleading, and that Queensland is undoubtedly the heaviest taxed State in the Commonwealth.

For further evidence in this respect we need only refer to the answer given by the Secretary for Public Instruction, acting on behalf of the Treasurer, to a question asked by the hon. member for Aubigny on 2nd October last, and appearing in "Hansard" of that date as follows:—

"STATE TAXATION, 1934-1935.

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

'What was the total amount of State taxation, and the amount per head of population, for 1934-35, under the following headings:—(a) Taxes paid into consolidated revenue; (b) unemployment relief tax; (c) other taxes not paid into consolidated revenue?'

"The SECRETARY FOR PUBLIC INSTRUCTION (Hon. F. A. Cooper, *Bremers*), for the TREASURER (Hon. W. Forgan Smith, *Mackay*), replied—

	Amount.	Per Head.
	£	
(a)	3,458,201	3 12 0
(b)	2,425,917	2 10 6
(c)	649,864	0 13 6
Totals	6,533,982	6 16 0"

That shows that this State enjoys the unenviable reputation of being the most highly taxed State in the Commonwealth. Exactly where is this policy of the Government leading us?

Then again, an increased proportion of the wealth production of this State is absorbed in the cost of carrying on governmental activities. The Commonwealth Year Book reveals an alarming position, as will be seen from the following tables:—

"WEALTH PRODUCTION PER HEAD OF POPULATION.

Year.	£ s. d.
1914-15	56 4 9
1924-25	80 9 7
1932-33	49 12 0

"COST OF GOVERNMENT—COMMONWEALTH, STATE, AND LOCAL AUTHORITIES.

Year.	£ s. d.
1914-15	15 14 0
1924-25	32 4 4
1932-33	32 5 7"

Whereas in 1914-15 we had £40 10s. 3d. to carry on the other activities of the community, in 1933 the amount was only £17 6s. 5d. That is inevitably going to have a very detrimental effect on this State. It means that there is less money for private enterprise, although private enterprise provides the greatest percentage of employment.

From the unemployment figures, it is clear that the policy and practice of the Government of taking gradually increasing amounts of money from the people is having a detrimental effect on employment. The Government claim that unemployment has practically vanished. Queensland is not unique in having reduced the unemployment figures.

[*Mr. Nicklin.*

A comparison shows, however, that our percentage improvement is the lowest. The Commonwealth Statistician's tables give this comparison:—

"Percentages of Unemployed Unionists.

—	Peak Period (Second Quarter of 1932).	February Quarter of 1936	Improvement.
	Per cent.	Per cent.	Per cent.
S. Australia	35.2	12.2	23.0
N. S. Wales	33.2	17.2	16.0
W. Australia	30.3	10.3	20.0
Victoria	27.7	10.8	16.9
Tasmania	27.4	11.1	16.3
Queensland	19.9	14.5	5.4"

The improvement in this State has been less than that in others—a reflection upon the policy of the Government.

In looking into the question where the bulk of the money has gone that the Government have spent in recent years, and how it has been spent, we find that it has been concentrated on large projects in and around the city. In the first place there is a sum of £1,530,000 to be used in the erection of the Kangaroo Point Bridge, which is not essential and in any case is providing work not only in Queensland but also in the steel mills of New South Wales. Would it not be better to expend that large sum on such projects as road making or water supply and conservation schemes in the country districts?

On the subject of water supply schemes I should like to refer to a report issued recently by the engineer in charge of Irrigation and Water Supply, Mr. Parkinson, which states—

"At the end of April the projects approved, in hand, or for which accounts were opened, amounted to £1,006,392, being £539,878 loan and £466,514 subsidy. Of this amount £373,053 have been expended, leaving a balance of £1,135,751 approved during the present month available for projects to be carried out in the immediate future."

Now let us consider the projects that have been approved. These are some of the main items—

	£
Toowoomba City Council—	
Water supply	304,350
Rockhampton City Council—	
Water filtering plant	16,000
Sewerage scheme	530,000
Roma Town Council—	
Swimming pool	4,161
Water supply—Extension of mains and equipping of bores	4,001
Maryborough City Council—	
Sewerage scheme	150,000
Water reticulation	5,000
Townsville City Council—	
Sewerage scheme	525,000
Paroo Shire Council—	
Sewerage scheme	36,000
Warwick Town Council—	
New reservoir and enlarging mains	18,000

Included are two minor items, viz. :—

Dalrymple Shire Council—Reconditioning Mingella Dam ...	708
Murweh Shire Council—Water facilities, Wade's and Black's tanks ... ..	1,543

The grand total comes to £1,617,513 and it is worthy of particular notice that with the exception of the last two items mentioned, amounting to only £2,251, this huge expenditure is confined to providing water and sewerage to the cities and towns. The country districts are to be content with the expenditure of a mere £2,000 odd to provide very necessary water facilities.

At the time that that report was issued, the following statement appeared in the Press :—

“Meanwhile, reports appearing in the metropolitan Press indicate that in the fifty-mile stretch between Toowoomba and Warwick a veritable blight has descended on the farms and holdings and hardly any stock is to be seen in the whole landscape.”

In many cases farmers had to shift their stock to water in other parts of the country. The Press statement goes on to say—

“Much the same conditions obtain in the Lockyer, Fassifern, and Moreton districts.”

Do not hon. members think that such a large sum of money for water facilities, some of them useless water facilities—the swimming pool at Roma, for instance—could be better spent in providing irrigation facilities in such rich districts as Lockyer, Fassifern, Toowoomba, and other places on the Downs and other big farming areas? The figures are a true reflex of Government policy of “Everything for the city and nothing for the country.”

Mr. TAYLOR (*Enoggera*) [12.52 p.m.] : After listening to the speeches by hon. members opposite I am convinced that the longer they remain in this Chamber the more mixed their economic knowledge becomes. The Leader of the Opposition contended that the Government blundered when they increased the public servants beyond the number under his Government. He knows perfectly well that the citizens of this State and the Commonwealth generally are entitled to their birthright, of the right to live, and he should admit that in placing an increased number of employees in public positions when they cannot be absorbed by private enterprise the Government are doing their bit towards establishing a measure of contentment and happiness, as well as helping to solve the vexed question of unemployment.

I also remind hon. members opposite that if war broke out to-morrow hundreds of millions of pounds would immediately be made available to equip the fighting forces, which would be drawn largely from the ranks of the working class. Hon. members opposite would be loud in their approval of that expenditure. Probably they would like to see Facism introduced into this country to provide for the totalitarian state in which man must work for the benefit of the State and not of the individual. The totalitarian State uses huge sums of money to equip the human race for the purpose of the defence of that State and not for its economic development.

We know that the world to-day is in a state of turmoil and that something new and brighter will have to be evolved if we are to escape from the deadening state of things established by the present system of society. We cannot deny the validity of the criticism arising from the lack of employment over a number of years for a number of our citizens. When the hon. member for Aubigny was Leader of the Government in this Chamber he put into effect a negative policy, the opposite of that pursued by the Labour Party. What was the result? The affairs of State were further and further dislocated, larger and larger numbers of unemployed appeared. Bankruptcies took place on every hand, and business became enveloped in a veil of uncertainty by the results of that policy to the extent that it was not possible to see through the veil. The Opposition then had a trial of their policy of long hours and low wages—as well as low taxation—whereas the policy of this Government is to place money in circulation again by putting the out-of-work back in industry. The banking returns show that as a result of the Moore policy the people had conserved within the walls of the banks large amounts of finance. That does not spell prosperity for the State or the people. It would be far better if that money and the wealth of the State were put to use for the betterment of the people generally. That is a problem that faces not only this Government but every Government in the world. The people are not going to put up for long with the aggregation of large banking credits and larger dividends in our banking institutions. They will put into Parliament Governments who will be prepared to impose taxation to obtain the conditions and standards that the people want.

I venture to say that the hon. member for Murrumba is badly in need of lessons in economics. He endeavoured to make this Committee believe that the Government were wrong in spending the huge amount of money that he said had been spent in the various cities, including the city of Brisbane. He claimed that this was done at the expense of the country. What false economics he would have this Committee embrace! He should know that inside the boundaries of this city there reside one-third of the population of Queensland, and that inside the boundaries of Brisbane and the other cities and towns there live probably one-half of the people of Queensland. Those people have the right to the expenditure of just as much per head of population as those in the country. After all, the secondary industries contribute a very fair measure of the taxation that is collected. If the income tax returns are analysed by the hon. member they will show that the secondary industries contribute as much income tax as the primary industries.

The fact remains that we have a problem to solve. The public servants have received from the Government a measure of the reductions they suffered as a result of the Moore Government being returned to power, but that return, from my own personal point of view, is not sufficient. I believe the time has arrived when the public servants should have returned to them the total amount of the wages reductions imposed on them by the financial emergency legislation under the Premiers' Plan.

*Mr. Taylor.]*

I believe also that the time has arrived in Australia generally when the States should be able to deal more effectively with the Commonwealth Government in order to get back from it a greater measure of taxation than in the past. The Prime Minister of the Commonwealth, Mr. Lyons, during his visit to Brisbane, remarked that this State had made a wonderful recovery, that he considered it one of the richest States in the Commonwealth, that he was pleased to note its building activity—particularly in this city—and he considered that all things augured well for the future of its citizens. At the same time Mr. Lyons gave a remarkable resumé of the trade of the Commonwealth and its financial position generally. He remarked that the Commonwealth revenue derived from taxation had enabled his Government to show a surplus. Every hon. member in this Committee is probably aware that the Commonwealth takes out of Queensland in various forms of taxation, such as customs and excise duties and post office revenue, more money than is obtained by the State by taxation, although the State has to carry out all domestic services.

The criticism offered by hon. members opposite this morning, as I said at the outset, indicates a sad lack of knowledge of the true economics of industry. Every time an Appropriation Bill is presented for ratification by Parliament it has wrapped up in it the whole of the industrial activities of the Government. When one takes into consideration the facts that each year the population of this State is increasing, the activities of the Government are growing and the knowledge of the people of the functions of government are becoming more enlightened, then one must expect each year an expenditure by the Government greater than the preceding one. The only time that did not occur was when hon. members opposite occupied the Treasury benches. When one considers, for instance, the activities of the Department of Health and Home Affairs, one is convinced that an enlargement of the staff is called for. So also the increased activities of the Department of Public Works since the Moore Government were in power certainly calls for an enlargement of the number of its employees. As a result of the increased activities of those departments we have finer public buildings and better social services and, generally speaking, a happier and more contented community.

I do not suggest that when the hon. member for Aubigny was Premier he did not know his book as far as politics were concerned; but I do suggest that he was suffering from the complex that Opposition members still suffer from, that is, that lower wages and longer hours will create more employment. That theory has been exploded. We are faced at the present time with the more or less social problem of unemployment, and the question of the ever-expanding production by machinery, which reduces the number of employees in private industry. Surely the humanitarian streak that must exist in some of the members of the Opposition can rise to the surface sometimes, at least, and impel them to give credit where credit is due—to the present Government! We refuse to let numbers of good Queenslanders starve or their children suffer from malnutrition because of some complex from which hon. members opposite suffer.

The people of Queensland have received wonderful service for the money paid to

[*Mr. Taylor.*]

the public servants of Queensland, some of which it is sought to appropriate under this Bill. I have no desire to particularise, but it must be said that there is not the slightest doubt that the Railway Department is providing a wonderfully efficient service to the citizens of this State. Although its returns last year were not as high as they were for the preceding financial year, the smaller amount is more than offset by the expansion of that public utility. I was astonished to hear the hon. member for Dalby attempting to criticise the present Government for their activities in the Railway Department. When the hon. member entered the realms of finance during his term as Minister he endeavoured to cut down his obligations by transferring £28,000,000 of the capital debt of the Railway Department to the general public debt. He evidently considered that this was a wonderful stroke of financial genius and that he would thus relieve the citizens of the State of a burden of indebtedness. One must not forget, however, that thereby he imposed a greater strain on the Consolidated Revenue Fund for the mere transference of indebtedness to another public fund does not mean that the financial obligation has been wiped off. Under the present system the State of Queensland has to stand up to all its obligations, whether they be charged to consolidated revenue or to one particular department of governmental activity.

Under the administration of the hon. member for Dalby the Railway Department got into an economic mess from an industrial point of view. Rolling-stock was allowed to go to ruin. The hon. member said to-day that he had enough engines and this was demonstrated by the number lying idle both at Mayne Junction and the Ipswich workshops, whilst others that were running were allowed to get into such a condition that they were almost unable to do the work imposed upon them. The same can be said of the other rolling-stock. When the present Government came into office they had to increase the number of employees in the workshops in order to improve the rolling-stock so that the general public might have an efficient service.

We have been chided with not acting in the best interests of the primary producers, of whom hon. members opposite claim to be the representatives. We have also been criticised for the number of employees of the Crown. The Department of Public Lands, owing to its increased activities, has in the past three years added to the number of its employees but the great timber industry of the State has been assisted. No! must it be forgotten that the Forestry Sub-Department has brought revenue to the Crown. The position in the other departments is no different from that in those I have already mentioned. I believe that the State is getting a more efficient service to-day. When the time comes the Government can present to the people a cogent case in support of the increases in the employees on the Crown pay roll, notwithstanding the criticism of hon. members opposite.

There is a great problem in front of this Chamber. Although the Government are doing much to alleviate distress, there is more to be done. We are handicapped by the system under which we have to get our finance.

Mr. NIMMO interjected.

Mr. TAYLOR: Hon members opposite must realise as well as I do that the time has arrived when carping criticism and an uneconomic survey of the situation will not help them politically, nor will it help this Government to get on with the job of doing away with the social evil of unemployment, and raising the standard of living. I claim that before very long it will be necessary for us to give a lead to outside employers by allowing the public servants to stop work at half-past four in the afternoon. That would be preferable to retaining the cup of tea at 11 o'clock and 4 o'clock. Greater efficiency would follow the reintroduction of the conditions that were in force prior to 1922. The Government have done their best and the Opposition will gain no laurels and no kudos by carping criticism, for the people know that they should be endeavouring to help in the solution of the economic problems confronting the State.

Mr. MOORE (*Aubigny*) [2.14 p.m.]: The Treasurer is asking for £3,150,000 to carry on for another few weeks. I should think that when asking for so great an amount he would give some explanation as to the way in which it is to be spent. In any case, I should like some explanation as to how the money we have already voted has been spent. It is all very fine to keep up the polite fiction that this Committee has control of the public purse and that what this Committee passes will be spent. In the last Auditor-General's Report you will find that over £1,700,000 was spent on unforeseen expenditure—only £100,000 less than the whole of the income tax received in Queensland, and £180,000 more than all the other direct taxation, and this Committee has no say whatever in it! The Government, at their own sweet will, paid that money out irrespective of the conditions laid down by the finance committee of the State.

Mr. WATERS: No worse than your Government.

