

Queensland



Parliamentary Debates  
[Hansard]

**Legislative Assembly**

**TUESDAY, 3 OCTOBER 1939**

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**TUESDAY, 3 OCTOBER, 1939.**

Mr. SPEAKER (Hon. E. J. Hanson, Buranda) took the chair at 10.30 a.m.

**FEEES PAID BY CROWN TO BARRISTERS AND SOLICITORS.**

**RETURN TO ORDER.**

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

Return to an order made by the House on 9 August last, on the motion of Mr. Edwards, showing the payments made by the Government to barristers and solicitors in 1938-39, stating the names of recipients and the amount received, respectively.

**PEST DESTROYERS BILL.**

**THIRD READING.**

Bill, on motion of Mr. Bulcock, read a third time.

**SUPPLY.**

**COMMITTEE—FINANCIAL STATEMENT—RESUMPTION OF DEBATE.**

(Mr. O'Keefe, Cairns, in the chair.)

Debate resumed from 28 September (see p. 630) on Mr. Cooper's motion—

“That there be granted to His Majesty, for the service of the year 1939-1940, a sum not exceeding £300 to defray the salary of the aide-de-camp to His Excellency the Governor.”

**Mr. MAHER** (West Moreton) (10.36 a.m.): As I see them, the salient features of the Budget are—

- (a) Extravagant expenditure.
- (b) Queensland is the only State that has increased taxation as compared with 1931-32, and it is the highest taxed State in the Commonwealth.
- (c) No provision to implement election promises made by the Premier, such as the provision of milk and fruit, is made in the Budget.
- (d) Further transfers of trust funds to consolidated revenue.
- (e) Unproductivity of loan expenditure.
- (f) Only £18,000 has been provided for rural development loan, and £18,000 for wire netting, out of £3,841,000 of loan money and £2,000,000 from State development taxation.
- (g) Retention of unemployed relief taxation although unemployment is less than normal.
- (h) Probably there will be a real unemployment problem after the cessation of hostilities. There will then have to be a super unemployment relief tax.

- (i) Improvement in secondary industries since the depression has been less in Queensland than in any other State.

**The Premier:** Is that your text?

**Mr. MAHER:** That is my text, and a sound one, too.

The Government have been favoured by special circumstances over which they have had no control. In the first place, everyone recognises that seasonal conditions have on the whole been extraordinarily good during the past year, and prices for our primary products have in the main been on a reasonably profitable level. There has been record production in the State. The Government are in the fortunate position of being able to reap all the advantages that are to be derived from these factors, and it is a good thing that we are in that fortunate position.

The value of our overseas exports has shown a substantial rise since as late as 1934-35. The figure in that year was £18,303,000, and for last financial year it rose to the record sum of £28,019,000, a record of which every Queenslander must feel proud indeed.

That shows that our primary producers—indeed, all engaged in export industries—are doing their job. They have increased production to that tremendous extent in a period of five years.

**Mr. Duggan:** Naturally, encouraged by this Government's policy.

**Mr. MAHER:** The hon. member is entitled to place whatever interpretation he can on the figures, but the main point is that the wealth producers of the State are carrying on their work in a fine way. Of course, the effect of that tremendous increase in the value of exports is reflected in a general buoyancy of trade and employment. The Government claim credit for these things, but, after all, the value of our exports, which is the most important factor in our position, depends entirely upon seasons and prices. Prices were beginning to show a slight slump, but the war has come to the rescue. The Treasurer expects small increases in tax receipts and other revenue, and I should say that under all the circumstances his estimates will be fully realised.

However, under such particularly favourable circumstances as the present, with taxation at record levels and a continuation of unemployment taxation after the emergency conditions that caused its introduction have disappeared, one would expect a prudent Treasurer to make some attempt to create reserves to be used when the inevitable rainy day arrived. No such provision has been made. Instead, with the exception of last year, deficits have been large and regular, and unemployment taxation has been wholly expended. Despite increased revenue the Government received every year, which is due to general improvement in conditions after depression, expenditure has always outrun receipts, and it is on that fact that I base

able statement that extravagance is the outstanding feature of the Budget.

**Mr. Macdonald:** That is the keynote.

**Mr. MAHER:** It is the keynote, as the hon. member for Stanley rightly interjects. It is extravagant because of these factors. Aided each year by improved conditions and by increased taxation, Government revenue has shown a substantial annual increase, but the expenditure, with the exception of that in the last financial year, has always been in excess of receipts. The effect is shown by a comparison of the actual figures for 1932-33—the Government's first year of office—and the Estimates for 1939-40 account. During that eight-year period, the increased revenue totalled £3,625,301, an average of £453,162 per annum. The other side of the picture, taking into account the surplus for last financial year, is that the deficits totalled £4,548,740, an average of £568,593 for each year. That proves my contention that until last year no attempt was made by the Government to live within their means. There we have evidence of improved revenue but lack of control over expenditure, general disregard for the welfare of the taxpayer, and no attempt to strike a balance in the accounts. This sum of £4,548,000, representing the accumulated deficits of the present Government, could be used to absorb a large number of unemployed if it were available to-day. Those deficits were accumulated over a period of only eight years; what real development could be carried out now if the money were available! The Government simply have to encroach on their Loan Fund resources to finance those deficits.

**The Premier:** You are not suggesting that we can spend a deficit twice over?

**Mr. MAHER:** No, no; nobody would suggest such folly.

**The Premier:** That is what you are arguing.

**Mr. MAHER:** I am pointing out that if the Government had lived within their means and thus had saved that sum of £4,548,000 they would have been able to build the railway between Charleville and Blackall, as recommended by the Royal Commission on Public Works, of which you were the chairman, Mr. O'Keefe. What big irrigation projects could have been carried out, and what real development could have been undertaken if loan funds had not been earmarked to meet these deficits in the public accounts! The money could have been used for development work that would have absorbed a large number of the unemployed, but the Government have been extravagant in their administration, and so a sum of, approximately, £4,500,000 has to be earmarked from Loan Fund Account to meet these deficits.

Not only have the Government been helped the good seasons; their budgetary position has been greatly strengthened, too, by transfers to consolidated revenue. By the end 1939-40 an amount of £2,000,000 from the Main Roads Fund and an amount of £1,686,000 from the Unemployment Relief

Fund will have been transferred to consolidated revenue. The latter figure, of course, includes the excess of receipts over expenditure in connection with the State development tax, which is now paid into consolidated revenue. The sum of £1,686,000 was raised for the specific purpose of creating employment. How much real development work could have been carried out with that useful sum, apart from the loan funds used for deficit purposes to which I have already referred! Adding those two sums together we get the very fine total of £6,000,000, which could be used, if it were available now, for big developmental projects that would send Queensland ahead by leaps and bounds. But there has been no regard by the Government for those things. They have been extravagant. Their administrative expenses have mounted higher and higher. The result is that to-day the public accounts are not balanced, and money must be obtained from loan funds and trust funds to help finance the deficits.

These tremendous sums of money, if rightly used, along business lines, could have been helpful in the development of the State and the solution of the problem of unemployment. No regard has been paid to these important features. Instead, the Government have merely pursued their reckless course and called upon this fund and that fund to finance the shortages in consolidated revenue.

Not only that. There was a transfer in 1937-38 of £89,474 from the Animals and Birds Fund and £50,000 from the Brisbane-Kyogle Railway Fund. Therefore, consolidated revenue has benefited to the extent of £3,826,015 by reason of these transfers. In addition, from and including 1935-36 a large part of the heavy vehicles taxation has been diverted to consolidated revenue. Prior to the return of the present Government, the whole of the heavy vehicles taxation was allocated to local authorities. In 1932 the present Government amended the Act to include the Main Roads Commission within the term "local authority." Hon. members will see that the Government have pursued the uneven tenor of their way by these tremendous transfers of loan funds and trust funds to balance their accounts, in accordance with their extravagant policy, to the detriment of the State's development and with complete disregard of the needs of the taxpayer.

Another thing that has caused me some disturbance in recent times is the fact that the Unemployment Insurance Fund has been drawn upon to the extent of £130,000. This transfer has been made to what the Premier is pleased to call the Special Employment Works Fund, but as this fund includes expenditure from consolidated revenue, this transfer if not to consolidated revenue is at least in aid of consolidated revenue.

**The Premier:** It is supplementary to the Loan Fund Account. That is where you are wrong.

**Mr. MAHER:** The point is that the Government have transferred £130,000 from

the Unemployment Insurance Fund, a trust fund. Surely the correct, and the sound, financial policy there would be to allow such a surplus to remain as a reserve in the Unemployment Insurance Fund against the possibility of a depression, against the recurrence of hard times in the State, or in the alternative to reduce the rate of contributions.

**The Premier:** What is wrong with using it to provide employment, as set out in a section in the Act itself?

**Mr. MAHER:** The Premier has had ample funds for unemployment without the Unemployment Insurance Fund. What is the use of Parliament's constituting these funds for specific purposes, if when the Government are in needy circumstances they are able to draw on them to the eventual detriment of the contributors? There is nothing surer than when this tragedy of war comes to an end we shall go through a violent reaction, particularly in view of the heavy expenditure that the Commonwealth Government are embarking upon. The higher prices now being received for the exportable surpluses of our primary products, as a result of contracts with Great Britain, will not then be obtained. It is certain, as happened after the Great War, that there will be violent fluctuations and disturbances to the whole of our economic system in Australia. Therefore, a Government who have any regard for the immediate future should be prudent in their handling of the finances, particularly funds established for the purpose of easing the burden of those who are unemployed.