Mr. MOORE: As a matter of fact, it was, if the hon. member had the intelligence to realise that in our term of office unforeseen expenditure amounted to £1,500,000, and not £1,700,000 in one year.

Mr. WATERS: You don't need to tell it in figures.

Mr. MOORE: The hon. member does not understand it, and makes inane interjections that do not get us anywhere.

The CHAIRMAN: Order!

Mr. MOORE: I should like some information also as to the amounts of expenditure in the various months of last year, and some explanation of the extraordinary juggling of the 30th June. From unemployment relief funds the expenditure has been—

Month.	£
January ... ..	316,470
February ... ..	270,198
March ... ..	178,314
April ... ..	295,902
May ... ..	270,448
June ... ..	38,362
July ... ..	204,883

Would anyone with a grain of intelligence be expected to believe that only £38,000 was spent out of that fund in June when it immediately rose to £204,000 in July?

Another set of figures, those of the Main Roads Commission, raises a similar question. The Commission has not been expending month by month the sums that the motorists have been paying.

Mr. WATERS: How do you know?

Mr. MOORE: The average payment was £85,000 a month last year, and this year it is certainly higher. The expenditure of the Commission has been—

Month.	£
January ... ..	82,267
February ... ..	75,736
March ... ..	64,987
April ... ..	58,288
May ... ..	79,195
June ... ..	238,451
July ... ..	81,236

Is it not extraordinary that in June the expenditure from the Unemployment Relief Fund fell to £38,000, and that the expenditure from the Main Roads Fund rose to £238,000?

Now consider these figures showing the monthly expenditure from loan funds—

	£
January ... ..	113,000
February ... ..	229,000
March ... ..	303,000
April ... ..	329,000
May ... ..	269,000
June ... ..	782,000
July ... ..	158,000

Mr. KING: Where did you get those figures?

Mr. MOORE: from the "Government Gazette" published on the 10th of every month, where anyone can get them if he wishes. Is it not extraordinary that those figures should be put forward without any explanation at all? Is it not extraordinary that the expenditure from the Unemployment Relief Fund should fall from £270,000 in one month to £38,000 the next month and suddenly rise to £204,000 the following month? Is it not also extraordinary that the expenditure from the Main Roads Fund should increase from £79,000 in May to £238,000 in June and fall to £81,000 in July? Is it not also extraordinary that expenditure from Loan Fund should jump from £269,000 in one month to £782,000 the following month and immediately fall to £158,000 the next month? Do not those figures demand some explanation? To my mind they suggest that there has been some shocking juggling with figures. This Committee is asked to approve of the expenditure of certain sums but how can we do it with any confidence when this sort of thing happens? It cannot be dismissed with a wave of the hand.

We are becoming accustomed to startling statements from the Deputy Leader of the Government, but this one, published in the Press on 6th May, 1936, is the most priceless that I have ever read—

"Cash in the loan fund is low, but this balance, together with repayments of floating loans within the State, will be used by the Government to meet portion of the expenditure. Figures which have been taken out in preparation for the Loan Council reveal that loans and subsidies to local authorities in Queensland since June, 1932, have

*Mr. Moore.]*

amounted to £7,000,000. Thus the Government's lavish loan disbursements of the last few years will themselves help to sustain the spending policy."

That is to say, it is to become self-supporting. Is it not a marvellous arrangement that in order to provide employment the Government pay subsidies to local authorities out of the Unemployment Relief Fund, then charge interest on the subsidy and take the interest out of that fund?

Mr. WATERS: It is not true.

Mr. MOORE: It is true. If the hon. member would read the last Budget speech delivered by the Treasurer he would see that a sum of £108,000 was taken out of the Unemployment Relief Fund to pay interest on subsidies that had been given to local authorities.

The TREASURER: Absolute nonsense! You do not know what you are talking about.

Mr. MOORE: The Treasurer must be dreaming. That is set out in his own Budget speech—£108,000.

The TREASURER: You said that we charged interest against the amount of the subsidy whereas we charged interest against the amount of the loan.

Mr. MOORE: A local authority pays 5 per cent. interest on its loans. The Budget delivered by the Treasurer last year set out that £108,000 had been taken from the Unemployment Relief Fund—

The TREASURER: You do not understand—that is the difficulty.

Mr. MOORE: I understand plain English and I understand that a sum of £108,000 was transferred from the Unemployment Relief Fund to consolidated revenue to pay interest on subsidies up to that date. Of course that was done. I commented on it at the time. I remember pointing out that only £21,000 odd was needed for the deficiency in interest on subsidised loans after the local authority had paid 5 per cent. on the loan portion, but a sum of £108,000 was taken to meet interest on subsidies already spent, so that the Government profited to the extent of £86,000. A sum of £392,000 was provided in that Budget for subsidies to local authorities and other bodies. I think the Treasurer will admit that. We did not object to that. But the Deputy Leader of the Government has stated that loans and subsidies to local authorities since June, 1932, amounted to £7,000,000, and that his Government's lavish loan disbursements during the past few years would help to sustain the spending policy. What does that mean? It only means that the Government have been making subsidised loans and obtaining the interest from the very section of the community that contributes towards the taxation of the State. They are taking the interest payment out of the Unemployment Relief Fund to meet interest on subsidies, thereby making the Unemployment Relief Fund a capital fund. No one ever contemplated that the Unemployment Relief Fund would be converted into a capital fund from which money could be secured to meet interest on subsidies that had already been given to local authorities. The Government claim that by forcing this charge upon the ratepayers of the city and general taxpayers they will be able to sustain the same lavish spending power that they have maintained in the past. The Government should

remember that all the money comes from one source, and from one body of people. I cannot see how their policy is going to sustain their lavish loan expenditure.

The TREASURER: Say exactly in a few words what you are complaining about.

Mr. MOORE: I am complaining that the Government are getting away from their responsibilities so far as unemployment is concerned and placing them on the shoulders of the local authorities. According to the statement of the Deputy Leader of the Government, they have made available £7,000,000 in subsidies and loans to local authorities. The hon. gentleman has only to look at the facts to see that what I am saying is correct.

The Deputy Leader of the Government, in the course of a statement at Innisfail, said—

"If I were Premier, I would abolish relief work to-morrow morning. In the departments which I control, Irrigation, Forestry, Lands, and Public Estate Improvement, we do not employ relief workers. Every man on those works has a full-time job. I send men from district to district."

The SECRETARY FOR LABOUR AND INDUSTRY: What are you quoting from?

Mr. MOORE: I am quoting from the "Courier-Mail." I do not suppose he is going to deny it.

The SECRETARY FOR LABOUR AND INDUSTRY: The Secretary for Public Lands complains that the Press deliberately quoted part of his remarks and did not publish his whole statement.

Mr. MOORE: The Secretary for Public Lands need not deny the following statements, which I have taken from the "A B C of Queensland and Australian Statistics" of 1935. It is shown on page 201 that in 1935 no expenditure was debited to that fund in respect of the Provisional Forestry Board, the Department of Public Lands (Burnett Scheme, &c.), and the Irrigation and Water Supply Commission. Nor did the Secretary for Public Lands spend anything from the Unemployment Relief Fund for the Public Estate Improvement Branch. What I want to find out is: what is the policy of the Government? Is it that they are collecting the unemployment relief tax in order to provide relief work for those who are unemployed? If it is, why is one Minister, whose department is the biggest spender—that is, in forestry and public estate improvement work—setting up a policy entirely different from that of other Ministers?

The TREASURER: He does not set up a different policy.

Mr. MOORE: It looks remarkably like it.

The TREASURER: You know that is not so.

Mr. MOORE: I do not know that.

The TREASURER: If you don't, you don't know anything.

Mr. MOORE: I do know that I have quoted from the "A B C of Queensland and Australian Statistics" to show that the Secretary for Public Lands has not taken advantage of the Unemployment Relief Fund for work connected with forestry and public estate improvement.

The TREASURER: What is done by the Sub-Department of Forestry is done as a result of the Government's policy.

[Mr. Moore.]

Mr. MOORE: I suppose it is all Government policy. But what is the Government's policy? Is it relief work or is it not? Is the policy of the Government a system of giving relief work from the Unemployment Relief Fund? If that is so, why is it that one Minister, who is in charge of one of the biggest spending departments, is not spending such money in efficient relief work as forestry and public estate improvements? Yet no better work for unemployment relief could be done than forestry, as it is likely to return something to the State in the future. It is also work that does not require the degree of skill of some other work. It is rather extraordinary, therefore, that one policy of unemployment relief should be announced by the Treasurer and another by the Deputy Leader, who declares "I will have nothing to do with it. Every man on my work has a full-time job."

The subsidy-loan policy to local authorities, I repeat, brings about an extraordinary position. These moneys have been advanced from the Unemployment Relief Fund and at the close of the year £108,000 is transferred from the same fund to the Treasury for the purpose of providing for the interest thereon. It would appear that it would not take anything like that amount to provide for the interest. The Government here again appear to be shifting their liability. The unemployment relief scheme never contemplated such a thing. It was instituted for a specific purpose, to tide men who were unfortunately forced out of work over their period of unemployment.

The SECRETARY FOR LABOUR AND INDUSTRY: Every shilling of the fund is spent with that object in view.

Mr. MOORE: That may be so, but we are getting away from the object for which the fund was created when the Government transfer such a large amount from the fund to pay interest on the subsidies granted, and when by the granting of those subsidies work is created that enables a powerful political union to force men engaged on it to pay 25s. for a union ticket before being allowed to earn the money contributed by the taxpayer for their relief. The fund was not instituted for that purpose. The way it is being used is entirely wrong. Part of it is being prostituted.

The SECRETARY FOR LABOUR AND INDUSTRY: You know that your speech is just political fireworks. You don't believe that.

Mr. MOORE: I should like to know how these funds are juggled about in the way I have shown they appear.

I should like the hon gentleman to explain how the £38,000 was spent in June from the Unemployed Relief Fund, and why it jumped to over £200,000 the next month. I should like to know why the Loan Fund expenditure jumped to £732,000 in June and why it was down again the next month. I should like to know why the Main Roads Fund expenditure went up to £238,000 in June and dropped to £81,000 the next month. After all, there must be some explanation for these things. These are figures about which the people of Queensland are entitled to know something. After an astonishing shrinkage in expenditure we suddenly find an enormous increase.

We also find that £814,417 is being spent on relief works in Brisbane—a tremendous amount of money. Naturally, there is a feeling of soreness throughout the country districts that such a large amount is being

spent in the centre of population. I realise that there is a greater congregation of unemployed in Brisbane and the other large centres of population—I realise the difficulty—but I also realise that it is not fair that money should be taken from the people outside to assist the city council in Brisbane.

A GOVERNMENT MEMBER: That is not a fact.

Mr. MOORE: It is a fact. There is no question about it. The Lord Mayor would be the last person to dispute the fact that the city council is being helped to a considerable extent.

A GOVERNMENT MEMBER: Are you objecting?

Mr. MOORE: I am not objecting to their getting assistance, but I am objecting to their getting more than their share.

The TREASURER: No, they are not.

Mr. MOORE: Of course, they are. What are the people in the country districts getting from the unemployed relief tax? The money is being collected from those areas.

The TREASURER: I gave you the figures yesterday.

Mr. MOORE: The hon. gentleman only took the cities and towns.

The TREASURER: I gave you all the figures. Your new leader only took certain figures.

Mr. MOORE: I will give them all, and let us see where the difference is. In Brisbane last year £814,417 was spent in unemployment relief.

The SECRETARY FOR LABOUR AND INDUSTRY: We only expend where necessary.

Mr. MOORE: The hon. gentleman expends wherever he will get the most votes, and not where he will do the most good or get the greatest development. The Government do not spend where they will help people to earn more to pay their taxes, but where the big numbers of people are.

A GOVERNMENT MEMBER: You gave it to the New South Wales Government.

Mr. MOORE: The Australian Workers' Union gave funds to New South Wales to fight the election. It sent down £5,000, some of which was taxed from the relief workers similar to those at Breakfast Creek, in order to fight the election. It also put £75,000 into the defunct "Daily Standard." The money it took from these people it sent to New South Wales to help Mr. Lang.

A GOVERNMENT MEMBER: What did the Employers' Federation give you?

Mr. MOORE: The Government are always asking the Employers' Federation to give more employment. I might ask: What did some of the breweries give you?

The TREASURER: What did some of the oil companies give you?

Mr. MOORE: I should not mind it being published to the world. You could put it all on a threepenny bit. The hon. gentleman can have an investigation into it if he likes.

But let us take the position of the cities and towns. The following table indicates the expenditure in each case:—

	Loans.	Subsidies.
Cities ... ..	£187,473	£440,682
Towns ... ..	£46,327	£47,874
	£233,800	£488,556

Mr. WATERS interjected.

*Mr. Moore.]*

Mr. MOORE: If the hon. member would only keep his mouth shut and give his brains a chance it would be better for him.

The shires received £212,561 from loan and £176,007 in subsidy. In the cities and towns subsidies were £254,756 greater than the loans, but in the shires they were £32,554 less than the loans.

The SECRETARY FOR PUBLIC LANDS: It is an endeavour to solve unemployment.

Mr. MOORE: I quite understand that, but the action of the Government is making the position worse. They are encouraging the unemployed to come to the cities, where they will not be doing anything towards the development of the State. First of all, I am told I am wrong and that the towns are not receiving any benefit at the expense of the country. Then I am told I am right, because the figures show that unemployment is greater in the towns than in the country and consequently a greater amount has to be spent in the towns. I admit the position is more difficult in the cities and towns, but the Government are not doing anything to remedy the defect. They are giving a greater amount of subsidy to the cities and towns and forcing local authorities to take greater amounts of loan money than of subsidy.

A GOVERNMENT MEMBER: No.

Mr. MOORE: It is no use saying "no." The figures of the Auditor-General show it. When they want money on subsidy-loan they have to take it on the terms and conditions offered by the Government. These terms and conditions are infinitely better for the city than for the country.

The TREASURER: No.

The SECRETARY FOR LABOUR AND INDUSTRY: The Stevens Government are introducing the same scheme in New South Wales.

Mr. MOORE: It is no use for the hon. gentleman to try to get away from the fact that in the cities and towns subsidies exceeded loans by £254,000. In the shires loans exceeded subsidies by £32,000. The hon. gentleman cannot get away from those facts although there may be explanations as to why that should be done. It is not my job to give those explanations and one of my reasons for speaking is that that duty devolves on the Treasury Bench. That is not the function of the Opposition. We on this side have nothing to do with the spending of the money.

The large amount of £672,000 has been expended from the Unemployment Relief Fund more than in the previous year. Surely the Government can give some explanation! There is some reason. The Secretary for Public Lands stated in the North that the increase was due to the large influx of unemployed from New South Wales.

The SECRETARY FOR LABOUR AND INDUSTRY: That is just one factor.

Mr. MOORE: That factor is not new. It operated in 1931.

A GOVERNMENT MEMBER: No. They all left here then and went elsewhere.

Mr. MOORE: It seems remarkable that during the election of 1932 some hon. members on the Government benches stated that at Gympie out of seventy-two men who were caught train jumping sixty-eight came from New South Wales. I do not suppose that proportion was peculiar to Gympie.

[Mr. Moore.

The SECRETARY FOR LABOUR AND INDUSTRY: They were jumping trains to New South Wales.

Mr. MOORE: No, they were not. They were going up North. Hon. members opposite at that time stated that they were looking for work and that they should not be made criminals because of that fact.

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

The TREASURER (Hon. W. Forgan Smith, Mackay) [2.41 p.m.]: On entering the Chamber from the Premier's room, where I had been receiving a deputation, I wondered who was doing the scolding and found that it was the Deputy Leader of the Opposition. He worked himself into a fury, scolding the Government on the basis of what he considered to be facts in relation to certain things.

Dealing first of all with loans and subsidies to local authorities, I remind the hon. member that he has made the same mistake as was made yesterday by his revered leader. He argued that the towns and cities were receiving better terms than were the shires, thereby following the lead of the hon. member for West Moreton in endeavouring to create a division between people who live upon the land and those who live in the towns and cities. I have always regarded that attitude as being extremely absurd, Mr. Hanson, because all people engaged in useful service are equally good citizens, whether they be farmers or engineers or labourers is of no account. What is of account is how well they do their respective jobs. That, and that only, is the thing that merits approval. To claim that one section of the workers is better than another is simply to bring about confusion in the minds of the public.

With regard to amounts advanced to local authorities the following are the figures:—

ADVANCES ON ACCOUNT OF LOANS AND SUBSIDIES.

Years.	—	Loans.	Subsidy.
1934-35	Outside Brisbane	£ 552,365	£ 331,644
1935-36	Brisbane City Council	Nil	330,000
..	Outside Brisbane	686,352	498,759

The explanation is this: it is quite obvious that loans and subsidies can only be granted where work is to be done. The figures I have quoted indicate that the Government's loan funds have been made available where they were most required, and in accordance with the needs of the various centres. The hon. member alleged that the amount of subsidies to towns and cities was proportionately higher than to the shires, and he compared subsidies with loans to prove his contention. He forgets, or ignores, the fact that many municipalities arrange their own borrowing—such as the Brisbane City Council. A local authority often borrows from an insurance company or a financial institution and gets the subsidy on the amount borrowed. That results in the apparent disparity as between loans advanced and subsidies given to municipalities. Is

that not perfectly clear? It should be clear to the meanest intelligence.

Mr. BRAND interjected.

The TREASURER: I hope that the hon. member for Isis is included within that denomination. It is wide enough. (Opposition interruption.) No amount of interruption on the part of members of the Opposition will affect the truth of what I have said. The facts are that these loan funds have been expended in proportion to the needs of various centres of population, and in that way distributed equitably throughout the State. The reason for the apparent disparity, I repeat, is that in many instances municipalities arrange their borrowing through financial institutions, but that does not deprive them of the right of obtaining a subsidy.

Mr. MAHER: Can you give us one or two instances where that has happened other than in the case of the Brisbane City Council?

The TREASURER: Yes—Townsville and Mackay. Many municipalities throughout the State do so. It is well known that municipalities have borrowed money for water and sewerage schemes and harbour works, and it is obvious that these large works will be carried on where there are centres of population that warrant the large expenditure involved. That is an explanation of that point. Later on, if hon. members so desire, I am prepared to place on the table a complete record of all the loans and subsidies granted to local authorities. We have nothing to hide. No good purpose can be served by endeavouring to pit the towns against the country or rural citizens against urban citizens. I repeat that when a man is carrying out his duty in any sphere of life he is entitled to equal respect with others.

GOVERNMENT MEMBERS: Hear, hear!

The TREASURER: The Deputy Leader of the Opposition also raised the question of interest charged upon subsidy loans. There is no attempt to hide that fact. Everyone knows, including the Deputy Leader of the Opposition, that when his Government left office, unemployment had reached a very high peak. The Labour Party were returned to power on a policy of providing work and wages for those of our citizens who then had neither. The previous Government really had no loan programme, they had no public works policy of any dimensions, but worked on the basis of what they called "a sound economy in administration." The results, however, were apparent on every hand—record budget deficits, record unemployment, record business stagnation, and record bankruptcies in commercial concerns. We went to the country, obtained a mandate for our policy, and proceeded to give effect to it. Part of that public works policy was a loan and subsidy scheme. In the early part of our government loans and subsidies were granted from the Loan Fund Account, but later on, as the position in regard to unemployment became less acute, we altered the policy from 50 per cent. loan and 50 per cent. subsidy to a loan and a subsidy of half the cost of the labour employed. As a result of that policy many areas were able to undertake work that under ordinary circumstances would have been outside the scope of local authorities.

Is that not obvious to anyone who cares to investigate the matter? Local authorities are limited by the Local Authorities Acts and by their financial resources, and it is not a sound financial policy for a local authority to incur a debt beyond the capacity of its taxpayers to meet. Therefore, many services were not provided and development that was of itself essential was arrested. But under our subsidy scheme two very good purposes were served, one that good work was started—thus enabling men who otherwise would have been unemployed to obtain normal employment under award rates and conditions—and the second that local authorities obtained assistance to provide valuable services that otherwise they would have been prevented by their financial position from undertaking.

Can anyone argue against the soundness of that policy? Water supplies, drainage, sewerage, are of urgent importance. It is a blot on the municipal government of Brisbane that the sewerage of the city was started forty years later than it should have been, with the result that the present generation has to pay much higher costs to make up the leeway. All these services that we are financing were in the interests of social amenities and of paramount importance even from the point of view of public health. That was recognised at one stage even by the Commonwealth Government, who in the interests of public health a few years ago offered to aid local authorities in providing water supply and sewerage schemes. Very few took advantage of it. Our policy enabled useful services to be provided for the people, aided in developing the State and gave normal employment under decent conditions. It enabled local authorities to provide services at a price that they could not otherwise have afforded to pay.

The major part of the subsidies that have been granted to local authorities was granted out of the Loan Fund Account, and the interest on those subsidies is chargeable against the relief vote. What is wrong with that in principle? Is it not unemployment relief and is it not better that work should be done under normal award rates and conditions than under relief conditions? If there is anything at all in the contention by the hon. member for Aubigny, his argument is in favour of carrying out sewerage schemes and similar works from the relief vote and under relief conditions. But our policy is to keep people in normal employment and we have shaped our activities accordingly. Award rates and conditions apply to all these local authority works, and the interest on loan and subsidy is a charge against the relief vote.

The policy of granting subsidies from the Unemployment Relief Fund for the purpose of granting full time work was adopted both by the Moore Government and the present Government. No interest is chargeable on that subsidy. The Deputy Leader of the Opposition had the temerity to make it appear to this Committee and through this Committee to the people that the Government were double-banking on interest. That is absurd. The local authority pays interest on the amount of the loan, but where the subsidy has been paid out of the ordinary loan funds then the Unemployment Relief Fund pays to the Treasury the interest on that loan. Everyone knows that. There is nothing to hide about it. It is a perfectly sound policy.

*Hon. W. Forgan Smith.]*

As the Secretary for Labour and Industry reminds me, the New South Wales Government adopt a similar policy. They are not adopting the same methods, that is, of giving a flat rate of subsidy of 50 per cent. of the labour costs. The New South Wales Government, say, on a sewerage job, estimate the amount of increased indebtedness the local authority in question can afford to incur. They then decide on the amount of subsidy. In some cases there is a subsidy of £10,000 on a £100,000 job, and in other cases £20,000. Although the schemes of the two Governments differ in detail there is no difference in principle. The idea is to give men employment under normal conditions by providing for a loan and subsidy that is in accord with the means of the local authority concerned.

The Deputy Leader of the Opposition complained that the figures chargeable against the Unemployment Relief Fund varied from month to month. That always takes place. It occurs in every other fund of a similar character. Take the Unemployment Insurance Fund, for example. It will be found that there is a drain on that fund in certain months of the year. That is recouped by the revenue at a later period of the year. The amount chargeable monthly to relief varies according to seasonal conditions. The explanation for the month of June apparently was the adjustment between the Loan Fund Account, the trust accounts, and the Unemployment Relief Fund. It is purely a Treasury matter, and one that does not require any explanation.

It amuses me to hear the Leader and the Deputy Leader of the Opposition posing as "pure merinos" in sound finance, when the Government of which they were supporters transferred trust funds to revenue without the consent of Parliament. Why, as a matter of fact, if everything during the last year of office of the Moore Government had been properly charged, their deficit would have been approximately £500,000 higher than the declared deficit. Yet these people, having short memories themselves, assume that the public have short memories also, but they can rest assured it will take the present generation a long time before they either forget or forgive the Moore Government.

GOVERNMENT MEMBERS: Hear, hear!

The TREASURER: The same explanation applies to the Main Roads Fund. If hon. members look over the reports of the Main Roads Commission ever since it was established, and if they have any understanding of the Main Roads Act and its purpose, they will realise that in June of each financial year there are adjustments between the Main Roads Fund and the local authorities, which involves a higher charge in the month of June than in any other month of the year. There is nothing unusual in this. It is in accord with practice ever since the Main Roads Fund was established.

Apart from the fact that there is no difference in the methods anywhere the matter is capable of easy explanation. The fact is that the Deputy Leader of the Opposition knows these things. I credit him with having sufficient intelligence to know them, but in an endeavour to support his leader, who is not so well informed as he is himself, he tries to bolster up the case that he made such a bad fist of the previous day. Everyone knows that what I say concerning these

adjustments from time to time is correct. They may vary in degree but never in principle.

GOVERNMENT MEMBERS: Hear, hear!

Mr. RUSSELL (*Hamilton*) [2.59 p.m.]: Several matters emerge from this debate to which I wish to refer. The first matter was brought up by the Leader of the Opposition, that is, the restitution to public servants of their salary cuts. The Treasurer would have us to believe that his Government has carried out the pledge that he made at two elections. As a matter of fact, the matter was an issue of the 1932 election. The Treasurer voiced his opposition to these salary cuts in this Chamber in 1930. As a result of a conference between the Premiers of the various States a plan called the Premiers' Plan was evolved and agreed to by every Government in Australia, irrespective of their politics. In fact, Mr. Hogan, who was then Labour Premier of Victoria, strongly advocated the plan, and his Government made salary cuts that were more severe than the salary cuts in Queensland. The following statement was made by Mr. Hogan as to the reason why these salary cuts had to be resorted to:—

"The main factor was the shortage of money and credit. They had experienced an orgy of borrowing by past Governments until they had borrowed all the money the world was prepared to lend."

We know that Queensland had had a succession of Labour Governments who were noted for their financial extravagance, and at last it came to a showdown. Mr. Lang was Premier of New South Wales and Mr. Scullin was at the head of the Federal Government, when Australia appeared to be on the brink of disaster, and desperate measures had to be adopted to save our good name. The Treasurer was at that time Leader of the Opposition in this Parliament and he voiced his disapproval of these salary cuts and at succeeding elections he advocated the claims of the public servants and others whose emoluments had been reduced. That was, in fact, one of the main factors in the defeat of the Moore Government. The hon. gentleman was quite prepared at that time to cut down the interest earned by bondholders—numbers of whom were people in very lowly circumstances, who severely felt the reduction in their incomes. The hon. gentleman had no hesitation in attacking them, but, because an election was pending he set himself up as a champion of the public servants and others engaged in social services purely for the purpose of catching votes. It is all humbug to say he was guided by the principles of arbitration. The hon. gentleman knows as well as I do that the Industrial Court was not prepared to reduce wages to the extent the Government of the day required, and in fairness to the public servants themselves it was decided that the Government should deal with them direct, and remove them from the jurisdiction of the Court. It was a desperate situation that required desperate remedies.

But now we say the time has arrived when the promises made to the public servants should be honoured. According to the Treasurer and his colleagues Queensland is experiencing very prosperous times. The unions are agitating for increases in award

[*Hon. W. Forgan Smith.*]

rates. It is a strange thing that it took the Government three years to allow the public servants to approach the court again. Most of the public servants were prepared to make sacrifices to the same extent as those suffered by other members of the community, and with a return to better times their claim should be analysed and if they have a good case their salary reduction should be restored to them. It is useless for hon. members opposite to jibe at us and say we have shown no sympathy for the workers or the public servants in the past. That is a common cry of hon. members opposite. I claim that hon. members on this side of the Committee have as much humanity in their makeup as anyone on the other side. My experience of Labour men has been that when they become employers they are the most tyrannical one could wish to deal with.

Another matter referred to this morning was unemployment. The Treasurer has gone to great lengths in an endeavour to justify the policy carried out during the last year. I consider that the position to-day is most disquieting. The relief tax has reached the enormous dimensions of £2,600,000; yet the unemployment ratio is very high indeed. The Government would have the people believe there has been a reduction during the last few years that has brought down the ratio of unemployment to less than that of 1929.

Recently one Minister said that the percentage was about 7. I understand the figure in 1929 was round about 10 per cent. We might be deluded into thinking that in 1936 we have reached a state of such splendid prosperity that our unemployment ratio is 2 or 3 per cent. less than in 1929. It is a great mistake to pull our own legs, as it were. Anyone who observes conditions outside must notice that we still have a very high percentage of unemployment in our midst. It is certainly much higher than 7 per cent. and higher than 9 per cent. As hon. members are aware, there has been quite a deal of controversy recently as to the correct percentage of unemployment in Queensland. The "Economic News" has been brought into the dispute, and according to its figures the percentage is round about 8.

But the "Economic News" has a very peculiar basis for arriving at that percentage. Of late there has been a deal of discussion in the Press between Mr. J. B. Bridgen, the Director of the Bureau of Industry, and Professor Gifford. The Brisbane "Truth" puts the whole thing in a nutshell and affords us a right angle on the situation. It points out that in the July issue of the "Economic News" 9,900 men are included as the full-time equivalent of the men out of employment, and proceeds—

"The 9,900 men referred to are 'composite men.' They are made up of fractions of men. They relate actually to more than twice that number of relief workers."

Mr. Bridgen had said that, in computing the "equivalent," his officers worked on the figures of relief wages paid by the Department of Labour and Industry. The paper's criticism continued—

"The number of men is not supplied; only the aggregate payments. What the Bureau does is to divide this sum by the basic wage (which is the

daily rate paid to relief men), and thus is arrived at the number of men who would be on full-time work if only full-time work were given.

"Two or three men, working parts of the week, are represented in this way by one man working the full week.

"The virtue of the method, from the Government's viewpoint, is that it enables the Government to include, for the purpose of producing a favourable tally of unemployed aggregates and percentages, men who could not be got into the tables in any other way. Its defect, which is very much more serious than its virtue, is that it is apt to convey an entirely wrong notion to searchers after the facts. It could provide Labour politicians at by-elections, for instance, with some juicy comparative figures not at all discreditable to the Administration.