After all is said and done, what is the Unemployment Insurance Fund? It is an insurance against the ghastly spectre of unemployment; it was created so that in good times contributions could be collected from those who are working under awards to help those who are out of work in bad times. The bad times will come as surely as the sun will rise to-morrow; therefore, this Government showed no prudence whatever, no foresight, and no business capacity when in good times they appropriated from the Unemployment Insurance Fund sums of money for purposes other than those set out in the Act, leaving the fund weak against the assaults that will be made upon it in hard times.

**The Premier:** You know what you say is untrue.

**Mr. MAHER:** I know what I say is true. It is the only way one with any true business instinct can look at it—that we are taking from this fund to-day, when times are good, a surplus that should be left there as a reserve to meet the certain needs of the immediate future; we are taking from the people who contribute to that fund, the workers of this State, something that a wise Treasurer would allow to accumulate there in order that it might afford help to the contributors to the fund when they were affected by unemployment.

We have, as I say, the factor of war to consider in regard to our general budgetary position. I was rather dissatisfied with the

comment of the Treasurer in the Statement—

“The proportion of defence expenditure disbursed in Queensland has been low.”

I do not think it is right at a time like this that the Treasurer, in a considered Financial Statement, should endeavour to obtain political kudos at the expense of the Commonwealth Government. Such a thing might be said in the House on the spur of the moment, but in a Financial Statement it is rather mean for the Treasurer to make such a comment.

**The Premier:** Do you not think the expenditure of £11,000,000 in Victoria will improve the budgetary position of that State?

**Mr. MAHER:** That brings me sharply face to face with the position we have to take into account. In Victoria they are particularly well equipped with secondary industries. They have factories there that are able to supply goods at reasonable prices. One of the difficulties in Queensland is that because of the policy of the Queensland Government in regard to taxation that is excessive and not competitive with Victoria and New South Wales, and because of the industrial conditions that are more costly in overhead charges in this State than in the Southern States of New South Wales and Victoria, our manufacturers, who otherwise could cater for major defence contracts, are not in the hunt with their Southern competitors.

**The Premier:** That is not true.

**Mr. MAHER:** Therefore, all the blame for the disparity in expenditure on defence as between the Southern States and Queensland must be laid at the door of the Queensland Government because of their policy, pursued over a period of years, of imposing such conditions on industry as to shut out many important manufacturing concerns and drive many others out of the State. This proves once again the truth of the argument put forward by the Opposition in this Parliament time and again. The Commonwealth Government, who are now expending millions of money in the purchase of goods and equipment for military and naval services, are unable to give Queensland its legitimate share because Queensland cannot offer the goods at prices competitive with those of the other States. As a matter of fact, the Commonwealth Government have been generous to Queensland. Certain contracts, not based on a competitive level, but to meet the special conditions obtaining in this State, have been given to Queensland.

**The Premier:** Which contracts are those? It is not true.

**Mr. MAHER:** I say now that the Commonwealth Government are undertaking important projects in Queensland.

**A Government Member:** Where?

**Mr. MAHER:** The air bases at Amberle and Townsville will involve the expenditure of

£500,000. Moreover, much of the expenditure incurred by the Commonwealth Government is in its nature secret. It is not possible to give free publicity to the nature of important coast defence works that are being undertaken here with great celerity. That is why I say it is hitting below the belt for the Treasurer to make such a remark in his Financial Statement. The works that the Commonwealth Government are embarking on in Queensland to-day cannot be disclosed.

**The Premier:** I accuse you of misrepresenting the position entirely. You do not know anything about it.

**Mr. MAHER:** There is no misrepresentation about it. I know the position.

**The Premier:** Who told you? You know the position? Do you know what the Commonwealth Government are doing in relation to defence in Queensland?

**Mr. MAHER:** I know that the Commonwealth Government are not asleep in the defence of the coastline of Queensland.

**The Premier:** You are only saying that. You know nothing about it.

**Mr. MAHER:** More than that I am not in a position to say.

**The Premier:** You do not know anything about that.

**Mr. MAHER:** The Premier knows the position.

**The Premier:** I know the position, but you do not.

**Mr. MAHER:** I know that much.

**The Premier:** You are only guessing.

**Mr. MAHER:** Moreover, the Commonwealth Government have let major contracts in Darwin involving large amounts of money, and Queensland contractors have been successful. They will draw very largely on Queensland labour and material for the completion of these big jobs in the Northern Territory. The same thing applies to New Guinea. The Commonwealth Government have incurred large commitments in that territory, and the labour and material will be very largely drawn from Queensland.

The Treasurer also fails to give credit to the Commonwealth Government for the great circulation of Commonwealth money that results from the large military encampments in the State and the naval defence of our shores. The State Government profits by all this expenditure in the State, in the Northern Territory, and also in the mandated territories. Because of its geographical situation Queensland is profiting very considerably, and therefore I think the Treasurer went out of his way when he made that reference to the Commonwealth Government in the Financial Statement. It appeared to me to be an attempt to obtain political kudos at the expense of the Commonwealth Government, when, as a matter of fact, this expenditure by the Commonwealth Government that I have referred to must necessarily be helpful to the State Government. The numbers of men who

have gone into camp, as well as the numbers who have joined the overseas force, are extraordinarily helpful to the State. These are all important points that we should not lose sight of.

Whilst I am dealing with Federal matters, I should like to consider for a moment the money that the Government proposed to use for the construction of what is termed the inland defence road from Brisbane to Charters Towers. I am not against this expenditure. In fact, I think that it is highly desirable to reconstruct or complete missing links on the road from Brisbane to Charters Towers, as laid down in the Government's proposal. I am wondering, however, whether such a road could truly be termed an inland defence road. Are we justified in attaching the word "defence" to such a road? The Premier had in mind a road from Goondiwindi to Charters Towers.

**The Premier:** And on from there to Normanton.

**Mr. MAHER:** Quite so. I do not know what caused the hon. gentleman to change his attitude with respect to the merits of that route, but if we are concerned with an inland defence road, that seems to me to be the logical and truly inland defence route, because much of the Brisbane-Esk-Charters Towers route in Southern Queensland, from Brisbane to Emerald, for example, is vulnerable to attack from the coast. Moreover, it does not overcome the difficulty—

**The Premier:** From which map are you quoting?

**Mr. MAHER:** I have a map that was published in the Brisbane "Telegraph."

**The Premier:** That is not an official map; nor was it supplied to the "Telegraph."

**Mr. MAHER:** I know the southern parts of that route, apart from the map altogether.

**The Premier:** I still agree with you that my original suggestion was a better route. That alteration was made at the suggestion of the Commonwealth engineer.

**Mr. MAHER:** It seems rather extraordinary. Of course, I cannot pose as an authority on defence or on strategic roads; I can only apply common sense to the problem.

**The Premier:** The map of that original route from Goondiwindi to Charters Towers, and then on to the Gulf, was an official map made after a proper survey. It also linked up every coast town by a lateral road.

**Mr. MAHER:** I should say that that is an ideal inland defence road for this reason: if the North, or Central Queensland coasts, were attacked by an aggressor, it would be necessary to rush troops and munitions, including heavy guns, from Victoria, New South Wales, and South Australia. We have, on the Southern Queensland border, a railway line from Sydney to Brisbane, via Kyogle, a railway line from Sydney to Wallangarra and on to Brisbane, via Toowoomba, and a railway line from Sydney, via Werris Creek and

Moree, to Boggabilla, which is only 5 miles from Goondiwindi. All these routes would be congested in the event of an attack.

**The Premier:** Apart from defence, the original proposal provided for greater development in that inland area.

**Mr. MAHER:** I realise that, but I am more concerned with the fact that this route that has been decided upon by the Federal Government is termed an inland defence road, and I am endeavouring to show that it is not entitled to have the term "inland defence road" applied to it, because it does not quite fulfil our requirements in that respect.

**The Premier:** You tell the Commonwealth engineers that.

**Mr. MAHER:** Is it the Commonwealth works engineers or the Commonwealth defence engineers? That is the point.

**The Premier:** I am not entitled to discuss that with you, but I can assure you that the Commonwealth defence authorities were consulted on those matters.

**Mr. MAHER:** It is hard for me to follow.

**The Premier:** It is hard for me to follow.

**Mr. MAHER:** The problem of the congestion that would occur here, in Brisbane, would not be met by this road. The road that is wanted is one to carry guns, ammunition, and troops through the inland part of New South Wales. Such a road would allow free movement on the western fall of the Great Dividing Range.

**The Premier:** The road I originally proposed gave a road from Adelaide to North Queensland.

**Mr. MAHER:** Well, it is a great pity the decision has been against it. I was wondering who was responsible, and whether it was the State—

**The Premier:** Well, I am not responsible.

**Mr. MAHER:** Or whether it was the Federal Government themselves.

**The Premier:** Oh, the Government would not do it—a Government officer.

**Mr. MAHER:** As I thought, somebody does not know his job if that is so. It seems a tragedy that when we are expending the money—

**The Premier:** Do you suggest we should turn down the Defence Department's proposal and go on our own? What could you do?

**Mr. MAHER:** I say that if the Defence Department thinks this the best road, we have to accept it, but that does not make it right in my mind.

**The Premier:** No, I am asking you a fair question. Do you think I should be justified in ignoring the representations made to my Government and going on with the original route?

**Mr. MAHER:** No, but I do not know with what energy the hon. gentleman met

the proposal from the Federal Department of Works. Did he just acquiesce in the suggestion or did he fight against it?

**The Premier:** Do you think I am of an acquiescent disposition? (Laughter.)

**Mr. MAHER:** However, I wanted to clear up the point, and fix the responsibility, because I think a big mistake has been made.

**The Premier:** The responsibility does not lie primarily with the Commonwealth Government; it lies with its advisers.

**Mr. MAHER:** All right. We will let it be.

**The Premier:** Yes, I think you had better do so.

**Mr. MAHER:** I now want to refer to the suggestion to build an inland railway link. I congratulate you, Mr. O'Keefe, and the hon. members of the Committee who are associated with you on the Royal Commission on Public Works, on your recommendation that a link be constructed between the Central and Southern railway systems. It may be recalled that in the election of 1938 I had a plank in my policy that as part of its developmental policy the Country Party would proceed at once with the construction of the link between the Central and Southern railway systems.

**The Premier:** You altered the route of that line wherever you went.

**Mr. MAHER:** The Premier has repeated the nonsensical comment that he made through the election campaign. Indeed, in most of his speeches, he misconstrued what I proposed. He said that "Mr. Maher proposed to build a line from Charleville to Blackall, later from Miles to Springsure, then from Injune to Springsure, and lastly from Mitchell to Springsure." That was utter nonsense. I told the people that the Country Party would proceed at once with the construction of a railway link between the Central and Southern systems. We did not state any particular route, and if we had been returned to power we should have done exactly what the Premier did, and appoint a royal commission.

**The Premier:** Why did you not say that?

**Mr. MAHER:** I said that we would put a link there—no more and no less than that.

**The Premier:** You built a railway line every night.

**Mr. MAHER:** No, I did not. That is the sort of unfair criticism that the hon. gentleman used against me throughout the campaign.

I was rather interested to read the following statement by the Premier in the "Courier-Mail" of 16 March, 1938:—

"It was not clear that production would be increased to any extent by the construction of a Charleville-Blackall line, because the whole of the area between the two terminals had been occupied for many years.

The line from Jericho to Yaraka (about 170 miles long) did not pay working expenses—a loss of £5,697 having been incurred last financial year, and it was improbable that a connection between Blackall and Charleville would pay nearly so well. The only argument of any value for the construction of such a line would be its utility in case of drought, but it was common to find that severe droughts in western areas were widespread, and not confined to any one division. As a rule, relief country was found nearer the coast. If this connection were made, a certain amount of trade now passing through Rockhampton would be diverted to Brisbane, and that would be opposed to the policy of decentralisation, and would assist the metropolis at the expense of the provincial areas. . . . One of the objectives was undoubtedly the establishment of a large sectional railway along the line of the probable connection between Sydney and Port Darwin, with the object of facilitating transport of overseas mails. The growth of aviation had, however, placed the construction of such a railway for mail purposes beyond the realm of practical politics, and its value as a defence measure now was not very great. If such a railway were built, the New South Wales Government, no doubt, would push on with the line from Bourke to Barrington, on the Queensland border, with the object ultimately of obtaining a connection with the Queensland western scheme and diverting a large volume of Queensland's legitimate trade to New South Wales."

After the Premier had criticised in scathing terms the Country Party proposal to build such a connecting link, and had ruled the Charleville-Blackall route out of court altogether, he was able to turn such a splendid somersault as to appoint a royal commission to inquire into the value of such a proposal. And now that the commission has done its job and has recommended—

**The Premier:** Why not be truthful? The Government appointed that commission to inquire into much more than the Blackall-Charleville route.

**Mr. MAHER:** I recognise that.

**The Premier:** Then why do you not say so?

**Mr. MAHER:** The terms of reference to the commission provided for other things. However, the point is that the Premier recognised the need of such a link, which is set out in the terms of reference to the commission as one of the things for investigation.

**The Premier:** What is wrong with that?

**Mr. MAHER:** Judging from his criticism of the Country Party's proposal during the election campaign, the Premier was against the construction of the link altogether because it was going to ruin the port of Rockhampton and divert trade from Queensland to New South Wales. Wherever the link was to be built, it was not satisfactory to the Premier during the election campaign, but since then,

1939—x.

running true to form, he has grabbed the valuable points of the Country Party policy. For instance, he passed an Act to provide for rural development; although it is a rural development scheme in name only, nevertheless he purloined the idea from the Country Party. He also took from us the idea of appointing a royal commission to inquire into taxation. A scheme to control the milk supply was also appropriated from the Country Party policy. Indeed, the Premier has proved the truth of the old saying, "Imitation is the sincerest form of flattery." In appropriating the important planks of the Country Party policy, he has paid a tribute to the originality of thought in the Country Party, and a tribute to the very fine policy that I placed before the people of Queensland at the last election.

**The Premier:** There is another old saying, "Self-flattery is the greatest form of foolishness."

**Mr. MAHER:** I have no need to flatter myself or blow my own horn, because the Premier has done all that for me. The fact that he has appropriated every leading plank of the Country Party policy is proof positive of what I say. What I am coming to is this: In a Press statement the other day the Premier did not appear to be very encouraging about the important matter of providing funds to implement the recommendation of the Royal Commission on Public Works to build the railway link between Charleville and Blackall. Of course, I realise that there is no obligation on the Government to accept the recommendation of the commission.

Nevertheless, it seems to me that, as the commission investigated the schemes, something should be done. The value of such a link must be recognised. Therefore, when the Government have ample Loan Funds at their disposal, and are budgeting for an expenditure of £2,000,000 this year from the State development tax, is there not a case for constructing a link somewhere between those two important rail systems? I presume the matter is not finally disposed of, but I certainly thought the statement by the Premier was not very encouraging. At a time when finances are buoyant, it should be possible for the Government to embark on a railway construction programme of this kind to open up the State and give help to these people along the lines of the commission's recommendation and create thereby real State development.

**The Premier:** I will bear your recommendation in mind.

**Mr. MAHER:** I hope the hon. gentleman will, because it is important. I feel that with all the money at the disposal of the Government just now, some link somewhere between these two systems is absolutely justified.

**The Premier:** You know there are alternative proposals?

**Mr. MAHER:** Yes, and important ones, too. The Government, no doubt, will make their decision in that respect in due course.

I previously touched upon the matter of rural development. The Country Party at the last election provided for a five-year plan of rural development—up to £1,000,000 annually to be provided for such developmental work as ringbarking, suckering, scrub-falling, clearing, grubbing and stumping, fencing, water supplies, and wire netting.

**Mr. Power:** The people rejected it.

**Mr. MAHER:** No.

**Mr. Power:** That is why you are in opposition.

**Mr. Maher:** The attention of the electors was diverted from the Country Party policy to other issues. To-day, the Government are not using their loan money on objects that are sufficiently productive of interest, and are not bringing about an adequate increase in industrial production. I agree that much has been accomplished, but there is room for enormous expansion in primary production if we can give to our farmers and graziers the assistance necessary to enable them to develop their lands to increase their carrying capacity.

I wish to draw attention to the financial position of primary production. The Bill introduced the other day by the Secretary for Public Lands is special propaganda designed to impress the people, to convince them that something is being done to make financial provision for irrigation, wire netting, stumping, grubbing and clearing lands. What is the trend of Government finance in these directions? If we turn to page 16 of the Financial Statement what do we find? For the current financial year the Government have allocated £269,000 for the construction of main roads, as against £394,000 in 1938-39, a reduction of £125,000. They have allocated £190,000 for land settlement, £70,000 for forestry, and £15,000 for water supply and irrigation, a total of £320,000, as against £392,000 for the previous year. For the current financial year £250,000 has been set aside for the Bureau of Rural Development, as against £267,000 for the previous year—again a reduction. Mining is to get £30,000, which is a slight increase on the amount allocated the previous year. Loans and subsidies to local bodies amount to £930,000, against £1,039,000 the previous year—a considerable reduction. The allocation to the Stanley River Dam is £470,000, against £260,000 the previous year; that shows an increase. Railways are to get £495,000, as against £510,000 the previous year, a reduction. Buildings is to get £423,000, against £370,000 the previous year, which is an increase. Workers' dwellings and homes are to receive £300,000, against £96,000 the previous year, a substantial increase.

The point that arises there for consideration is that the trend of Government finance is downwards in the important matters that concern rural development.

**The Premier:** You are only quoting from Loan Fund.

**Mr. MAHER:** From Loan Fund.

**The Premier:** There are other allocations in the Estimates. You have to have regard to the table set out in the Estimates in Chief.

**Mr. MAHER:** I have them, too. The total set out in the Estimates in respect to what is truly rural development is extraordinarily low. For example, I have the allocations, which I shall quote for the benefit of the Premier, for rural development. These figures are referred to in the annual report of the Department of Labour and Industry for 1938, page 38. That report shows that for 1932-33, £190,000 was made available by the Government of the day, out of £640,000 for development and employment. The figures for the following years are—

Year.	Fund.	Amount.
		£
1933-34 ..	State loan .. .. .	100,000
1934-35 ..	State loan .. .. .	199,066
1935-36 ..	State loan and Unemployment Relief Fund	112,504
1936-37 ..	Unemployment Relief Fund	33,535
1937-38 ..	Unemployment Relief Fund	25,751

**The Premier:** What page are you quoting from?

**Mr. MAHER:** I am quoting from page 38 of the report of the Department of Labour and Industry for last year.

**The Premier:** I am referring you to the tables in the Estimates under Trust and Special Funds.

**Mr. MAHER:** I will take them. For the year 1938-39 the only allocation in the Estimates was £30,000 from the Unemployment Relief Fund and £15,000 from Loan Funds.

**The Premier:** Look at page 131 of the Estimates.

**Mr. MAHER:** Look at page 148 of the Estimates. For 1939-40 the allocation is £18,000 from Loan Funds. So it is obvious that for the specific purpose of rural development covered by the Bill the Secretary for Public Lands introduced in Parliament the other day the contribution that is made in the Estimates is particularly low.

**The Premier:** The figure you quoted is only the ordinary departmental Estimate and that from Loan Fund Account. Look at page 131 and you will get a different picture.