"But the creation of this mythical 9,900 men out of a much larger number of part-time workers, and the inclusion of them in the tables, side by side, of the aggregate employed and unemployed, gives the Government the benefit both ways.

"First, 9,900 are lopped off the unemployed, secondly they are bracketed with the employed. It enables an imposing percentage of unemployment to be presented to the public."

That is the true situation. If we deduct the 9,900 men who are on part-time and classify them as unemployed—which they really are, because they are only on part-time—we arrive at a higher percentage of unemployment than we are led to believe exists. As a matter of fact, the correct percentage to-day would be anything between 13 and 17. That is almost double the lowest percentage in 1929.

We therefore find that despite the enormous exactions by way of unemployment relief tax the unemployment ratio has increased from 9 or 10 per cent. in 1929 to 13 or more per cent. in 1936. It must be borne in mind that in 1929 there was no unemployment relief tax, whereas to-day an amount of £2,600,000 is being collected through this avenue, despite the paltry reduction of 1d. in the £1 accorded last year. One of two things has happened; either the unemployed have been denied the right to the full enjoyment of that money or the public has been taxed unduly. Certainly the time has arrived when there should be a very large reduction in the unemployment relief tax. If we are to believe the protestations of members of the Government that unemployment is below the 1929 level there is no justification for its continuance.

That brings me to the matter of the rotational work at Breakfast Creek. I am acquainted with many of the men concerned, because formerly that area was included in my electorate. The Brisbane City Council brought into being a scheme for clearing out Breakfast Creek as a measure of flood mitigation. In order to employ as many men as possible on wages rather than carry out the work by means of a dredge it was arranged that it should be carried out as a rotational relief job.

Mr. POWER: It is the policy of the Government to eliminate relief work.

Mr. RUSSELL: It is the policy of the Brisbane City Council who initiated the

*Mr. Russell.]*

scheme, and the work has been going on for some years. Married men on this work receive twelve weeks and single men eight weeks, and the Australian Workers' Union demands 25s. from each man on the job. My stand on this matter is that relief work or rotational work should not be controlled by any union. Any man, no matter whether he is a labourer or plumber or carpenter or clerk, if he can show his union ticket, should be entitled to that relief work without being forced to join the Australian Workers' Union and pay that exorbitant fee.

The Treasurer side-tracked the issue on a previous occasion and said that the policy of the Government was compulsory unionism and that the natural corollary was preference to unionists. I am not prepared to debate that just now with him, but there is much to be said against it. When compulsory preference was agreed to by the employers it was mainly for the purpose of ensuring peace in the industry. The employers were quite prepared to grant preference to unionists in return for the pledge that there would be no strikes. I can see no reason why the preference clause should be put into force in regard to relief work, because it is not regular work. I join issue with Mr. Fallon when he states that these men should be treated as seasonal workers. There is a vast difference between seasonal workers and relief or rotational workers. The seasonal workers are employed year by year in a certain calling, such as cane cutting, taking the same jobs each season, and receiving very good rates of pay, to which they are entitled. This other work is instituted for the relief of unemployment and is not continuous. When the Breakfast Creek job is finished those men will probably drift to some other occupation or to some other class of relief work, and I contend therefore that a great injustice has been perpetrated by the Australian Workers' Union in demanding such exorbitant fees from these men.

I am surprised that the Government have been so supine in the matter. Is this country governed by the Labour Party, or the Australian Workers' Union? The power behind the throne is so strong that it can force the party in office to remain inactive when a great principle is at stake. It is a repetition of what occurred in the sugar strike in the North—the whole thing was allowed to drift on week after week with the Government standing by inactive and the position dominated by the Australian Workers' Union. The Australian Workers' Union has a very big following in this Chamber, and the time has arrived when the Government should assert themselves and say that the Australian Workers' Union must not interfere with the employment of men on rotational or relief works. It should not be necessary for a man to join the Australian Workers' Union at all if he is a member of any other union. He should be entitled to that class of work without interference on the part of the powerful and wealthy Australian Workers' Union.

I always thought that the Australian Workers' Union stood for fair play. At one time it was commended for its allegiance to the arbitration system as a preserver of the peace. I am afraid it has fallen on evil days in late years, and I hope that the Government will assert themselves and claim sole control of the work. Rotational work is not subject to an award of the court, and the Australian Workers' Union has no

right or authority to interfere with the Government in the employment of men on rotational relief work.

The Treasurer was very facetious a few moments ago about the deficits amassed by the Moore Government. He is continually prating about their colossal deficits, but I should like hon. members to know that the deficits amassed by the present Government were much greater than those of the Moore Government.

Mr. POWER: Rot!

Mr. RUSSELL: I will prove it. During the three years of the Moore Government—

Mr. POWER: I should have thought that you would bury that for ever.

Mr. RUSSELL: No. Hon. members are going to have the truth. I intend to quote the figures showing the deficits after taking into account all transfers from trust funds—and I should like to remind the Committee that the transfer of trust funds to consolidated revenue is no new thing in Queensland politics, for Mr. McCormack, who preceded the present Treasurer as Treasurer of this State, also transferred trust funds to consolidated revenue. The total deficits of the Moore Government for three years was £3,566,520, including the two transfers alluded to by the Treasurer. The total deficits of the present Government during their first three years of office amounted to £3,247,587, to which must be added the grant from the Commonwealth Government, which helped their budget by £236,000—manna from heaven—and the transfer from the Main Roads Fund, I admit with parliamentary authority, of £750,000. If these amounts are added together it will be seen that the deficits of the present Government during their first three years of office amounted to £4,283,587—or a worse showing than that of the Moore Government. After being three years in office, from 1932 to 1935, and handling £6,000,000 from the unemployment relief tax and much greater general revenue the present Treasurer has the audacity to ask this Parliament to agree to a deficit of £750,000 after abstracting £250,000 from the Main Roads Fund. Already the present Government are out to the tune of £1,000,000, even after handling such a vast amount of money in the past four years.

Moreover, during his three years of office the present Deputy Leader of the Opposition had only £5,827,798 of loan money to handle, whereas the present Treasurer, during his three years of office, had £10,140,203, or nearly twice as much. The very loan policy that is being carried out to-day was initiated by the present Deputy Leader of the Opposition when in power. The first public loan raised in Australia after the depression was participated in by Queensland, and the Moore Government set the pace for the loan policy that is being followed to-day.

Mr. KING: Do you believe in a loan policy?

Mr. RUSSELL: Of course I do.

Mr. WATERS: For how long?

Mr. RUSSELL: I always have and I have said in this Chamber year after year, and I stick to it now, that when private enterprise fails through exactions by the Government by way of taxation idle money must be used, provided it is used for the creation of national assets and is not wasted. The

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Deputy Leader of the Opposition when in power had only £1,792,285 from the unemployment relief tax as against £6,199,863 that the present Government have had. If the amount in respect of 1936 is added they will have handled nearly £9,000,000 from relief tax sources. Yet he has the colossal hide to ask us to laud him for his wonderful showing in the Budget, which is £750,000 out—and that although we have arrived at a stage when things are almost as good as they were in 1929 with a record revenue.

The Government are condemned out of their own mouths. Their unemployment relief policy has failed. Their percentage of unemployed is too high, having regard to the amount of money that they have derived from the taxpayer. They have made no provision, or very little provision for the employment of boys and girls. They have failed miserably.

Mr. POWER: What about the £2,000,000 and the 10,000 jobs?

Mr. RUSSELL: We found the 10,000 jobs all right, but I shall deal with that matter another time.

I think that it is high time that a solid reduction in taxation was made. The Leader of the Opposition has proved that Queensland has receded in the matter of secondary industries. It will be found on examining the figures quoted by the Treasurer that the increase in Queensland is mostly in primary or sub-primary industries. There has certainly been an increase in butter factories, breweries, and works for vulcanising tyres, but very few bona fide secondary industries have been started in Queensland. There has not been one worth considering. The tremendous load of taxation, both Government and municipal, are factors in this result. What chance has a business in Brisbane to-day, with the enormous Government taxation and a colossal load of municipal taxation, of competing with similar industries in the Southern States? Taxation in Queensland is about two or three times more than it is in Victoria, and until we reduce that load of taxation there is not much hope for the commencement of secondary industries in Queensland. The primary industries have pretty well reached saturation point, and our duty is to see that secondary industries are encouraged as much as possible. The Government have given little or no encouragement to the establishment of secondary industries in Queensland. Income taxation has long been a bugbear to secondary industries in this State.

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

Mr. W. J. COPLEY (*Bulimba*) [3.26 p.m.]: At the outset I wish to congratulate the newly elected members to this Chamber. I also desire to take this opportunity of further congratulating the mover and seconder of the motion for the adoption of the Address in Reply, the hon. members for Brisbane and Bowen. I hope that the hon. members for Brisbane, Bowen, Toowoomba, and Keppel will not only be an acquisition to Parliament, but also efficient representatives of their electorates.

I cannot allow the occasion to pass without congratulating the hon. member for West Moreton upon his appointment to the leadership of the Nationalist Party. I do not know whether he is the leader of the

United Australia Party, Country Party, the Nationalist Party, Ginger Group, or some other section. At any rate, I congratulate him on his appointment. I also desire to congratulate the hon. member for Aubigny on his appointment to the Deputy Leadership, although I cannot imagine any other member being so craven-spirited as to accept the position of Deputy Leader after having been deposed from the leadership. I also take this opportunity of congratulating the hon. member for Hamilton on his election to the high and honourable position as Leader of the United Australia Party of three, initials that stand for "Unemployment and Poverty."

The new Leader of the Opposition so far failed to impress us as an improvement on his former leader. His speech this morning, helped by the hon. member for Dalby, who sacked many Crown employees while in charge of the Railway Department, and therefore became an authority on the public service, went to great lengths in an endeavour to make political capital and propaganda out of the fact that at the present moment the public service of Queensland are suffering a temporary wage cut in common with public servants, not only elsewhere in Australia, but also throughout the world.

It is interesting at this stage to make a comparison of what happened under the Moore regime and what has happened under the present Labour Administration. After all, the new Leader of the Opposition, no matter how he may desire to deny his previous leader, must accept his full share of responsibility for the votes he cast in support of his policy from 1929 to 1932. The public of Queensland, and particularly the public service as an intelligent section of the community, will not be gulled, no matter how often the Leader of the Opposition may deny the works of the man who is now sitting alongside him as his deputy.

The Opposition are endeavouring to make out a case against the present Government for its treatment of the public service. What is the truth? Every promise that was made to the public service of this State by the Forgan Smith Government has been honoured. I quote from the policy speech delivered by the Treasurer, which was submitted to the public and circulated amongst the public servants in common with every other section of the community—

"The present Government during its term of office has honoured its undertakings—Crown employees now have access to the Industrial Court; the 44-hour week has been re-established; full-time work is now available to Crown employees; award increases are being paid, and to-day every Crown wage-earner is in receipt of the award rate prescribed by the Industrial Court; 25 per cent. of the reductions prescribed for the salaries staff have been restored to officers receiving actual salaries not exceeding £500 per annum.

"The Crown employees have given loyal and efficient service, and the Government will continue to treat them equitably and justly."

Recently the public service unions waited on the Treasurer and discussed with him the position of the public service. The Treasurer very succinctly explained to them, and they thoroughly appreciate the position the Government is in in relation to their

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wages and conditions. In reply to that deputation, *inter alia*, the Treasurer had the following to say:—

“It was wrong to suggest that the public service had got no consideration from the Labour Government and he did not think that anybody present would seriously suggest that. The public service had received restoration payments since 1932 from the present Government of approximately £900,000.”

Later on, I shall show how in one act the Moore Government filched £966,000 from the Crown employees.

“The restoration of the 44-hour week cost the Government £165,000 per annum; award increases during 1932-35 £247,000.”

No award increases were paid during the period of the Moore blight.

“The judgments of the Arbitration Court, restoring part of the reductions, involved no less than £488,000 since October, 1934. Those were the actual facts of the position.

“It has been suggested that Crown employees in other States have been better treated than in Queensland. He did not think that could be sustained where the position was comparable. It must be remembered that the basic wage in Queensland for both males and females was the highest in Australia and had received the lowest reduction. That was important, because the basic wage is the datum point, as it were, and the salaries and wages of the majority of Crown employees were affected by it. Male employees, on the basic wage in Queensland, had been reduced approximately 15 per cent. since 15th June, 1930, whereas (in round figures) in Victoria the reduction was 23 per cent.; South Australia, 22 per cent.; Western Australia, 19 per cent.; New South Wales, 16 per cent. In New South Wales they first of all applied that 16 per cent., and then applied the Salaries Act. In terms of cash the basic wage man in Queensland had lost 11s. per week since 1930, but his fellow in Victoria lost £1; in South Australia, 19s. 6d.; Western Australia, 16s. 6d.; and New South Wales, 13s. 6d.”

Of course, as I shall show later on, the Queensland public servants would have been reduced to the £2 18s. 6d. figure that was agreed to by Mr. Moore at the Premiers' Conference in 1932.

Mr. NIMMO: That is not true.

Mr. W. J. COPLEY: That would have taken place had the Moore Government not been rejected by the people. The hon. member interjects “That is not true.” As a matter of fact, as one who was associated with the public service unions at that time, I am able to say definitely that in one department estimates were actually being framed to provide for a further 10 per cent. reduction. In the Police Department certain estimates were already framed on that basis.

The report I was quoting from goes on to say—

“The Premier informed the deputation that he knew their position and they had presented their case very well. The Government was prepared to remove that embargo on £500 per year and

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allow all Crown employees to go to the court on the same basis as those under £500. Whatever award the court gave under the circumstances they would pay. He would look through their case thoroughly and have it investigated and submit it to the Cabinet for investigation. He intimated that he would let them know the result.”

That statement by the Treasurer and the previous statement of Labour's policy at the elections should completely clear the air as to what the public servants expect from the Government, what the Government have done, and are prepared to do for the public service.

For the moment let us consider the record of the party from which the hon. member for Oxley has just been removed. In the first year of office they budgeted for a deficit of £176,142, whereas the actual deficit was £723,185. Following this inglorious performance an application was made by the Government to the court for a reduction in the wages of Crown employees. That application sought for a reduction in wages ranging from 10 to 35 per cent. The Moore Government sought to have certain employees reduced by as much as 35 per cent., and in other cases, those of the more highly-paid officers, 10 per cent.

Mr. NIMMO: You know more about it than I.

Mr. W. J. COPLEY: I should be very much concerned if I did not know more about the position than does the hon. member on this or any other subject for that matter.

The CHAIRMAN: Order!