**Mr. MAHER:** Yes, but that is not specifically for rural development. There is nothing there with the exception of—

Assistance to settlers	£
(cotton) .. .. .	25,000
Prospecting assistance and mining subsidies	35,000

Then there is the amount transferred to the special fund for full-time employment. I am dealing with what is termed the rural development fund, a fund that was founded by the Moore Government and has been carried on

since. Despite all their talk about rural development and the passing of an Act for that specific purpose, the Government have starved the rural development fund in the matter of loans for wire netting, ringbarking, fencing, tank-sinking, and scrubfalling. They have actually reduced the amounts allocated to these purposes. If that important fund was properly fed from Government financial sources it would greatly assist in expanding the production of the State.

On previous occasions the Premier has confused the issue by introducing amounts expended for main roads construction and other public works of such a nature, but I am confining my criticism to the amount that has been found for the purpose of true rural development, the improving of the country to make it more productive. The amount provided by the Government has shown a substantial reduction as compared with those of past years. During the period 1932-33 to 1938-39 the Government expended £21,642,000 of loan money and £13,699,000 of revenue from the unemployment relief tax. That, in effect, means that whereas the Moore Government allocated to this rural development scheme 30 per cent. of their available funds, the present Government allocate only 1.3 per cent. of their available funds for this important purpose.

Unproductive loan expenditure must cause very great concern to all who study the finances of the State. The most tragic aspect of the financial administration of this Government is the lack of reproductivity of loan expenditure. The earnings of loan works and services are—

1931-32 .. .. .	£2,639,033
1938-39 .. .. .	£2,587,280

A reduction of £51,753. That is, after spending £25,034,259 of loan money between 1932 and 1939, the annual return on these services was nearly £1,000 a week less than before that huge sum was borrowed and expended.

**The Premier:** We did not borrow and expend £25,000,000.

**Mr. MAHER:** Yes, the hon. gentleman has.

**The Premier:** We borrowed £15,000,000. You are out only £10,000,000.

**Mr. MAHER:** The point is that his Government spent £25,000,000. They had £15,000,000 from direct borrowing and the rest from the repayments of loan moneys already lent to local governing bodies and others. The Government spent £25,000,000 during that time. The Treasurer makes reference to it in the Financial Statement. The earnings of loan works and services show a reduction of £51,000, equivalent to £1,000 a week, despite the expenditure of £25,000,000 of loan money in the period from 1931-32 to 1938-39. What would shareholders in a public company say if, for example, the capital was increased from £100,000,000 to £125,000,000 and despite the injection of that £25,000,000 into the concern it showed less return for the higher capitalisation than for the lower?

The shareholders would be very angry, and a special meeting would be called to dispense with the services of the directors responsible for such a bad investment of £25,000,000.

**The Premier:** I know what the shareholder would say to you if you used figures like that in front of him.

**Mr. MAHER:** The Premier's interjection does not destroy the stark reality of the fact that after eight years and an expenditure of £25,000,000 of loan money we are actually getting less from our loan works and services than we did in 1931-32. If loan money is to be used without regard to its earning capacity, it is obvious that interest cannot be paid, because nothing is created from which to pay it. There is the matter in a nutshell. If the Government are prepared to use enormous sums of loan money without regard to its earning capacity it is obvious that interest cannot be paid because nothing is created from which to pay interest.

To amplify that, let me say that in 1914-15, prior to the advent of the Labour Government, the interest on the public debt amounted to £1,975,581, the return from loan works and services to £1,707,729, and the percentage of reproductivity was 86. As against that, in 1938-39, after 21 years of Labour government, the interest on the public debt is £5,153,929, the return from loan works and services £2,587,280, and the reproductivity percentage has dropped to 50. That shows conclusively that the Government have paid very little regard to the earning capacity of the millions of pounds of loan money that they have invested in various undertakings in the State. After 20 odd years half of the public debt of the State is absolutely unremunerative! That is a serious position. The Treasurer comments upon his uncontrollable expenditure! What makes expenditure uncontrollable? It is simply that so much of our loan investment is unproductive, with the result that ever-increasing sums are taken from consolidated revenue in order to pay interest. If the money had been invested soundly there would have been a return of interest to the Treasury, and the taxpayer would not have been called upon to find the tremendous sums for interest that are now a first charge upon the consolidated revenue of the State.

**Mr. Duggan:** Do you know that your champion, Mr. Spooner, has commended the Queensland Budget?

**Mr. MAHER:** If that is so, he probably has not analysed it.

Let me deal now with taxation. The Treasurer is receiving credit for the surplus, and not for increasing taxation this year, this fact being contrasted with the increases in the other States. The surplus, which is a good thing in itself, was achieved by large transfers of trust funds to consolidated revenue. Then, too, Queensland is the only State that has not reduced taxation since the depression; on the contrary, it has imposed substantial increases. In spite of increases elsewhere this year, Queensland is still the highest-taxed State.

New South Wales has been picked out as the worst offender because taxation in that State is being increased by £3,900,000 this year. Since the depression, New South Wales has effected considerable reductions in taxes and charges, the annual value of the concessions being—

	£ per annum.
Unemployment relief tax ..	3,500,000
Other taxes and dues ..	2,900,000
Railway fares and freights ..	2,000,000
<hr/>	
Total value of concessions per annum between 1932 and 1937 .. .. .	8,400,000
Additional taxation imposed in 1939-40 .. .. .	3,900,000
<hr/>	
Net concessions in New South Wales since 1932 per annum .. .. .	4,500,000

Despite increases in New South Wales taxation for the current fiscal year, the taxpayers still have the advantage of that net annual concession of £4,500,000.

Let us look at Queensland's figures by way of comparison. This State has retained all the emergency taxation of the depression period and has imposed increases as follows:—

	£ per annum.
Income tax (increases imposed in 1932-33) approximately	1,000,000
Super land tax (reimposed in 1932-33) approximately ..	110,000
Rail fares and freights, 1932 increases, per annum ..	325,000
Rail fares and freights, 1938 increases, per annum ..	354,666
State transport fees (1931-32 nil) .. .. .	89,472
Unemployment and State development tax— increase over 1931-32 ..	1,361,709
Motor registration fees (1938 increase) .. .. .	120,000
<hr/>	
Total net increased taxation in Queensland since 1931-32, per annum .. .. .	3,360,847

The taxpayers in New South Wales still enjoy tax concessions worth £4,500,000 per annum net, including the increases this year, while the taxpayers of Queensland suffer tax increases costing them £3,360,000 per annum more than in 1931-32.

This is an extract from the New South Wales Budget for 1939-40—

“The Government has over the past five or six years progressively reduced taxation in an endeavour to lighten the burden on the community to the utmost. We have now come to a year of extreme difficulty. Had the rates existing prior to the reductions been still in operation it would have been possible to have carried on without increasing imposts, but these are now unavoidable. It will be recognised, I feel sure,

that if the public obtain remissions of taxation during prosperous times, it is only reasonable that portion of the taxes should be reimposed in times of stress and difficulty. The additional revenue which it is proposed to raise from taxation sources will approximate £3,900,000 during the current financial year.”

That is the difference between the two points of view. New South Wales is frequently referred to in this Chamber—

**The Premier:** It is you who always drag in New South Wales.

**Mr. MAHER:** It is just as well to set out the true relative positions, showing the additional taxation imposed by the New South Wales Government for the current year, and the fact that there have been no decreases in Queensland—always increases—during the term of the present Government.

I now come to the surplus. Last year was the first occasion on which the Government had a surplus and there was great joy in the Government camp at the attainment—joy like that in the family circle on the arrival of the first infant. However, that surplus of £14,000 was obtained by means of the following diversions from trust funds—

	£
From Main Roads Fund ..	250,000
From Unemployment Relief Fund	312,543
From State development tax ..	209,304
<hr/>	
Total .. .. .	771,847

What would have happened if the Government had not transferred money from the Unemployment Relief Fund and if the collections from the State development tax had not been paid into consolidated revenue? Obviously, there would have been no surplus. Therefore, the Government can be thankful that the funds in the trust accounts helped them to get their small surplus.

I come now to a consideration of one or two important matters associated with the public debt. In the first place, on page 13 of the Financial Statement the Treasurer says that the total loan expenditure since 1931-32 was £25,000,000, but that the public debt had increased by only £15,500,000. He has left out of consideration the contingent liability upon the State, and that is an important point. At one time it was the practice for local authorities and other semi-governmental bodies to obtain their loan requirements from the loan raisings of the State. They applied to the Treasury for their financial accommodation, and thus the public debt of the State was increased to the same extent as the amounts allocated to the semi-governmental bodies. Under that scheme the position of the public debt was clear, but nowadays the habit has grown up whereby the Government delegate part of their borrowing powers to those bodies. I think it is a serious blunder to have allowed the State Governments to make such a delegation of their powers unless they were prepared to modify their own borrowing operations to the extent of the amounts

obtained outside of the Loan Council by the semi-governmental bodies.

**The Premier:** So we have.

**Mr. MAHER:** That is not shown in the amounts that have been obtained by the Queensland Government or the Governments of any other States in Australia.

**The Premier:** You will get the answer if you compare the increase in the public debts of the State over the past seven years with the increase in the previous seven years.

**Mr. MAHER:** I am extremely doubtful whether that would indicate that there had been a proportionate reduction in the amount of loans available to the States. The State has consistently had over £3,000,000 of loan money annually. Of course, the Loan Council has taken repayments into account. In his Financial Statement the Treasurer has failed to take the contingent liability of the State into account, and it is important that I should mention it because it has a big bearing on the public debt of the State. After all, the State is responsible for the repayment of the amounts by the semi-governmental bodies. When we say that the public debt of the State is £126,000,000 we fail to take into account the responsibility of the State in guarantees of repayments by those bodies. These contingent liabilities of the Government, which stood at £10,241,000 at 30 June, 1932, had increased to £22,606,000 at 30 June, 1933.

**The Premier:** Where do you get those figures?

**Mr. MAHER:** From the Auditor-General's Report.

**The Premier:** What page?

**Mr. MAHER:** I have not the page here. In six years there has been an increase of £12,364,000 in the contingent liability of the State in respect of Loan Funds.

It will be seen that there has been a tremendous increase in a short space of time in the State's contingent liability.

I know that this matter was dealt with by the Premiers at the last meeting of the Loan Council. One or two excellent decisions were made. For instance, in future a semi-governmental loan must not offer a rate of interest that will enable it to compete unfairly with any loan of the Federal Government, and the interest rate and time of flotation will be subject to approval by the Loan Council. It is stated that insurance companies and other concerns have shown a marked preference for investment in semi-governmental loans because of the better terms offered as against those of the loans offered by the Federal Government.

**The Premier:** You mean loans offered by the Commonwealth Loan Council.

**Mr. MAHER:** I mean the tendency has been for a body such as the Brisbane City Council, or some other corporation—

**The Premier:** I am referring to loans floated. No loans are floated by the Federal

Government; they are floated by the Commonwealth Loan Council.

**Mr. MAHER:** Of course, I understand that.

**The Premier:** It is an entirely different thing.

**Mr. MAHER:** I appreciate the difference. A newspaper incorrectly made them out to be Federal loans. As I was about to say, in recent years subscriptions by insurance companies and other similar bodies to loans floated by the Loan Council have fallen from £10,000,000 to a few thousand pounds. That shows that the idea that actuated some Governments in delegating borrowing powers to semi-governmental bodies has reacted against the Governments concerned.

**The Premier:** That was aimed against New South Wales particularly.

**Mr. MAHER:** I understand the New South Wales position; they have had a tremendous number of semi-governmental loan raisings.

**The Premier:** New South Wales floated £15,000,000 at 5 per cent. for house-building.

**Mr. MAHER:** The Premier must accept his share of the blame because he followed the New South Wales example.

**The Premier:** Oh, no!

**Mr. MAHER:** The hon. gentleman did so when he amended the Bureau of Industry Acts by giving that corporation power to go on the money market.

**The Premier:** No. We have not created any new borrowing powers since we have been in power.

**Mr. MAHER:** What about the Bureau of Industry?

**The Premier:** No, it is not a new borrowing power. It has simply continued the borrowing rights preserved to the State under the Commonwealth Bank Agreement Ratification and State Advances Act, with respect to the Savings Bank agreement with the Commonwealth Government.

**Mr. MAHER:** The Treasurer in his Financial Statement omitted mention of the contingent liability of £12,364,361 to the State arising out of these semi-governmental borrowings. I should like to make this point: that the Treasurer should set that out in his Financial Statement for the benefit of those who desire to know the true financial commitments of the State. Obviously, if that information is omitted from the Financial Statement, no student of finance will be able to assess the State's financial obligations.

**The Premier:** If you look at the tables relating to the Treasurer's Financial Statement you will get all that information.

**Mr. MAHER:** The report of the Commonwealth Bank, dated 30 June, 1933, makes reference to this subject—

“The programme approved by the Loan Council for 1933-40 provides for an increase

of State borrowing for works and a substantial increase of Commonwealth Government borrowing, particularly for defence. Approvals of borrowing by larger semi-government authorities are about the same as in 1938-39.

“During the last two years the creation of new semi-government bodies in some States, coupled with substantial increases in borrowing by previously existing authorities, resulted in undesirable competition in loan raisings between these bodies and with the Loan Council. The difficulty was accentuated by some States raising relatively larger sums than others by this means, by the guaranteeing of loans and the offering of special inducements to borrowers by way of large subsidies. The problem was fully discussed by the Loan Council at its meeting in June, 1939, and as a result the council, in arranging the programme of borrowings for 1939-40, gave consideration to the aggregate requirements of Governments and semi-governmental authorities as a whole.”

The evils of this system have been fully appreciated by the members of the Commonwealth Loan Council and steps have been taken to curtail semi-governmental borrowings. I think it is not by any means too soon that this action has been taken.

I asked a question in Parliament on 7 September of this year as to the amount of the State's contingent liability on 30 June, 1939, and the only answer the Treasurer furnished to me was this:

“The information will be available in due course.”

That reply seems to indicate that the Government have a motive for not including it in the Financial Statement; they are not willing to furnish a reply to a reasonable question. I think when the Leader of the Opposition—who has to be a sort of watch-dog of the State's finances—asks for information on an important point like that it ought to be furnished. I am only able to give the figures to 30 June, 1938, because that information was expressly denied to me by the Treasurer, although I was anxious to get it before this debate took place. The Government apparently feel that they have something to hide. I think that absolute frankness is desirable; that it is for the good of the people to throw the searchlight of criticism into all the corners and crannies of public finance, which the Government seem to be anxious to keep in cavernous darkness.

Then there is the important question of loan expenditure. Queensland has been treated very generously for the current fiscal year. The State Government have been allocated £2,700,000, and the Brisbane City Council £1,000,000. I hope the Government have not to go to all the bother that the Lord Mayor has had to go to recently in order to collect his share of the allocation.

**Mr. Power:** Did you ever get that £2,000,000 that you promised the people?

**Mr. MAHER:** The hon. member lives in the past; he is unable to accelerate sufficiently to keep up with existing conditions.

The State Advances Corporation has been allocated £150,000 and the Bureau of Rural Development £110,000. The State Government allotment is £560,000 greater than the allotment for the previous year, and semi-governmental borrowings are up £60,000; therefore, I say, that the Government have cause for satisfaction. There is no certainty, however, that these amounts will be raised. If the Brisbane City Council is finding difficulty in getting the money, it is possible that the State Advances Corporation and the Bureau of Rural Development may experience similar difficulty. Loan-raising is clearly becoming very difficult, and in view of the paramount defence needs State and semi-governmental borrowers should show a ready desire to moderate their loan demands so that the immediate and future needs of the Commonwealth can be promptly met. The Australian financial structure is unable to stand the combined strain during this critical time of meeting normal loan requirements of the State and semi-governmental bodies and also providing for extraordinary defence requirements. I think all reasonable citizens must agree that defence requirements should be the first consideration; therefore the question arises: “Who is going to take the back seat?” The Commonwealth should be assured of its paramount needs for the defence of this country and active participation in the war, the limits of which nobody can foretell.

The State is there with no moderation in its demands—I do not specify Queensland, I include all the States—and all the semi-governmental bodies of the various States will also be hammering hard at the door. Who is to make some sacrifice to the paramount consideration? I sound the warning that before this war is over there will be the necessity for the States, the semi-governmental bodies, and indeed the Commonwealth Government, in spheres of expenditure distinct from defence, to take into account the serious times in which we live and realise that some sacrifice must necessarily be made.

There are a number of important points in the Budget yet to be considered, but my time is short. Railway receipts were £122,525 over the estimate, but expenditure was £91,000 over. There was no increase in the basic wage in 1938-39 after those estimates were framed. The “extra cost of handling the additional traffic”—the phrase used by the Treasurer in his Financial Statement as the cause of the increase in the expenditure—is extraordinary. As the additional cost amounted to 75 per cent. of the extra revenue, the claim of the Treasurer is not very well supported. In spite of the fact that the railway revenue reached a new high level—again the Treasurer's own phrase—and in spite of the increase of 5½ per cent. in charges, the year ended with another deficit for the railways, the fourth in succession; and that on the reduced capitalisation. My time is expiring and I will deal more fully with the

matter when the railway Estimates come forward for discussion—if they ever do.

This Budget has been hailed by sections of the Press as sound and one of good cheer, but those of us who study closely the trend of State finances know that it is one of extravagance unwarranted by the precarious times through which the State is passing. There is no disposition to curtail expenditure. No attempt is made to conserve resources against future stresses on our internal economies. There is no moderation in borrowing, nor prudent control of administrative costs. It contains nothing to suggest that Australia is involved in a war. No sacrifice is offered, but record taxation and record expenditure are indicated. A deficit is budgeted for. Like one who belongs to the legion of the lost, the reckless Treasurer raises his glass and submits the toast to the people of Queensland: "Let us live for to-day. There is no to-morrow."

**The PREMIER** (Hon. W. Forgan Smith, Mackay) (12.5 p.m.): I do not know whether the quotation used by the Leader of the Opposition is more fatuous than his peroration, the preparation of which has evidently caused him a great amount of toil. His speech has contributed very little in any way to an intelligent discussion of the finances of Australia. He said: "Drink to to-day, for there is no to-morrow." That seems to be his own attitude, as it seems to be the measure of his criticism. He suggested nothing constructive, and it is quite evident that he believes implicitly that there is no to-morrow. Those are his words; they are not mine.

One would imagine that a Leader of the Opposition, who is provided for under the Constitution, would have been able to deliver some message to the people of Queensland, because, after all, such an officer has a responsibility to Parliament and to the people. It is of no value to the public of this country to say that there is no to-morrow. Not only is such a statement of no value, but it is emphatically untrue. There is a to-morrow, and this Government, believing in the people of Australia, look to the future with every confidence.

**Honourable Members:** Hear, hear!

**The PREMIER:** Whatever may be in store for the people of this State during the present crisis, we will meet it with the same courage with which we have done our duty in the past, and we will be true to the people from whom we have descended. To say in a Queensland Parliament that there is no to-morrow is to sound a note not only of depression but of cowardice, one that the people should treat with contumely. This country has a great future. It has made progress in the past, and it will continue to progress in proportion to the courage, intelligence and industry of its people and of the people's leaders. That is my answer to the Leader of the Opposition's cry that there is no to-morrow.

Queensland is in the strongest position of any State in the Commonwealth, and it owes that strength to Labour's policy. That fact can be established quite definitely and clearly.