Mr. W. J. COPLEY: As they did when it suited them, the Government of that day framed the case in advance—just as is done in America in order to get at a criminal. They went so far as to alter the industrial laws of Queensland so that a public service union would not have a fair opportunity of presenting the case to the court under reasonable conditions. The President of the court at that time, Mr. Justice Webb, had this to say on the action of the administration of the Moore Government at the hearing of the case for the public servants—

“I think I am the first industrial judge in the history of Australia who has been called upon to consider the financial position of the Crown in dealing with the salaries of public servants. Past courts and all other Australian courts, so far as I know, have never been asked to consider that question. They have always assumed and have held themselves to be at liberty to assume that the Crown will have to pay the wages paid by the average good employer outside. That is not so to-day.”

The Government of the day had, of course, so framed the law that the Government could not be expected, as His Honour pointed out, to pay the fair wage that a good employer outside was expected to pay. His Honour proceeded—

“It is a most extraordinary position.”

There is much more, but what I have quoted are the salient features. At the hearing in the court the Government were represented by the Public Service Commissioner, Mr. Story, who sought to reduce the wages of Crown employees by various percentages

ranging from 10 to 35. He stated, inter alia—

“Unfortunately unemployment is increasing. Take, for instance, the figures for March, April, May, and June last as compared with those of the same months of the previous year.

	1929.	1930.
March ...	14,533 ...	18,534
April ...	12,977 ...	18,185
May ...	11,559 ...	18,422
June ...	10,717 ...	16,708

“His Honour: Do you count those who are engaged in relief work as unemployed?”

“Mr. Story: I am coming to that. The figures for June, 1930, are exclusive of approximately 3,500 workers employed under the relief scheme of the Government. That in regard to continuity of employment, public officers are very favourably situated.”

For the information of those who might be gulled by some of the specious statements that have been made, I desire to quote from the Public Service Commissioner's claim as to the range of reduction the then Government proposed. These are as follow:—

	Per cent.
Male clerks, from ...	10 to 16.67
Female clerks ...	10 to 13.79
Sorters and assistants	11.4 to 23.007
Female sorters and assistants ...	11.11 to 35.06
Switchboard attendants	15 to 29.41
Messengers ...	8.70 to 23

That briefly sets out what the Moore Government desired the court to impose at that time. The court decided that 6 per cent. was a fair and reasonable reduction, even under the “framed Act,” and we find that the Government thereupon industrially outlawed every public servant in Queensland and then imposed the reductions they wanted. Those reductions started at 15 per cent. and ranged to 35 per cent. An average of a 20 per cent. reduction was imposed, and in addition they stopped all increases amongst the junior officers as well as among the senior officers of the public service. We had the spectacle of Under Secretaries on £1,000 a year, and Commissioners on £1,500, and Judges on £2,000 being reduced by 20 per cent., whereas youngsters earning the basic wage and in many cases looking after the rest of their families, who were unemployed and could get nothing from the Moore Government, suffered reductions up to 35 per cent. That is the sort of treatment meted out to the public servants by the Moore Government. On the other hand, since 1932, the present Government have given back £900,000 to Crown employees. In one year the Moore Government took £966,000 from them!

What was their attitude to employment in the public service? Let us examine the record of the hon. member for Dalby and the Moore Government. In 1929, when the Labour Government left office, there were 36,743 Crown employees. By 1932 the Moore Government had reduced the number to 28,973. They either sacked or refused to replace 7,770 employees. The wages bill was slashed from £10,199,000 to £6,725,000, a reduction of £3,473,000. Never-

theless, the hon. member for Dalby, who was a member of that Government, and the Leader of the Opposition, who was a supporter of it, and last, but not least, the Deputy Leader of the Opposition, who was at its head, have the effrontery to come into this Chamber and endeavour to state a case against this Government on behalf of the Crown employees.

The Deputy Leader of the Opposition in dealing with this matter a few minutes ago quoted the amount of money which this Government have had at their disposal during the last few financial years; but when the Moore Government took that £966,000 from the public service they had at their disposal by way of taxation, direct and indirect, £1,700,000 more than was available during the previous financial year. Of that, £600,000 was by way of income tax, £85,000 by succession duties, £42,000 from betting taxes, and £966,000 came to them by what they took from the Crown employees. In that financial year, despite the fact that they had that extra money, they finished up with a record deficit—even breaking their own previous record—of £842,000. For the next financial year, despite the fact that wage cuts had reduced the wages bill by 21.7 per cent. and despite the fact that they had curtailed every form of expenditure in the public service, reduced travelling expenses and in every direction saved and cut, effecting a saving of 14 per cent. on the contingency votes, they ended with a deficit of over £2,000,000. As the Treasurer so well said this afternoon, actually the deficit for that financial year was £2,750,000. The figures as disclosed by the then Treasurer were £2,000,075.

Hon. members opposite pose as the friends of the public servants. It is just as well that I should let those juniors who may have forgotten it remember that when they were suffering those reductions the Government of the day increased one man's salary—who was an excellent officer, I have no doubt—by £5 a week because he happened to be pleasing to the Government. The salary of an Under Secretary was increased by £3 a week and another one by £2 a week, all this despite the fact that 7,700 men were being sacked by the Government and that the wages of juniors in the public service were being slashed to the extent of 35 per cent.

I think it was the hon. member for Hamilton who complained that the Government had not done anything in the interests of the juvenile workers of the State, but his remark calls to mind the fact that during the whole period that the Moore Government were in power not one new apprentice was employed in any Government department. In fact many were dismissed. Only yesterday hon. members received a notification to the effect that applications were being invited by the Government for forty apprentices in the railway service alone and that an examination was to be held for railway cleaners.

When the present Government were returned to office in 1932 the problem confronting them was not so much what the Moore Government had done as what should be done to meet the prevailing difficult circumstances. It is certain that had the Moore Government been returned to office for a further term the basic wage in this State

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would have been £2 18s. 6d. a week. In support of that contention I now quote from the official record of the Premiers' Conference held in 1932—

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

Mr. NIMMO (*Oxley*) [3.50 p.m.]: Much ground has been covered during the course of this debate and many subjects have been discussed, but I am sure that many hon. members opposite must feel that attacking hon. members on this side for what the Moore Government did during the dark days of the depression amounts to hitting below the belt. They fully realise that the economic conditions that operated throughout Australia, and for that matter throughout the world, made it extremely difficult for any Government to carry on.

Yesterday the Treasurer recalled that on the occasion of a visit to Queensland by the Right Hon. W. M. Hughes he remarked on the wonderful improvement that had taken place in this city. Is it not amazing how hon. members opposite are prepared to seize on the remarks of any person so long as it suits their political policy and gives them some kudos?

At 3.51 p.m.

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

Mr. NIMMO: I well remember how during one election campaign hon. members opposite seized upon the favourable comments of Sir William Glasgow, as director of the Australian Mutual Provident Society, quite ignoring the fact that his remarks were applicable to the position throughout Australia as a whole. The present Prime Minister recently paid a visit to our State and it cannot be denied that all the wonderful improvement so eagerly pointed out by hon. members opposite was achieved during his regime. Hon. members opposite have been mighty lucky. They remind me of a "quack" who is called in to attend a patient who is at death's door after medical men have attended him. He is called in at the moment of crisis and from that hour the patient steadily recovers. The "quack" swells out his chest and proudly boasts, "I am the great I am; I am the man who cured the patient." That is the attitude taken by the Government in connection with our political ills. No one can honestly deny that the economic and social conditions of our people commenced to improve just before the Labour Government were returned to power.

I have just received the "Monthly Review" of the Queensland Trustees Limited, which contains an article dealing with world trade for June. It was issued by the International Chamber of Commerce, and has application to Australia, South Africa, United States of America, and Japan. The authors are Professor N. F. Hall and Mr. Harold Barger. It states, *inter alia*,—

"Indeed the share of deflation in producing this result must not be overlooked, for between 1929 and 1932 the cost of living in Australia fell by 20 per cent., compared with a decline of only 12 per cent. in Britain. By the

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middle of 1932 trade recovery had set in; the maximum unemployment percentage (5) was reached by the second quarter of that year, and thereafter there was a steady improvement."

The Treasurer has repeatedly claimed credit for the improved economic position in Australia. It is contended by him and his party that after he had attended the first Premiers' Conference following his accession to office he was instrumental in having the prevailing policy altered and that thus he ushered in an era of prosperity. We know very well that is not the case. Certain conditions had operated in Australia that made it impossible for loan moneys to be raised. Financiers had no confidence in this country. The Federal Labour Government had been in office for two years and had created a dreadful position. Mr. Lang, who I heard to-day in this Chamber, was helped to office by the Australian Workers' Union as Premier, destroyed the confidence of investors in Australia.

Mr. POWER: Queensland was in a worse position under your own Government.

Mr. NIMMO: Our own Government carried on remarkably well. The figures given by the Treasurer show that the public servants in this State were treated better by the Moore Government than any other Government in Australia. When this belated tribute to the Moore Government is given by the Treasurer hon. members can be sure that the figures are correct.

I was very pleased with the moderate tone of the speeches of the hon. members for Brisbane and Bowen. They set an example to some hon. members who have been longer in this Chamber. The hon. member for Bowen delivered himself of a speech inspired by honest conviction in which he said that the policy of Labour would have to be put into force. But to-day we do not know where that party is. Wealthy people will remark, "What is wrong with the Forgan Smith Government? Forgan Smith is all right. You cannot tell me that he is a Socialist. He is simply following a policy of Nationalism; he is a very, very pale Socialist indeed." But we see by the article from the Manitoba "Commonwealth" that when the Treasurer is overseas he is as red as it is possible to be. According to that newspaper the Treasurer declared that he was giving effect to the policy of Socialism in this State by quiet methods. The Government were returned by the workers as a Labour Government but have not attempted to put the Labour policy into force in a straightforward manner. If the hon. member for Bowen has his way he will put the necessary petrol into the party "tank," put his foot on the accelerator, and make the Government run more in accord with the policy of the party than they have hitherto.

I am continually getting letters referring to "this Tory Labour Government." That is a strange epithet to apply to a Labour Government! The people do not know whether the Government are heading towards Socialism. We in this Chamber know they are doing so, but they are hoodwinking the public and to that extent are able to carry on. If we compare the platform of the Communist Party with the platform of the Government we must

acknowledge that they are similar, but the Government are moving along the line of least resistance and hanging on to office by pandering to all sections of the community. They may get away with such a policy for a time, but the day will eventually come when one section or other will discover what they are aiming at.

At the outset I said that the Government were fortunate in reaching office at the time they did. That also applies to other Governments who came into office in Australia at a similar period. They, together with the Government of this State, are in the boom and are taking advantage of the great improvement in the financial position of Australia. In fact, they would lead the people to believe that no such improvement was possible without them. The hon. member for Aubigny is accused of slashing wages while he was in power. Do hon. members think he slashed wages because he wanted to do so?

I do not suppose there is a more kind-hearted man in the State than the hon. member for Aubigny. The economic conditions prevailing at the time made it imperative for the Government to act as they did. Do hon. members opposite think Mr. Hogan, the Labour Premier of Victoria, agreed to the reductions with pleasure? Anyone who is acquainted with that gentleman knows that he was held in high esteem by the majority of the people, but was driven out of office because he happened to be Premier during the period of acute depression when unpopular but necessary measures had to be introduced. The same remarks apply to our friend, Jack Lang. A great deal of the odium attaching to his name is due to the fact that he happened to be Premier of New South Wales during the period of acute depression. All the Premiers who held office during that period are unfortunately under a cloud, but if there is a proper sense of justice and right in the minds of the people the day must arrive when their actions then will be regarded with keen appreciation.

I wish to add to the remarks of the Leader of the Opposition regarding the treatment meted out to the public servants by the Government. The public servants of this State have been "sold a pup" by the Government. On numbers of occasions during the 1932 election campaign the Treasurer promised that if his party were returned to power they would restore to these people the conditions filched from them by the Moore Government.

The TREASURER: That is an absolute falsehood.

Mr. NIMMO: I may be reading it wrongly. At New Farm on the 1st June, 1932, the Treasurer said—

"Democracy was at the cross-roads, and the people of Queensland had two ways before them, one of which they must choose. They had before them the Moore policy, low wages, unemployment, and bad conditions for the people. On the other hand they had the road prepared by the Labour Party, the road to freedom, prosperity, and happiness, the road that would restore to the people the conditions that were filched from them by the Moore Party."

The TREASURER: What is wrong with that?

Mr. NIMMO: There is a lot wrong with it. The hon. gentleman has not restored

any of the conditions that had to be taken away during the period of the depression.

The TREASURER: Nonsense!

Mr. NIMMO: When the Labour Government took office in 1932 the basic wage was £3 14s. a week. It is still that.

The SECRETARY FOR LABOUR AND INDUSTRY: A larger percentage of the community is receiving it.

Mr. NIMMO: That is only made possible through the huge expenditure of loan money. The fact remains that these people are still on £3 14s. a week, and the cost of living has considerably increased since that time. It has advanced by at least 10 per cent.

The TREASURER: You do not believe that.

Mr. NIMMO: The Government Statistician's figures indicate that the cost of living has advanced 7 per cent. since 1932. I am satisfied that the cost of living has gone up materially since those figures were published. The men in receipt of £3 14s. a week at the present time are not as well off as they were in, say, 1932, when they got a like amount, owing to the increase in relief tax and income tax. Much has been said about what the Government have accomplished, and statements similar to that of the hon. member for Bulimba have been made as to what would have happened if the Moore Government had remained in power. It has been stated that wages would have been reduced to £2 18s. 6d. a week. Every hon. member in this Chamber knows that that statement is far from the truth. They know that no consideration was given to it.

The TREASURER: Absolute nonsense! I have it all here.

Mr. NIMMO: The Treasurer quoted certain extracts from the report of the conference in question. Those quotations refute the suggestion of the contemplated reduction, because they show that the Treasurer at that time would not agree to them. He told them there was an election pending in Queensland, and he could not commit a new Government to anything. The Moore Government made lighter cuts in the public service salaries than any other Government in Australia, and did not contemplate reducing wages further. In point of fact, there was no need to consider such a step, because the return of confidence in Australia made it unnecessary.

Over the past four years the public servants have had promises made to them in regard to their wages, but they are told now that the State was left in such an awful condition by the Moore Government that the present Government could not raise their salaries or wages. So we have the spectacle of this wonderful Government, who have done everything for the working man, being the last Government in Australia to restore the whole or part of the salary or wage cuts of Crown employees. It is true that a small restoration was made last year. The Premier now says he will allow all employees to go to the Industrial Court. I do not like making insinuations, but it is a remarkable thing that before the last partial restoration the amount provided on the Estimates was nearly the exact amount given by the bench of the court. The public servants have to approach the court cap in hand, plead their cause, and abide by its judgment. What a difference as compared with the action of

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a so-called Tory Government in the neighbouring State! The Premier of New South Wales restored these salary cuts without forcing the employees to go to the court. To-day Crown employees in that State have got back nearly the whole of the cuts.

The TREASURER: That is nonsense.