It is remarkable that during a period when others, who are worthwhile, are seeking to inspire confidence in the people, the Leader of the Opposition and those who sit behind him are endeavouring in every way possible to depress the people and to create a form of unbelief in their own institutions.

Fortunately for the people of this country, Mr. O'Keefe, they have rejected time and again the leadership of men like the present Leader of the Opposition. They disregard entirely his Jeremiads and they have but pitying contempt for his endeavours to dress up figures in his own fashion. People like fashions, but that is not the fashion of the Queensland people, nor of those who are doing the work in this country. I say again that Queensland is in the strongest position of any State in the Commonwealth, and that is due to the activities of members of this party and this Government in pursuing a policy that is in itself basically sound. The poverty competition, in which the Leader of the Opposition evidently still believes, was well tried out in this Commonwealth. It led to disaster; it drove the people to despair. The recovery of this country is entirely due to a reorientation of policy, which laid down the principle that public policy should be so devised as to provide work and wages for those of our citizens who had neither. That was the clarion cry that brought this Government into power. It was the giving of effect to it that has improved the position, not only of the people in this State, but the people of the entire Commonwealth. Hon. members of the Opposition seek to discount that achievement. They cry stinking fish at their own institutions and their own country. It is a terribly hateful thing to them to have to acknowledge that Queensland is the only State in the Commonwealth of Australia that is not increasing taxation this year. (Opposition interjections.) That statement annoys hon. members of the Opposition, and it justifies me in again charging the Opposition that they would rather see the people of this country living in penury and want than that they should benefit from Labour policy. (Opposition dissent.)

**Mr. Maher:** Bunkum!

**The PREMIER:** That is a charge that I have made before, and I throw it in their teeth again to-day. (Opposition interruption.) They are people who pretend to lament the condition of their own institutions, but they are rather ashamed of the fact that Queensland is in the strongest financial position of any country. Their statements, if notice were taken of them, would seriously affect the people of this country.

**Mr. Macdonald:** Do you believe that?

**The PREMIER:** There may be exceptions, and if I observe any during this debate

I shall be very pleased to give credit where credit is due.

In the eyes of the Opposition it is a real offence on the part of this Government to rehabilitate the country, to restore wages and working conditions, to increase employment, and by increasing the velocity of circulation of funds in the community thereby improve the family budget and the State Budget as well; for the family budget and the State Budget must at all times be considered together. I repeat that it is an offence in the eyes of the Opposition to place this State in such a strong financial position as to enable the Government to be the only Government in Australia who are not increasing taxation this year, but actually remitting it.

The Budget under discussion is a fair statement of the position. Every fund and every activity of the Government that can with relevance be placed in a Budget, is set out clearly and without ambiguity. It is there for the benefit of all who desire to know the facts.

That leads me to deal with what the Leader of the Opposition called unproductive expenditure. I advise him to read some of the speeches by the Federal member for the Darling Downs on the subject. If he reads those speeches and the replies thereto he will not in the future fall into such grievous error as he has done. He did not clearly define what he meant by unproductive expenditure, but he said enough to justify our assuming that unless an expenditure brought about a profit or a credit it was unproductive expenditure. The benefits derived from the building of roads or from expenditure on other development work, or from the various services given by the Government, cannot be figured in a balance-sheet, but their general effect on the community are well and readily understood.

Again, the Leader of the Opposition got confused in figures. He said that the increase in the national debt over a certain period was £25,000,000. As a matter of fact, it is only £15,000,000, but an error of a mere £10,000,000 in £25,000,000 is nothing to the Leader of the Opposition. When he was corrected, he said that the balance of the money was advanced to semi-governmental authorities, and that that represented a contingent liability on the State. He went on to say that the earnings from that £25,000,000 were only a certain figure, which he mentioned.

**Mr. Macdonald:** Have you heard of verbal forgery?

**The PREMIER:** Yes, and I have heard of the Campbells, too.

**Mr. Macdonald:** I have no doubt.

**The PREMIER:** Yes. If the hon. member accuses me of verbal forgery perhaps he will meet somebody equally as effective as a Campbell. Irrelevant interjections of that kind will not enable the hon. member for Stanley to help his leader. Although I admire him for endeavouring to come to his aid, I advise him to give up the hopeless task. I repeat what I said when I was so rudely interrupted, that the Leader of the Opposition

said that the increase in the public debt was £25,000,000, that the earnings from that expenditure as shown in the Budget were a given amount, and, therefore, this was unproductive expenditure. The true way of dealing with these figures is to dissect them. If £10,000,000 of that amount was spent by local authorities, the revenue received by them from such expenditure should be added to the revenue set out in the Budget. Obviously, local authorities in spending £10,000,000 in the last seven years increased their revenue from water supply, sewerage, electric light, and all other public services in which they engage, yet those people who talk about verbal forgery pay no regard whatsoever in making their calculations to the revenue obtained by local authorities for the expenditure of that £10,000,000.

Furthermore, I want to point out that Queensland is in the happy position that 58 per cent. of her requirements in the Budget are provided for out of our own resources—a position that does not exist in any other State. We have so controlled the finances of this State as to provide that repayments by borrowers from the Government shall be paid into a revolving fund, a fund that is capable of reinvestment. The percentage of loan expenditure chargeable against the Government from that source amounts to 58 per cent. No other Government in Australia has anything like that proportion. It indicates the excellent nature of the investment and the wise discrimination exercised by the Government in not only deciding where but how they shall lend, as well as the manner in which the funds they lend shall be used.

Hon. members opposite have said so often that taxation has not been reduced in Queensland that some of them actually believe it. Taxation has been reduced in Queensland.

**Mr. Maher:** That penny in the State development tax?

**The PREMIER:** Taxation has been reduced in Queensland, and we have less revenue as a result. As a matter of fact, we have increased the exemptions from the State development tax, which represents a considerable saving to the taxpayer and a considerable loss to the revenue. Does the Leader of the Opposition suggest that we should take taxation from persons earning £2 a week, as his friends in New South Wales are doing?

**Mr. Maher:** You are getting £2,000,000 this year from the State development tax under prosperous conditions.

**The PREMIER:** It is an entirely different situation. As a matter of fact, allowing for the increase in national income, which made taxation revenue more buoyant, the reduction in taxation last year from that source alone was £356,000. This year, again allowing for the expansion of revenue because of improvement in industry and increased employment, we have sacrificed £451,000 of revenue from this source.

Let me deal with the position of New South Wales by way of comparison. I have no desire to interfere in the domestic policy

of any other State—that is the business of the people of that State, not mine—but considering that two-thirds of the speech of the Leader of the Opposition was an apology for the New South Wales Government, we are entitled to examine the position in that State. The real reason for the position that arose in New South Wales was that the Government there carried out the policy that the Leader of the Opposition now advocates. They cut taxation too deeply, too early in the financial recovery from the depression. They gambled, as other people asked us to gamble, on the chance that business and production would become more buoyant and the lower rate of tax would still give the State an equal amount of revenue. We know, of course, from the figures that they have less; revenue did not respond to anything like the extent that the sponsors of the gamble thought it would. Furthermore, they increased their expenditure.

During the course of his speech the Leader of the Opposition added figures twice. Even though some day he may be able to write the missing books of Euclid I do not think, to be candid, that he will ever be able to prove that money can be spent twice in the hands of the same spender. If a Government cut taxation and consequently reduce their revenue, it is obvious, if expenditure is the same or higher, there is only one end to that form of finance, and that end was reached in New South Wales. Liabilities and commitments increased and revenue diminished until the position had to be faced in this year's Budget.

I am not entering into recriminations about anybody, but what happened in that State is a very natural thing in certain circumstances. Of the persons who were responsible for that policy some took sides and blamed the others, but the fact was that all were equally responsible, including those who voted for the annual Budgets that provided for steep cuts in taxation and extensive increases in revenue expenditure. That is why—there is no other reason—the financial crash has overtaken the New South Wales Government. This year, when they have to make up the leeway, they are imposing taxation of approximately £4,000,000 and reducing the exemptions from taxation to £2 a week and also providing for a revenue deficit of £1,500,000. That is the picture of New South Wales in all its reality, and that is the direct result of the kind of policy that we heard dished up by the Leader of the Opposition to-day.

At 12.30 p.m.,

Mr. DUNSTAN (Gympie), one of the panel of Temporary Chairmen, relieved the Chairman in the chair.

**The PREMIER:** Like causes produce like results, whether in Queensland or New South Wales, and had we been foolish enough to follow the policy of the Leader of the Opposition we should have been in the same situation as New South Wales is at present.

As to taxation in particular, the interesting fact must be noted that the flat rate of company taxation in New South Wales has been raised to 2s. 6d. in the £1. In that State, companies earning 7 per cent. profit and under will pay more taxation than similar companies in Queensland. The rates are as follows:—

	Queensland.	New South Wales.
Under 6 per cent. . . . .	In the £1 2s. 2d.	In the £1 30d.
Exceeding 6 per cent., but not exceeding 7 per cent.	2s. 8d.	30d.

It is worthy of note that a company making 6 per cent. profit or less in New South Wales is called upon to pay the same rate of tax as one earning 19 per cent. That is the equity in taxation that hon. members of the Country Party advocate. We, on the other hand, work on the principle of equitable taxation, of taxation in proportion to the profit shown to paid-up investment. No-one has ever been able to establish an argument against the equity of that. Those who speak against it are chiefly working in favour of Southern firms who, if such a policy were adopted in Queensland, would reap a handsome advantage.

Taxation per head of population is a basis of criticism frequently used by the Opposition, but it is not a sound basis, unless one takes into account national income. As the Opposition make use of that method, I give the Committee the results—

	1937-38.	1939-40 (Estimated).
Queensland ..	£ s. d. 7 15 2	£ s. d. 7 9 0 (A reduction of 6s. 2d.)
Victoria .. ..	5 5 7	5 8 7 (An increase of 3s.)
New South Wales	6 12 4	7 11 10 (An increase of 19s. 6d.)