Mr. NIMMO: Three-quarters of the cuts have been restored in New South Wales.

The TREASURER: How much was the original cut in New South Wales? You do not know anything about it.

Mr. NIMMO: The cut in New South Wales was 16 per cent., and in the other States as follows:—

Victoria	...	23 per cent.
South Australia	...	22 per cent.
Western Australia	...	19 per cent.

The TREASURER: You are not taking into account the reduction in the basic wage in New South Wales.

Mr. NIMMO: The public service cuts in New South Wales amounted to 23 per cent.

The TREASURER: Plus the basic wage cut.

Mr. NIMMO: Exactly, but the basic wage cut in New South Wales was exactly the same as that which occurred in Queensland.

The TREASURER: You are wrong again.

Mr. NIMMO: The Treasurer will endeavour to bamboozle anyone with figures. As a matter of fact, when the hon. gentleman is speaking he will not reply to an interjection. He simply proceeds and endeavours to ram his arguments down our throats. (Government laughter.) If he does the same in caucus I do not know how his party members get on. (Government laughter.) Much of the praise that the Treasurer is endeavouring to attract to himself for his speech is far from warranted. He stands up in this Chamber, as do other members on the Government benches, and asserts that Queensland has the highest basic wage in the whole of the Commonwealth.

The TREASURER: Correct.

Mr. NIMMO: Would it not be very much better and much more statesmanlike if he rose and said that his objective was to bring the basic wage in all the States to the level of Queensland's so that Queensland employees would not be handicapped in the matter of employment? To-day these men are handicapped very considerably by the difference in the basic wages of the States. Moreover, Queenslanders are not receiving the highest actual basic wage in Australia. In New South Wales the basic wage is £2 5s. a week, but there is also a system of child endowment. The Labour Government cannot take upon themselves any great credit for what they have done for the workers of this State.

The Treasurer is continually stating that the Moore Government on leaving office left an unemployment percentage of 19.9 or 30,292 unemployed, whereas the present Government have reduced the figures to 8.5 per cent. and 12,940 respectively. Last financial year the Government expended from unemployment relief tax just on £2,800,000 or (taking the number of unemployed they say there are in Queensland) £217 per annum each, or £4 a week each. But the average amount paid for a relief worker is 26s. a week. That is the average in Queensland,

[Mr. Nimmo.

and I should like the Secretary for Labour and Industry when he is replying to tell us where that other £2 14s. is going and, if he has so much from the unemployment relief tax, what is actually becoming of the surplus.

Another matter I should like to mention is employment in our secondary industries. The Treasurer is continually saying that ours is not a manufacturing State, that the big centres of population in the South are the places where factories must grow and that we are at a very great disadvantage. That is not the case. In fact, we have great advantages here that should tend to make us a manufacturing State. The cost of getting manufactured goods to the Southern States is not very great, as will be realised when I say that a roll of serge costing £14 or £15 could be landed on the counter in Melbourne for a transport cost of 1s. 11d. That proves that we are not under great disadvantages in that respect. We are doing nothing to encourage industries to start here and very emphatically I say we have little employment to offer our young people. Since 1914 there has been practically no improvement in our factory employment figures. In the numbers of genuine factory employees there has been a huge decrease, when it is realised that the Government workshops at Ipswich and the tramway sheds and similar undertakings are included with other factories for the purpose of showing the number of employees. That is a serious matter for the State and we must overlook the fact that taxation is so high that it is not giving people the opportunity to embark on these industries. The reward is not great enough to induce them to risk their capital. That has been proved in many cases.

Only the other day I took out the case of a mythical company with £8,000, capital making £1,000 profit in one year, and I asked the Income Tax Department to give me the amounts of taxation that would have to be paid by that company. It would have paid, in the last period of the Moore régime, £160. Last year it would have paid £211, showing that company taxation since then has been increased by 30 per cent.

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

Mr. DEACON (*Cunningham*) [4.14 p.m.]: The Treasurer is asking us to vote him a large sum of money to pay the civil servants and to carry on the Government services. We know that people outside the public service consider that they are being over-taxed. Neither the Treasurer nor any man on the Government side has looked at this matter from any other point of view than that of the civil servants. I have listened to them all, and all they have had to say in support of this vote is: "Moore and his Government did something to the civil servants in 1929." That is their only argument and it makes me tired to listen to it from ex-members of the civil service who never did a really hard day's work in their lives, who could never show a corn on their hands and who never produced anything. One would think that all the wealth of Queensland was produced by the civil servants and that nothing else and no one else matters. (Government interruption.)

The TEMPORARY CHAIRMAN: Order!

At 4.15 p.m.,

The CHAIRMAN resumed the chair.

Mr. DEACON: The hon. member for Bulimba was speaking about what the civil servants have suffered and the percentage of cuts in their pay in 1929 and 1930. Does he never think of the percentages of loss by primary producers during those years? The civil servants had their 16 per cent. or 17 per cent. or 25 per cent. cut, but primary producers all over the country in every walk of life suffered from 50 per cent. to 60 per cent., and they had to suffer in addition, then as always, the uncertainty of the climate and take the risk of losing their crops. Their incomes on the average are lower than public servants', yet the chief argument for this vote is the welfare of the civil servants! Hon. members opposite seem to think that there is no other class of people in the world than civil servants.

Is it not about time that we had regard to the people in Queensland who do all the work and find the money to meet all the taxes? It is time that we admitted that in the final analysis taxes must be levied on their production to pay the public servants and defray other Government expenditure. I do not mind the public servants getting a fair wage, but if any cuts have to be made then the public servants must share them the same as anyone else. During the years of the depression they had constant jobs, and generally were better treated than anybody else in Australia. They were better treated in Queensland by the then Government.

The Treasurer, who really represents all classes in the community, has spoken of no other class than the public service, and the wages men. Are there no others whose interests must be considered? Industry is over-taxed in this State, the primary producer is overtaxed and underpaid too. During the very years that the Treasurer claims he did justice to the public servants, the primary producers have had to accept a lower price for their butter, a lower price than they received during 1929-30-31.

Mr. WATERS: Because the workers could not buy.

Mr. DEACON: What is the use of trying to explain things to anyone like the hon. member for Kelvin Grove, who says that the workers could not buy? If he read at all or if he knew anything, he would know that the price for primary products in this country is governed by world prices, and not by the wages paid. It does not matter what wages are paid, whether they are high or low—world prices govern the prices internally. He is a man who never works, never looked as if he could work, was never known to raise a sweat, or to have a corn on his hand. He speaks for the public servants, and complains of the prices they have to pay. It is time that we looked at the question as a whole, and had regard to the amount of money available to pay the public servants. We must consider whether they are giving service for the aggregate sum paid to them. If there were too many public servants during the time of the Moore Government then there was no alternative but to dispense with those for whom there was no work. Otherwise they would have been paid for doing nothing. If there is no work for a man to do he is robbing the country if he takes the money, and any Government who retain a man in their service when he has nothing to do is

doing an injustice to every other man in the country who is working. Every idle public servant retained in employment must be paid by someone.

Mr. WATERS: Would you put public servants on relief work?

Mr. DEACON: I would pay them a reasonable wage, but their position must be considered in relation to that of other members of the community. What can the country pay? What can the people in the country afford to pay? Just remember that they have to pay too much in taxation, and that if their income is reduced they must take greater risks and work longer hours. On an average, the primary producer works two hours for every one worked by the public servant, and he has to take less pay for it. That statement is substantiated by the report of the Commissioner of Taxes. The primary producer must accept less. The primary producer has to find all the money that is required for governmental purposes. Every hon. member opposite, from the Treasurer down, has considered this appropriation from the point of view of public servants only. We must look at the matter from all angles, and do justice to everybody in the community. If hon. members opposite are not game to do that then they will get what they deserve, and what they got in 1929—they will be emptied out of office.

To hear the Treasurer speak one would conclude that he had never taken any part in an attempt to reduce the salaries of the public servants. He was a member of a Government that cut their salaries by 5 per cent., and he was a member of a Government that held out against the party when the late Mr. Charles Collins demanded that the 5 per cent. should be restored, and when he made Ministers of the Crown metaphorically crawl on their knees and promise to do it. The Treasurer was one of those Ministers who had to crawl and promise, after saying that he would not and that he could not. Then he goes on to boast of what he has been doing, and of the injustice of taking anything from the public service. He was also a member of the Cabinet that sacked all the railwaymen in Queensland, because they had the temerity to demand an increase in pay. He helped to meet their demands with a lockout.

Mr. WATERS: Your Government sacked 7,000 permanent public servants.

Mr. DEACON: They did not sack all the public servants. They did not do anything that was unjust. They considered every question on its merits.

There is one question to which the Government must give attention if this State is to progress, and that is a reduction of taxation. If this country is to prosper its industries must be placed on a similar basis to corresponding industries in other countries. It does not matter whether they be farmers or manufacturers, the wealth producers must be put in a similar position to their competitors.

It has been said during this debate by several hon. members opposite that the Government are not allied to the Communist Party. I took part in the recent Bowen by-election. I heard the Communist candidate strongly urge his supporters to "give Labour No. 2." He did so because he said they were the nearest party to the Communist Party. We know there was an understanding, although the Labour Party

*Mr. Deacon.]*

would not admit it, that Labour supporters should give the Communist candidate their No. 2 vote.

Mr. RIORDAN: Why did you ask for it?

Mr. DEACON: We asked everybody for their No. 2 vote. We were not ashamed to do so. We asked those who could not give us No. 1 vote to give us No. 2 vote as we believed our candidate to be the best man. We believed that he had the best policy—and he had.

Mr. RIORDAN: And you got No. 2 vote.

Mr. DEACON: We got more No. 1 votes in the Bowen by-election than we did at the last general election. There was a big turnover in No. 1 votes in the Bowen by-election. If hon. members opposite had taken an active part in that campaign they would know that the reason was that it was realised that primary producers were not getting a fair deal. Yet we hear this cry to-day to do justice to public servants! We want to do justice to the people who have to keep the country going. I hope the Treasurer will take that into account and not function for one class alone as he is doing to-day.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [4.25 p.m.]: The hon. member who just resumed his seat devoted a considerable part of his time to dealing with public servants. I hope his leader will take note of what his colleague on the front bench said. The hon. member for Cunningham delivered such a tirade against public servants that he appeared momentarily to have forgotten that his leader devoted twenty minutes of his time this morning to a plea, not genuine of course, on behalf of the public service. I hope the hon. member for West Moreton will read his speech very carefully.

I have listened to most speakers in this debate and I have been interested in what members of the Opposition said. They have accused the Government of every crime in the calendar. They have accused us of being at the bottom of almost all the difficulties that exist in Australia to-day, with the exception perhaps of the declining birth rate. It is true, too, that they omitted to accuse us of responsibility of the Spanish civil war. They apparently overlooked those two things or they would have attributed them to us.

One thing that must emerge from this debate is the total lack of understanding of world-wide problems, as well as Commonwealth problems, displayed by members of the Opposition. One would have thought that in a debate such as this the chief desire of speakers would be to put forth a policy that would promote the welfare of the State. No member of the Opposition has risen to the occasion at all. All have merely attempted to split hairs. They have misused facts; they have been guilty of malversation of figures in countless directions, they have distorted statements, they have taken reports of speeches and torn sentences from their context—all with the deliberate purpose of profiting by a form of petty propaganda against the Government.

What is the position to-day? Everyone in the community who is a lover of the human race desires to evolve that form of control that will give industrious people security—security in their means of livelihood, security in the provision of food, clothing, and shelter. This is the problem. It is these things that

people are seeking after. And the objective of any decent political party should be, as far as humanly possible, to give the people that security.

We know that Australia has many problems. There are the problems of debts, of taxation, of unemployment, the availability of money, and the general development of our country. Very little has been said by the Opposition about those things, unless in the form of carping criticism.

Our financial policy is condemned by them. What is our financial policy? I have stated it before and I state it again: it is in the direction of giving the people that security which any people have a right to expect, aye, to demand in any free community. To the extent that this Government have been successful they have been in pursuing that policy. Hon. members opposite talk of wages, they talk of taxation. I have dealt with wages already and do not propose to recapitulate the facts I gave hon. members earlier. I will deal now with the problem of taxation.

Taxation must be levied to pay the public service and to provide for the necessary social services; and consequently the conflict arises: what form shall that taxation take, and in what manner shall it be levied? It is obvious that in Queensland we base it on ability to pay. We levy it on the principle of placing the burden according to the fitness of the shoulders to carry it. No one can argue equitably against that principle, and that is our principle. No one imposes taxation for the sake of doing so. Any political party that could abolish taxation or reduce it by 50 per cent. would be foolish if it did not do it. Taxation is levied because of the commitments of government that cannot be escaped.

We have in the first instance the commitments in regard to the public debt. The following table discloses the extent to which the Commonwealth and different States benefited by the reduction of interest:—

	£
Commonwealth	803,916
New South Wales	1,875,859
Victoria	456,104
Queensland	174,107
South Australia	354,997
Western Australia	290,066
Tasmania	108,703

It will be seen that with the exception of Tasmania Queensland benefited less than any other State in the Commonwealth.

Mr. EDWARDS: What was the reason for that?

The TREASURER: Simply because of the proportion of Queensland debt held overseas and the fact that we had no large optional conversions falling due. Another reason was that New South Wales carried deficits by means of Treasury bills. Queensland did not. During the period of the Moore Government and since 1932 interest on Treasury bills fell from 6 per cent. to  $1\frac{1}{2}$  per cent. The advantage is with New South Wales because it had most of the optional conversions and had the highest amount of Treasury bills. That, of course, has relieved its budget to the extent I have mentioned and it has remitted taxation to that extent, whereas we have remitted taxation and given advantages to the people to a much greater extent than the amount of our reduction in interest.

[Mr. Deacon.]

That debt service is a fixed commitment that cannot in any way be escaped. Revenue must be found for it.

In addition, there are the various public services, such as education, the development of the land, agriculture, main roads—multifarious activities that a Government must undertake in order to carry out the functions of government in a large and progressive State. Therefore, it is the duty of those who charge us with extravagant expenditure to indicate what service or services should be abolished. We know the hon. member for Oxley supported a policy that reduced the payment to wards of the State, that cut social services in every direction. To-day, he poses as the friend of the people. He would never dream of doing these things!

Mr. NIMMO: Would you have done any better had you been there at that time?

The TREASURER: A great deal better. I wonder at the hon. member's asking the question. The fact is apparent to all that since we have been in office, from 1932 onwards, we have done better.

Mr. NIMMO: Through the help of the Federal Government.

The TREASURER: The Federal Government have not given us any help.

Mr. NIMMO: Of course, they have.

The TREASURER: What help have the Federal Government given?

Mr. NIMMO: They created that confidence without which you would not have obtained money. A Nationalist Government did that.

The TREASURER: The hon. member for Oxley will say anything. He evidently is one of those individuals who assume that borrowing undertaken for and on behalf of a State is done by the Commonwealth Government. The security is that of the Commonwealth and of the State. The latter has as much say in these matters as have the Commonwealth Government. The policy that is being pursued by the Loan Council at the present time, and has been pursued since 1932, was not initiated by the Commonwealth Government. It is a policy that was put into operation by the State, and was due to the new kinds of Governments that were elected in 1932. Anyone who would deny that would deny anything.

There is an interesting phase of taxation that is overlooked, i.e., the dual system that exists in Australia at the present time. When Federation was consummated it was not expected that the Commonwealth would enter so largely into the field of taxation. The Commonwealth Government were given certain avenues of taxation, and it was assumed that the revenue from such avenues would be more than enough to meet the needs of the new Government. Of course, we are aware that there are now more demands, and that these justify some of the taxation that has been imposed, but the fact remains that the problem of finance at the present day hinges very largely on this dual system of taxation, and the intrusion of the Commonwealth into this and other domains. Very few people appear to be aware that the Commonwealth Government collected in Queensland in the year 1934-35, £5,524,846. The amount of revenue from taxation paid into consolidated revenue in this State was £3,477,509. The Common-

wealth Government received more into their consolidated revenue from collections of taxation in Queensland than did the Queensland Government! There can be no doubt that the Governments of the States have much wider responsibilities within their State than has the Commonwealth. It is the duty of the State to maintain law and order, and control transport, lands, agriculture, roads, harbours, and rivers. All the responsibility of domestic government is the States'. Furthermore, it is the States' responsibility to maintain the unemployed and, so far as possible to provide work for the people of the State.

One finds this situation very frequently arising, that the immediate result of a buoyant Commonwealth revenue is larger budget charges in the various States. For example, take the tariff. The Commonwealth Government control it. The Federal Government may have a tariff policy that makes the Commonwealth revenue buoyant, but it may throw people out of employment in this State. They are not a charge on the Commonwealth but on the State. Everyone who has had experience in the government of the States realises that the facts of the position are that the States are being slowly bled to death financially by the Commonwealth, and the inevitable trend will be in the direction either of the Commonwealth's assuming responsibilities that are now the States or of its giving back to the States portion of the revenues that it exacts. Men like the Federal Attorney-General, Mr. Menzies, have made important contributions to the solution of this problem. They have shown that the existing financial system so far as it affects Australia is entirely wrong and that the responsibilities between the State and Commonwealth Governments are wrongly allocated and paid for on a wrong basis. That, of course, is a matter for discussion at the next Premiers' Conference. I do not think any State holds a view other than the one I am putting forward. They all believe that the State has a right to a greater share in Commonwealth revenue, or alternatively that the Commonwealth should assume some of the responsibilities that are now the States'. That can be done either by way of helping to pay for education or health services or by way of increased direct payments from surplus Commonwealth revenue.

As a matter of fact, it is only by a very devious expedient that the Commonwealth is enabled to evade its obligations. Everyone felt at Federation that any surpluses the Commonwealth had would be paid back to the States on a per head basis, but by means of the expedient of putting the surpluses into trust funds the Commonwealth evades that obligation. There can be no doubt that from the point of view of budget equilibrium and from the point of view of an equitable system of raising revenue, the whole matter requires probing and discussion and calls for a very drastic remedy indeed. The figures of Commonwealth and State revenue paid into consolidated revenue funds indicate the position very clearly.

There is nothing further that I wish to say at this juncture. There is nothing really to reply to in the case put forward by members of the Opposition.

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

*Hon. W. Forgan Smith.]*

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, £3,150,000.

(*Mr. Hanson, Baranda, 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 1936-1937, 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 1936-1937, 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 1936-1937, a further sum not exceeding £550,000 be granted from the moneys standing to the credit of the Loan Fund Account.”

Question put and passed.

The House resumed.

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

Resolutions received and agreed to.

## APPROPRIATION BILL, No. 1.

### FIRST READING.

A Bill founded on the resolutions reported from the Committee of Ways and Means, was introduced, and read a first time.

### SECOND READING.

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

“That the Bill be now read a second time.”

Mr. MAHER (*West Moreton*) [4.53 p.m.]: I listened with a good deal of interest to the speech delivered by the Treasurer at the close of the debate in the Committee of Supply. It is not unnatural that the Treasurer of a State Government should take the view that his Government should share in Commonwealth revenue or that there should be a further understanding in this respect, having regard to all the circumstances. A Treasurer, naturally, would be pleased to see his revenue increased. Like the little boy who looks at the rosy apple growing on the tree in his neighbour's yard, he casts envious eyes at the Commonwealth revenue which, since economic recovery has become more established, is increasingly buoyant.

There is no doubting the rights of the Commonwealth Government to enact taxa-

[*Mr. Maher.*

tion from the people in the State of Queensland. The Commonwealth Constitution undoubtedly gives the Commonwealth the right concurrently with the States to take taxation for its needs; and the Commonwealth needs are very great. The problem of finding enough money for defence purposes to ensure our security is an important one, and in the special circumstances of to-day increasingly important. Then there is the tremendous social work carried on by the Federal Government—old age, invalid, and war pensions. It must be realised that very heavy obligations indeed rest on the Commonwealth. But it is not surprising to find that Premiers and Treasurers should cast envious glances at the Commonwealth revenue.

I do not take up the attitude that there is no room for discussions to arrive at some better understanding between the Commonwealth and States on financial relationships—there is ample scope for such talks—but, I do want to emphasise this: until the depression came about the question of the financial relationships between the Commonwealth and States never figured prominently, but with the depressed revenues of all State Governments at that particular time and the importance of maintaining budget equilibrium, a very great demand arose in all the States for a share of Commonwealth revenue, or in the alternative a fresh basis of financial relationship. The Premier of South Australia, Mr. Butler, initiated a scheme that was discussed at one of the Premiers' Conferences. That scheme was not voted upon. It was not regarded as practicable. Various discussions have since taken place on the question, but it seems that no basis of agreement can be achieved. The Prime Minister has indicated what I think is a natural answer to these arguments—that if there is buoyancy of Commonwealth revenue, and a surplus of such revenue, the people who are entitled to first consideration are the people who pay it. That is to say, if the taxation received by the Commonwealth Treasurer is in excess of needs, the people from whom that taxation is levied are entitled to a remission rather than that the Commonwealth should continue to tax heavily so as to give the States an opportunity to increase their financial commitments.

I am going to examine the question from this viewpoint. In recent times the Treasurer, on behalf of his Government, has made a demand for a share of the Commonwealth revenue in the sense that he asks the Commonwealth Government to assume liability for a proportion of the cost of our educational and health services. That is the basis of discussion suggested by the Government to the Federal Government. I have no doubt, too, that the Treasurer will strongly advocate that cause when he proceeds to the Premiers' Conference that very shortly will be held in Adelaide. I submit in reply to the statements of the Treasurer that he has not been starved for revenue since the passing of the depression, notwithstanding that the needs of the Government during the depression might have required some aid.

The TREASURER: I am not referring so much to the needs of the Governments as to the general effect that this dual system has on the State as a whole.

Mr. MAHER: How can we eliminate that system? The people of Australia have agreed to Federation and the Federal Government must have revenue. The Constitution gives the Commonwealth the right to tax the people of every State. Queensland is not peculiar in that respect. I see no way of overcoming that. The Commonwealth has the right and exercises it. If by any chance the Queensland Treasurer was in a good financial position because his revenue was very buoyant I am sure he would be resentful of any application by the Federal Treasurer for a share in it.

The TREASURER: Your trouble is you don't understand the problem thoroughly.

Mr. MAHER: I do understand it thoroughly. The Treasurer here has had ample revenues at his disposal to finance the needs of this State during the past four years, within its reasonable requirements. I will make a comparison between the revenue we received in 1931-32 and that of 1935-36 in order to give an idea of the buoyancy of revenue since the Government took office. Of course, that is due to the improved conditions of the State. The position is—

	1931-32.	1935-36.
Revenue .. ..	£ 12,994,000	£ 15,488,000
Trust Funds ..	4,893,000	7,500,000
Totals .. ..	£17,887,000	£22,988,000

There is a revenue surplus of £5,101,000, as against the depression years. The loan expenditure in 1931-32 was £1,184,000, and in 1935-36 £4,219,000, so that there was, in addition, a loan surplus of £3,035,000. Those figures show this Government have had a very buoyant revenue and a very liberal supply of loan funds from which to maintain expenditure, and carry on legitimate services and meet the reasonable requirements of the State. The Government have had nearly £8,250,000 in excess of the amount available to their predecessors. The Treasurer cannot go to the conference and argue that this State is at a great disadvantage. The figures show that he has a generous and buoyant revenue, and that Queensland has shared in the general prosperity conditions in much the same way as the hon. gentleman said yesterday morning.

A review of the deficits in the various States discloses that there has been a gradual improvement in the budgetary position of every State in Australia since the depression period, with the exception of Queensland. I wish to emphasise that point. Despite the difficulties of a system of dual taxation by the Commonwealth and States, every State has shown an improved budgetary position—some States have also been able to make taxation remissions, others have been able to restore salary cuts—but this Government have not tackled any of those things, or shown the same improvement. This Government have not grappled with the important question of a remission of taxation; they have not given any substantial restoration of salary and wage cuts, despite the fact that they were not saddled with any extraordinary expenditure occasioned by an

increase in the basic wage. Other Governments have encountered such conditions, and yet have been able to show a gradual improvement in the budgetary position. The following table discloses the position of the budgets in the various States for the year 1935-36:—

Year.	State.	Deficit.
1935-36	New South Wales ..	£ 1,680,000
1935-36	Victoria .. ..	115,000
1935-36	Queensland .. ..	741,814

Year.	State.	Deficit.	Surplus.
1935-36	South Australia ..	£ ..	£ 243,500
1935-36	West Australia ..	..	88,378

Western Australia has had the benefit of a grant from the Commonwealth Government, which last year amounted to £800,000.

The TREASURER: £835,000.

Mr. MAHER: These figures were given to me by the secretary to the Commonwealth Treasurer.

The TREASURER: What did South Australia get?

Mr. MAHER: South Australia got £1,500,000.

The TREASURER: £1,545,000.

Mr. MAHER: I suppose they were given to me in round figures. No doubt, the figures quoted by the Treasurer are correct to the pound. The point I wish to make is that you cannot keep the expenditure down in those States. The more money they get the more they spend. Western Australia is a classic example. That State received a grant of £800,000 last year, and had a surplus of £88,378, and it is going to the next conference—if I may use the expression—with its mouth opened wider for an increased allotment of £1,500,000 from the Commonwealth. There can be no limit to that sort of thing. I am certain that were the Treasurer able to get all he asks for from the Commonwealth Treasurer at this forthcoming conference and had £2,000,000 extra allotted to him to relieve him of the cost of health and educational services, it would be only a matter of three or four years before expenditure would have increased again beyond that figure and the demand would be for more and more. There must be a limit somewhere.

After this digression I go back to the fact that the Western Australian Government showed a surplus of £88,378 and the Tasmanian Government a deficit of £129,000. The total deficits for last year amounted to £2,334,622 as against £20,803,210 in 1931-32, the peak year of the depression. Every reasonable minded man who studies the financial position of the Commonwealth and the State will agree that there has been a very substantial improvement in the budgetary position of the State up to 30th June last.

Mr. Maher.]

As a further example of the recovery from the depression period we find that for the financial year 1936-37, New South Wales, South Australia, and Western Australia expect to balance their budgets. The estimated deficits are—

	£
Victoria ... ..	475,000
Queensland ... ..	1,000,000
Tasmania ... ..	100,000

Of the total deficit of £1,575,000 estimated for the coming financial year Queensland contributes £1,000,000, or 63.5 per cent. of the total. That is the extraordinary position that Queensland is in.

The SECRETARY FOR LABOUR AND INDUSTRY: And the Moore-Barnes record still stands.

Mr. MAHER: That has nothing to do with what I am now pointing out. The Government are not starved for money at all. Revenues have been buoyant and there have been liberal allocations of loan money. Other States, however, have given concessions that the Queensland Government have not. The position boiled down means that the Treasurer is in the position of having failed to curtail expenditure and is being so driven by all manner of demands from his supporters in and outside this House that he finds himself in the position of being the Treasurer who will have the worst budgetary position to disclose at the meeting in Adelaide.

Mr. WATERS: Do you believe in sacking men?

Mr. MAHER: That does not enter into the question. Here is a large State with a million people from whom the Government are taking extraordinarily large revenues, supplemented by loan money, and the Treasurer is not able to balance his budget by £1,000,000. In the past financial year the Treasurer unquestionably transferred a sum approximating £400,000 from loan fund for the purpose of reducing his deficit.

The TREASURER: What nonsense!

Mr. MAHER: It is not nonsense at all.

The TREASURER: It is absolute nonsense. Ananias had nothing on you.

Mr. MAHER: I say that the deficit of Queensland would have been approximately £1,100,000 if it had not been for juggling with the figures in the month of June. There is no question that at that time a sum of money was transferred for the purpose of improving the deficit.

The TREASURER: Absolute nonsense.

Mr. MAHER: Well, we will see about it.

The TREASURER: You say anything, but that does not make anyone believe it.

Mr. MAHER: As to the movement of expenditure, the budgetary estimate for 1935-36 was an increase of £354,550, whereas the actual increase was £386,175. That would have been a marvellous piece of estimating if the Treasurer had been able to get so close to it as that twelve months ahead. But we find that the expenditure from the consolidated revenue in the month of June showed a decrease of £263,354, whilst loan fund expenditure showed an increase of £782,148. Where is the difference? What would account for the extraordinary loan fund increase for the month

of June? The figures of loan fund expenditure in the various months, are—

	£
January ... ..	113,911
February ... ..	229,582
March ... ..	303,079
April ... ..	329,523
May ... ..	269,547
June ... ..	782,148
July ... ..	158,874

What could cause that extraordinary movement of approximately £400,000 in that month?

The TREASURER: What has that to do with a revenue deficit?

Mr. MAHER: It simply means that there has been a movement of figures. It is very difficult to trace, and it is only because it was done in one month and because a big movement cannot be concealed that the movement can be traced. If it had not been done so clumsily it would have been difficult to detect, but the point remains that if there had not been a movement whereby loan funds were used to reduce the deficit the Treasurer would have shown a deficit for the financial year just ended of approximately £1,100,000. I cannot give the exact figures, but the movement is somewhat in the vicinity of £400,000. Such a thing has happened without a shadow of doubt.

The TREASURER: Did you ever hear of De Rougemont?

Mr. MAHER: It is yours to refute it.

The TREASURER: Do you think I have to refute every falsehood you make?

Mr. MAHER: That is not a falsehood.

Mr. SPEAKER: Order!

The TREASURER: It is a falsehood.

Mr. MAHER: I say that if the Treasurer were to continue that movement and to make a greater transfer he could wipe his deficit out altogether. It is only a matter of how much money he transfers.