The calculator should take this into account. It shows the financial stability of Queensland, and it is due to our country that that should be stated. We, individually, are not taking credit for what Divine Providence has showered on Queensland, but we do say that productivity increases and expands according to Government encouragement and policy. In a candid moment this morning, the Leader of the Opposition was forced to admit that productivity had increased enormously, but the hon. gentleman then went on to say: "Of course, the Government had nothing to do with that." Suppose that he had been able to paint a picture that was the direct opposite of that—that during the past five years productivity in all primary industries had gradually declined and the balance of trade had become unfavourable. If he had been able to do that, he would have claimed that that was the direct responsibility of the Government, and that we were, therefore, the guilty party. As a matter of fact, given a country and a people, the real problem is how best to use the country for and on behalf of

the people—so that they may be happy. That is the real problem in framing any Budget. It is the problem, too, in any major policy, and during the period under review every section of the community in Queensland has had its standard improved. No matter what the Leader of the Opposition may seek to pull out of his hat, or what he may try to do in the way of dressing up figures, the fact is that Queensland has gone ahead rapidly under the present Government's regime, and has responded admirably to the sound policy that we have initiated and have pursued ever since we have been a Government.

Of course, the Leader of the Opposition is given a very hard brief to handle. There can be no doubt about that. Where there is no fuel the fire dieth out. Mr. McDonald said that the Leader of the Opposition lacked fire; but is the Leader of the Opposition to blame for that? I say that the real truth is what I have quoted from the Bible—where there is no fuel the fire dieth out. I commend that passage to my friend the hon. member for West Moreton, and I suggest that he embody it in a letter as a complete defence to the charge that is made by one of his supporters. Indeed, I think it could be fittingly used as an epitaph for the Leader of the Opposition, although I hope that it will be a long time before we are called upon to write one for him. The Leader of the Opposition has many qualities which, unfortunately, are lacking in many of his colleagues.

But the hon. gentleman did charge this Government with extravagance. He has always charged the Labour Party with extravagance, and so have all the hon. members of his party. Prior to 1932, every hon. member of his party said: "If you return a Labour Government, with Forgan Smith as Premier, your savings will be destroyed." Everybody knows that the average savings per head of population in Queensland to-day are higher than they have ever been; and so is the amount held in deposits; and, for the last financial year, the number of bank clearances—which is a sound measure of the number of business transactions carried out—reached a record level.

Let us look at the receipts and expenditure of the various States as disclosed by the following table:—

State.	Receipts.	Receipts per Capita.	Expenditure.	Expenditure per Capita.
New South Wales	£ 58,847,614	£ s. d. 21 10 3	£ 61,596,023	£ s. d. 22 10 4
Victoria	24,982,000	13 6 1	25,719,000	13 14 6
Queensland	19,330,369	19 4 4	19,316,323	19 4 1
South Australia	12,303,397	20 13 6	12,700,921	21 6 10
Western Australia	10,949,660	23 13 6	11,170,102	24 3 1

On the basis of comparisons with the other States, Queensland has the second lowest expenditure of all the States, and in per capita income, Queensland stands alone in keeping a proper balance.

Now let me deal with another phase of the assertions of the Leader of the Opposition. He dealt with the expenditure from the State development tax and hopped from page to page of the Estimates with the agility of a flea, without stopping anywhere to look round and scan the horizon or even view the prospect, but the real fact is that he was not quoting accurately because he will find that the amount provided for works, as set out on page 134 of the Estimates, is £2,107,000, all of which deals with rural development. What he quoted was the figure included in the Estimates for the Department of Public Lands, which is the ordinary loan allocation and is an entirely different figure. I am giving the total figure of the funds provided in the Estimates; £2,107,000 is a vastly increased figure to that which the hon. gentleman used and I remind him again, as I did last year when we were dealing with this subject, to look over the page before committing himself to any figures that might lead him astray. Figures have led people astray before to-day.

I will deal now with the expenditure on State development. The estimated receipts for this year total £2,000,000, appropriated as follows:—

	£	p.c.
Expenditure on full-time work, subsidies, assistance, and ration relief	1,574,000	or 79
Expenses of administration .. .. .	105,000	or 5
Credit to consolidated revenue .. .. .	321,000	or 16
	<u>£2,000,000</u>	

Just let us see how that compares with the expenditure for the State of New South Wales. There, expenditure for relief under the various headings is £4,185,000 in round figures. That is easily understood because of the greater amount of unemployment and the much greater population, but I call the attention of the Committee to the fact that the amount spent in New South Wales in actual work amongst the unemployed is 65 per cent. of the whole, whereas in Queensland it is 79 per cent. There is a big difference there. Those are figures that are never quoted by critics of the Queensland Government and supporters of the New South Wales system. Their administrative charges are 5 per cent., the same as ours.

Let me deal with their aids to consolidated revenue. The Leader of the Opposition nearly burst a blood vessel when he spoke about consolidated revenue benefiting from other funds. If the hon. member for Aubigny cared, he could tell the Leader of the Opposition that the various funds are merely a matter of convenience in setting out receipts and expenditures. The real test of any Budget is the relation of receipts to expenditure. In New South Wales consolidated revenue is helped in connection with interest and sinking fund charges by £1,209,614. Hon.

members should bear in mind that the Financial Agreement, which is part of the Commonwealth and State Constitutions, provides for the payment of sinking-fund charges. In addition, a remission of capital debt charges amounting to £508,850 and excess interest charges on loans and subsidies of £175,600, making a total transfer from those funds to consolidated revenue of £1,894,064, or 30 per cent. as against Queensland's 16 per cent.

In Victoria the contributions towards the aid of unemployment amount to 77 per cent., the cost of administration is 4 per cent., and interest and sinking-fund charges 19 per cent. So that it will be seen that the same position applies in both the larger States. On a basis of comparison Queensland stands out in bold relief and justifies my claim that this State is in the soundest financial position of all the States.

I know that the Leader of the Opposition was very hard put to it to make a case against the Budget. Naturally, that peeved him. He got no aid from his usual sponsors, the daily Press, and he complained about it. What is happening with the daily Press when they do not supply material for hon. members opposite to use against the Government? The fact is that all the people who took the trouble to regard the Budget intelligently and have regard to the facts of the situation came to the conclusion that it was a good one and that the Government were doing well for the people in the circumstances.

The Leader of the Opposition lashed himself into a futile rage in relation to defence expenditure. In his Budget, the Treasurer said—

“It is hoped that Queensland will participate in a substantial way in the accelerated defence programme which is now being adopted by the Commonwealth Government. The proportion of defence expenditure disbursed in Queensland has been low, and on several occasions the Queensland Government has strongly represented to the Federal Government the urgent need for additional defence provisions in various parts of the State.”

The Leader of the Opposition very carefully omitted to quote the whole of the paragraph. What the Government are more concerned about is provision for defence in Queensland, not so much the expenditure.

I know quite well that munitions have to be made where they can be made most economically. No-one will argue against that. They must be made where there is the machinery for the purpose. My information is that with few exceptions that machinery does not at present exist in Queensland. I do not propose to deal at any length with the munitions question. I am much better informed on the matter than the Leader of the Opposition, but I emphasise what the Treasurer emphasised and what every thoughtful man and woman in Queensland is emphasising—that Queensland has a right to a share,

and to an adequate share, in the provision made for defence.

#### Government Members: Hear, hear!

**THE PREMIER:** The Prime Minister, in criticising some people, said that he deplored the attitude of those who only talked in terms of the State. I agree with that view. He said: “Let us all be Australians in outlook.” It is because this Government are Australian in outlook and we recognise that Queensland is a very important part of Australia that we think we have a right to claim equal defence measures as any other part of Australia.

#### Government Members: Hear, hear!

**The PREMIER:** I have never agreed with the concept that the economic heart of Australia depended on that section of the coastline between Port Stephens and Port Kembla. That is a very effective answer to the Leader of the Opposition on that point.

As I said at the beginning of my speech, the Budget was prepared on the basis of existing conditions. It was based on an intelligent and complete review of the whole position of this State. If conditions remain as they are to-day, we shall be able to see the Budget through in its entirety—in fact, there may be an improvement in the Budget—but not one of us can foretell the future. The Leader of the Opposition indulged in prophesy of various kinds. No-one in this Parliament of a serious mind can foretell the future. Consequently, as patriotic citizens as well as members of the Government, we have dealt with the situation as it exists and presented an effectual and realistic picture to the people, but if the situation, economically or otherwise, deteriorates, then we must deal with that situation when it arises. I do not believe in dying a hundred deaths before I have to die. Why should we do that in relation to the Budget? Why should we assume the worst that could happen? I say quite definitely, Mr. Dunstan—and I have had a very wide experience in life—that the worst things in life never happen, that our forebodings, as all of us from time to time realise, are never completely realised.

There is no doubt that we are living in probably the most difficult period in the world's history; a period that will call from all men and women the best that is in them—the best that is in them both of body and soul, because it is the soul that nurtures the body; it is the spirit that gives strength and courage to the body. I am satisfied that the people of Australia, the people in the British commonwealth of nations, have been richly endowed with those qualities, and that we shall deal with any situation that we may be called upon to meet.

Citizenship, Mr. Dunstan, does not consist entirely in reaping the benefits of living in an ordered society. Ordered society is an evolutionary growth; it did not always exist; mankind, painfully but, nevertheless, steadfastly, has striven after a higher and better civilisation, and in that process many of our forefathers shed their blood, exercised their minds and their bodies to achieve what

they believed to be right. So that in citizenship there is a responsibility as well as a benefit. You cannot claim benefits from ordered society—from the establishment of law as against force—unless you are prepared to maintain with every power at your disposal all the advantages that ordered society gives to its citizens. So we may be tried, just as people in history have been tried, but I feel quite sure that we shall not be found wanting.