The TREASURER: You are either absolutely ignorant of the finances of the State and the method of dealing with them or you are very maladroit.

Mr. MAHER: I should be very pleased to have the hon. gentleman's explanation, at any rate. After looking at the financial position I am definitely of opinion that that action has been taken—there has been a juggling of figures to meet a special need and £400,000 has been taken from the loan fund.

The TREASURER: Tell me what the loan fund has to do with a revenue deficit.

Mr. MAHER: I have made my statement, and the hon. gentleman has to explain that £400,000. It is a movement that has been recorded in the books of the Treasury to bring about that result.

Leaving that aspect of the matter, I come back to the point that I have tried to make first, namely, that the action of the Queensland Government in coveting part of the Commonwealth revenues is not justified by the needs of the Government. In other words, they have the revenue necessary to carry on the requirements of the government of this State, and the Queensland Government in making that demand at the conference will be in a very awkward position, since they are still failing to balance

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the budget, whereas other States have done so. The whole demand for a readjustment of the financial relationships between the States has its origin largely in the depression period, but the present Government, because they have failed to curtail expenditure—unlike other Governments—and failed to live within their means, and because of the big deficit looming up, find that the only way of escape is to try to pass the responsibility on to another Government.

If the State were suffering from a continuous depression or if it were in a position like some of the small States of Australia that had not the fertile areas of Queensland and did not have its present revenue or there were other special circumstances, then I should be the first to applaud the Treasurer's effort to try to get some share of the Commonwealth revenue for the State. I do not want to feel that this great State of Queensland, with fewer people over its broad acres than there are in the city of Sydney, has to sponge upon the Commonwealth revenue. I do not want this State to be a mendicant demanding money from the Commonwealth Government. The Treasurer should put his own house in order before making his request to the Commonwealth Government or objecting to their exacting income taxation from Queensland. He should first establish a sound foundation in his own State.

I should like, too, to remind the House of the amount of money that the Commonwealth Government pays back to the State of Queensland. It has been mentioned before in this Chamber, and so far as I can remember the amount paid by the Commonwealth Government in social services and for other items of expenditure in this State approximates the amount that it takes out, or at least the difference is not very great. Therefore, the State of Queensland is not any worse on account of the amount of taxation levied upon its citizens by the Commonwealth Government, because the bulk, if not the whole of it, is returned to us.

The Treasurer has referred to the attitude of the Federal Attorney-General, Mr. Menzies, who, I know, very strongly supported a change of some sort in the financial relationship between the Commonwealth and the States when he was associated with Victorian politics. And other men prominent in State politics have taken precisely the same view. So far as we are concerned in Queensland I do not think that we have a good case. Of all the States that can make a justifiable approach to the Commonwealth for some change in the financial relationship I think Queensland has the worst. A small State like Tasmania or Western Australia, or even South Australia, could justly make that request. This State ranks third in seniority amongst the Australian States and, having regard to its wealth and its population, I do not think that such an application to the Commonwealth Government comes well from it. I am sorry to see the Premier putting such a request to the Premier's Conference that will be held in Adelaide. I have failed to discover during this debate anything that may lead to a more amicable understanding of the financial relationship between the Commonwealth and the State. If anything could be evolved that would give a more general measure of equity, well and good, but I cannot see that the proposal that the Queens-

land Treasurer is submitting to the Commonwealth Government is justified by the financial position of the State and I do not see that the Commonwealth Government can possibly agree to it, having regard to its prime needs, particularly in the matter of defence, and its obligations to the taxpayers from whom it collects the money. Those are two important points that cannot be overlooked. I am certain that if our Treasurer were Treasurer in the Commonwealth Government he would be bound to take up the same attitude, that he could not allow any Commonwealth revenue to be returned to the States on account of the urgent need of the Commonwealth to provide for such important matters as defence and other matters controlled by it.

In all the circumstances I regret that I am unable to view the matter in the same light as the Treasurer. I do not want to take up the attitude that I would deny to this State its just rights. If the Treasurer can convince me that Queensland has a good case and that we have just cause for making the request, then I am prepared to listen to him but the evidence is that this State is not in a position of need to-day. All that the Commonwealth Treasurer can tactfully suggest to the Treasurer here is that he put his own house in order and that he learn to live reasonably within his means. I can only say, in conclusion, that I cannot see that the present Government can take up any other attitude than that which I suggest.

The TREASURER (Hon. W. Forgan Smith, *Mackay*) [5.24 p.m.], in reply: The hon. gentleman who has just resumed his seat is the most astounding type of individual that I have heard for a long time. In the Committee stage of this Bill I stated the effect of the dual system of taxation, and I outlined the Commonwealth and State financial relations. I pointed out that with the development of the Commonwealth and its intrusion into domains that were formerly reserved to the States, a position had resulted that made it almost impossible for States to reach budget equilibrium and reduce taxation, and that a complete reorientation of State and Commonwealth functions and State and Commonwealth sources of revenue must take place. It is quite obvious to me that the hon. gentleman does not understand the constitutional position, and the implications of the present system of Commonwealth and State relations, or he would not raise the question of the State's making individual application. Queensland has never been a mendicant and will never be one. We are not asking the Commonwealth for anything as a State, but in conjunction with other Premiers of all shades of political thought (including that of the Leader of the Opposition), we are discussing the Federal and State constitutions in relation to the financial liabilities of both Governments. That is an entirely different matter. Mr. Menzies two years ago dealt with the position from the State's point of view. The States had been meeting for two days before that constitutional conference was called, and, with one dissenting State, agreed to a specific proposal. Mr. Menzies, as the representative of Victoria, put it forward. If the Leader of the Opposition, or any other hon. member in the House, cares to look up the pamphlet containing Mr. Menzies' speech, which was circulated, he will get a thorough understanding of the whole financial relationships

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of the Commonwealth and States from a constitutional point of view. It is from that point of view that I am putting forward my proposal. It is based on the fact that if the existing conditions continue, the States will find it more and more difficult to perform their various functions without resorting to crushing taxation. That is recognised by leaders of all shades of public opinion who understand the position. Therefore, the remedy is either the assumption of greater powers by the Commonwealth in certain arenas which are the sole responsibility of the State, or in the alternative the payment to the States of larger sums than are now paid. Can the Leader of the Opposition deny that the basic principle of Federation was that while the States retained their sovereignty they were to have distributed amongst them all surplus Commonwealth revenue on a per capita basis?

Mr. MAHER: I recognise that.

The TREASURER: Does the hon. gentleman also recognise that by what can be described as an accountancy subterfuge the Commonwealth Government tucked away their surplus in trust funds, and so evaded that undertaking made at the time of Federation?

Mr. MAHER: Yes, I know that.

The TREASURER: The whole thing is of gradual development. No one would argue that the conditions in Australia in 1956 are even remotely similar to the conditions that existed when the Federal pact was made. It is obvious that after the lapse of thirty-six years adjustments and amendments should be found necessary. That is shown by the events that surround section 92, *inter alia*. The people who were responsible for Federation did not propose to stultify themselves or their own Parliament. It is obvious that free trade between the States must be established, and it is also obvious that some authority should have control of the flow of trade and commerce interstate. It is obvious, too, that the Commonwealth Parliament should be the Parliament to exercise that control, but not, of course, exercising that power as a means whereby the people should stultify themselves in their own rights or self-government.

Time has shown, in connection with section 92, that something more is required in the nature of Commonwealth power to control trade as between the States. Some things the States obviously cannot control and just as that weakness has been found in regard to trade and commerce, so have weaknesses shown themselves in the financial relations of the States and the Commonwealth. I am not advocating any special grant for Queensland at all. I am advocating reorientation of the financial relations between the Commonwealth and the States.

Mr. MAHER: You put up a special scheme.

The TREASURER: So has every State. That remark would apply to all States. I have not put up a scheme for Queensland only. Does the hon. gentleman suggest I have no right to put forward a proposal in conjunction with other States in Australia? Of course I have that right. The proposals that I am putting forward, if agreed to, would apply to the whole of the Commonwealth, not to Queensland only.

It is a singular thing that the only Country Party in Australia that takes up the attitude the hon. gentleman has

adopted is the Country Party in Queensland. I remember when the Commonwealth abolished the per capita payments entirely. That was before the Financial Agreement was mooted. The only party that did not oppose the Commonwealth action in that regard was the Opposition then in this House, with the notable exception of the late Walter Henry Barnes, who understood the position—having been a Treasurer of Queensland on a previous occasion. All the other States opposed it—both Governments and Opposition. Our case was sound at that time, as was shown by the fact that when the Prime Minister returned various conferences were held with the States that resulted in the existing Financial Agreement of 1927, under which payments towards interest and sinking funds were made by the Commonwealth. So that I say in the readjustment of the position one of two things must be done—either the assumption of greater powers by the Commonwealth, the taking over of some services that are now a charge upon the State, or a greater payment to the State in relation to coping with unemployment and other forms of social services. Before going on to a further point let me repeat that there is no idea on the part of this Government of asking for anything special for this State. Anything that we argue for is something that will apply to the whole of Australia.

The position as to budget deficits is not as stated by the Leader of the Opposition. The improvement in the Queensland budget is known to all. The Queensland budget has improved enormously since the Moore Government were in power.

Mr. RUSSELL: It is pretty bad.

The TREASURER: I am not at all satisfied with it.

Mr. RUSSELL: Neither am I.

The TREASURER: There are some things that we agree upon. There are some things that must be obvious to the leader or the party head of the trinity. No one can be satisfied with an unbalanced budget. No one can be satisfied whilst unemployment exists. No one can be satisfied while undeserved poverty exists. So that I am not satisfied. But I do say in regard to all things that the position has improved in Queensland, and improved enormously as compared with conditions under the Moore Government.

It is wrong also to assume, as the Leader of the Opposition has asserted, that this Government have not increased wages. We have restored the awards of the court that were cancelled by his party. We are paying award rates and observing award conditions; and the cost to the budget was in the vicinity of £900,000 last year alone. General increases that have been made are applicable all round.

Referring again to deficits there is one thing worthy of note. The special Commonwealth grant to New South Wales quite apart from the Financial Agreement last year was £205,000. Earlier in the day I showed that it also benefited by approximately £2,000,000 by the reduction in interest rates. As the Leader of the Opposition is apparently croaking about the methods of preparing budgets, I ask him to look at that of New South Wales. He will find that there they take the unemployment relief tax, the child endowment payment, and the proceeds of the State Lottery into general

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revenue. Does the hon. gentleman know that?

Mr. MAHER: Yes.

The TREASURER: He does know that, of course. Were we to adopt a similar practice and pay into consolidated revenue the unemployment relief tax and the proceeds of the "Golden Casket" we could more than balance our budget. We should show a substantial surplus.

Mr. EDWARDS: Do they pay any money from Loan Fund?

The TREASURER: Considerably more than we do and they transfer a very large number of trust accounts into the general revenue. Victoria, this year, has taken loan appropriation made in the last financial year, but not yet expended, into its revenue. Considering the various budgetary methods and comparing the Queensland budget with that of the other States, the Leader of the Opposition would be well to bear in mind that Victoria received £140,000, Queensland £175,000, and South Australia £1,545,000. No wonder the latter showed a surplus of £148,000! That is the largest item in its budget revenue. Western Australia received £835,000 and Tasmania £450,000. The Leader of the Opposition either does not understand the Treasury figures or he is endeavouring to put before the public a case that is not based upon facts.

When the hon. gentleman was making these assertions I challenged him to show how expenditure from loan fund affected the revenue deficit. Unless it could be shown that there had been a transfer from loan fund to revenue account it can have no bearing on the position at all. The fact is that the hon. gentleman unfortunately has inherited bogeys from his predecessor and he trots them out on every possible occasion with a view to frightening the people. There is nothing unusual about the larger expenditure in June than in any other month of the financial year. This afternoon mention was made of the Main Roads Fund. Does the hon. member know that the Main Roads Commission pays interest to the Treasury on its loan fund account during June? That obviously increases the expenditure of that trust fund for that month.

The expenditure from Loan Fund Account in the month of June and the average monthly expenditure during the year respectively has been as follows:—

	£	£
1933 ...	299,000	180,000
1934 ...	482,000	260,000
1935 ...	630,000	400,000
1936 ...	782,000	350,000

All accounts close on the 30th June, and consequently all outstanding charges against the Government, so far as is humanly possible, are chargeable before the end of the financial year. That accounts for these figures. The closing of the accounts of the various departments—

Mr. MAHER: Do you definitely deny a transfer of loan fund to revenue is made?

The TREASURER: I am definitely denying the implications the hon. gentleman is making. He thinks that by making an assertion he has stated a case that must be replied to. In effect he says, "If the statements I am making are untrue, it is up to you to refute them." Anyone can make statements—it is usual for the Opposition to make them—but a man who is Leader

of the Opposition should recognise his responsibility, and not make statements that cannot be established on a basis of fact. He says that there was a manipulation of the revenue funds. I deny that, and I have explained both the position in regard to the deficits and the reason why in every year—no matter how far back you care to go—it will be found that the average expenditure for the last month of each financial year is always greater than the average during the other eleven months.

There is nothing further I need refer to. The Leader of the Opposition, if he is knocked out on one point, raises another. It reminds me of the old story of a well-known individual, who, speaking at Bendigo, made a certain statement. He accused Sir John Quick of having voted against old age pensions. One of his colleagues told him that it was not true, that the ink was hardly dry on "Hansard," where would be found a division list showing the voting on old age pensions. The man who made the statement said: "Never mind, young man, if he catches you on one assertion, make another, and keep him following them up." Evidently the Leader of the Opposition is adopting that practice.

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

#### COMMITTEE.

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

Clause 1—"Appropriation"—

Mr. NIMMO (Oxley) [5.45 p.m.]: A large amount of money is being asked for, and it is necessary that we should give it due consideration. The Secretary for Public Lands gave notice of a Bill in relation to the timber industry this morning. I understand that there is a Timber Advisory Committee, and I should like to ask, before this clause goes through, that the Treasurer will see to it that members of this Chamber have that committee's report before we consider that Bill, which might require the expenditure of a large amount of money.

Clause 1, as read, agreed to.

Clauses 2 to 4, both inclusive, agreed to.

Preamble—

The TREASURER (Hon. W. Forgan Smith, Mackay) [5.46 p.m.]: The Leader of the Opposition made reference to certain transfers and asked certain questions about them. I want to inform him that the only transfers that were made followed the policy of his Government in 1929.

Preamble agreed to.

The House resumed.

The CHAIRMAN reported the Bill without amendment.

#### THIRD READING.

The TREASURER (Hon. W. Forgan Smith, Mackay) [5.47 p.m.]: I move—

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

Question put and passed.

#### SPECIAL ADJOURNMENT.

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

"That the House, at its rising, do adjourn until Tuesday, 25th August."

Question put and passed.

The House adjourned at 5.49 p.m.

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