A good deal is said to-day about dictatorships and forms of government. No form of government is permanent or static. The form of government that exists in any country is the highest form that the people in that country have been able to evolve. Mankind will change its forms of government just as it will change its instruments of industry—under the urge of a new and growing need. Man is not a prisoner on the earth; man is not confined to a given space or to a given period. His imagination can transcend the universe; it transcends the firmament, and he is able to see into the future—to grope into the future at any rate—and to hope and work intelligently for things that are worth bringing to pass. Resolute men endeavour to bring those things to pass, and there is no reason for assuming that the people have less resolution to-day than they have had in the past. I am a believer in my fellow citizen; I am a believer in the country in which I live—

**Government Members:** Hear, hear!

**The PREMIER:** And I rejoice when I visit our schools or stand outside my office at night and note the splendid type of the girls and boys who pass in their search for primary and secondary education in order the better to fit themselves for the battle of life. All these things are the outward and visible signs of a strong, self-reliant manhood in this country, of a basic citizenship that in the last analysis will overcome any trials or any difficulties that may beset it. And it is the duty of this Parliament and every hon. member in the Parliament, whatever party he belongs to, to strive for the wellbeing and good of this country and cast aside envy, to trample underfoot the baser instincts that animate some sections of mankind and work for Queensland and this wonderful Commonwealth of Australia.

At 2.15 p.m.,

The CHAIRMAN resumed the chair.

**The PREMIER:** I repeat that Australia is worth working for, and the Commonwealth is worth serving. The Leader of the Opposition raised the question of war and State finance, and seemed to regard the two as being separate entities. They are but one. Rivalries are not involved. The financing of Australia in war and peace has to be carried out by the instrumentalities called into being for that purpose. Under the law, for defence purposes the Commonwealth has power to do what it thinks best in the interests of the nation. The Financial Agreement has no bearing on moneys raised for defence purposes, and, consequently, the Com-

monwealth Government can make such arrangements as it thinks fit to meet the needs of the situation as they develop.

The financing of the State is of equal importance. No person can have a correct notion of the Commonwealth of Australia unless he visualises the dovetailing of Commonwealth and State Constitutions. One is incomplete without the other; so, for the purposes of a complete and, if necessary, supreme national effort, we must keep before us the idea of Commonwealth and States working together. It is necessary that the State should be able to develop the country, and, so far as is humanly possible, carry on industry uninterruptedly. Indeed, it would be a very poor service to Australia to bring about a set of conditions under which men would be starved into joining up with the colours. The people of Australia would resent such an idea, and rightly so.

**Mr. Macdonald:** Hear hear!

**The PREMIER:** For once we are in agreement; the hon. member will improve as time goes on.

Provision for this finance has to be made by the Loan Council. The Press and hon. members opposite have got into the habit of saying that "the Commonwealth Government gave the State certain things." That is a wrong picture of the position. All Governments are represented on the Loan Council, the Commonwealth rightly having two votes, so the security offered is the security of the Commonwealth and the States. By that means finance can be organised and mobilised.

The question whether the whole of the Budget requirements can be raised will be determined in due course. No-one is in a position to say to-day that we shall not be able to raise the necessary finance. Some people who may be actuated by a desire to embarrass the Government may hope that we shall not, but I remind those persons that an embarrassment to the Government under such conditions would be an injury to the State.

(Time, on motion of Mr. Pease, extended.)

**The PREMIER:** In the early part of this war it was quite evident that the immediate aid that Australia could give her allies was an abundance of raw material, including food. Therefore, we must not merely maintain our industries and our supplies, we must increase them wherever that is possible. In that and countless other directions finance is required.

This Government have increased the national debt by less per annum than any of their predecessors did in normal times. I repeat that this is due to the financial arrangements that I mentioned at the beginning of my speech. I should say, however, that the resources of Australia are such as will enable her to finance all her activities, both defence and otherwise. The maintenance of the economic front is just as important as that of any other.

A very strange idea is held by many persons that finance in abundance can always be found for purposes of war and for war-like activities, that no country is ever bankrupt of finance for armaments. Any security that is offering for the purpose of financing war is also available for financing the people's normal activities. It is unthinkable that our financial institutions should be so deficient as to make it appear that while defence may be financed, development and production cannot. Any difficulty that may exist at the present time is due to the general disturbed situation.

The Leader of the Opposition referred to the Brisbane City Council. That body is not unique, as a semi-governmental authority, in not being able to have a public issue underwritten at the moment. I know of many others in Australia that are in exactly the same condition. The most recent loans that have been arranged for some considerable time past were in Victoria and New South Wales. Those loans were raised only with great difficulty, and at a higher rate than the authorities concerned had ever paid before.

Various factors are operating in that field. One is, of course, that the financial institutions have not been informed of the full and immediate requirements of the Commonwealth for defence. Various figures have been given, but those figures have been largely tentative, and obviously would be increased if the situation deteriorated. Secondly, financial houses are loth to embark on any new activity until the Commonwealth Government's immediate requirements are satisfied. Again, if a public issue was launched at present, and bad news came to Australia, as it will in the ebb and flow of a great war, the situation would be rather difficult, so that brokers and underwriters prefer to hear the worst before such an issue is made.

Incidental to those two points is the question how far interest rates will be permitted to harden. All those factors are involved in the finance of the country, and I say quite definitely that there is no division of the problems of Commonwealth defence and State development. They are but two phases of the same problem, which are national in character, and Commonwealth-wide in their implication. I have every reason to believe that, granted anything like normal conditions, the Government will be able to carry on and develop the country just as they have done in the past. There was no scarcity of funds during the last war. The population has increased by over 40 per cent. since 1914. Wealth production has increased enormously and so, therefore, has the national income. The great resources of Australia to-day are immeasurably greater than they were when the war broke out in 1914.

I realise, of course, that certain adjustments have to be made and we shall be prepared to make all the adjustments necessary, but I remind hon. members and, through this Parliament, the country, that the strength of a nation depends entirely on the strength of its family units, and we cannot build up the strength of the country unless we build up the economic security of its people. That is what everyone is seeking to do. That

is the purpose of a Budget and the policy set out in a Budget. Mankind in general will always fashion an instrument or a tool to meet or satisfy its needs. Everyone who understands history knows that to be a truism. So that mankind to-day will fashion such instruments and such institutions as will meet its needs. People are demanding greater security in every walk of life than they have been able hitherto to obtain. The war is, to some extent, an example of that.

In their search for security some countries change their form of government, and others react in other ways. Consequently, the normal flow of trade and commerce and intercourse between countries is sometimes considerably diminished or altered. Those things give rise to a conflict of opinion, to suspicion and distrust between nations. For some time past we have had all the elements that were bound to lead to a conflagration sooner or later in one theatre of the world or another when men are seeking salvation and security. In the early days mankind formed tribes and clans, and later, nations. To-day people are attempting to bring about the amalgamation or federation of States with a view to increasing their living standards. The days when man could live in splendid isolation from his fellows have gone, never to return. Everyone realises that to-day is a day of organisation, organisation on the basis of industry, equal interest—on the basis of a nation or State. That has not been found to be enough and so we have empires.

We have the British commonwealth of nations, a unit of government that is unique in the world's history. In 1933 I made a speech that evoked a good deal of attention, in which I said that the time was rapidly coming when Great Britain or the British commonwealth would have to come to one of two decisions—and it may be sooner than most people expect. I said she might have to decide whether she could afford to continue to be the policeman of Europe, or whether she should withdraw from such entanglements and use her resources to build up the economic unit of the British commonwealth of nations. There is wonderful scope for development within the British commonwealth of nations, sparsely populated and at the beginning of development from the economic point of view. It is capable of providing remunerative employment for many millions of people. That is the concept behind the British commonwealth of nations, and if it could be developed along those lines it would be a commonwealth indeed, and no other combination could seriously threaten its existence. Whatever may be the result of this war, it will inevitably lead to the federation of peoples who have the same ideals and the same economic interests. The League of Nations, launched in a period of altruism and idealism, was found to be deficient, not because there was anything wrong with the ideal in principle, but because it was not armed with the power and authority to give effect to its decisions, and so nations that thought that they were strong enough broke away and violated treaties and pacts of various kinds.

To-day, a realignment is taking place amongst the nations. There are investigations as to what side it would be more profitable for some people to take, and very speedily we shall know which side the various countries and nations in the world are on.

We believe in certain principles, the principles of human freedom. They are easier understood than expressed. They are the feelings that surge up in all decent men and women when they see tyranny in operation. They resent it, even if it is not exercised against themselves, but against their fellows. They want to live in peace in the world and enjoy all its beauties and products to the fullest. All that is part of freedom, and without that freedom man had better not be born. That is the view I have taken, although I may express it very crudely.

There is to be a realignment of all the peoples who hold those principles dear. The days of narrow nationalism are gone, never to return. We think no more of Australia in terms of rival States; we think of the Commonwealth of Australia, one people with one flag and one destiny. But we also think now that we are embraced in the British commonwealth of nations, and banded together we form an economic and a spiritual unit that will prevail against all difficulties and all sorts of things to come. In addition, throughout the world countries holding similar views and similar ideas will, in time, I believe—and the sooner the better—come into a federation of nations, not only for the development of their own freedom, not only for receiving the benefit of the full fruits of their industry, but in order that world peace may be maintained, so that murder and bloodshed shall be abolished and abandoned in order that civilisation, and the principles on which civilisation are based, shall be maintained. With such a federation, and in such an order, freedom will not be banished from the earth. Freedom, and everything associated with it, will then rise triumphant, and a federation of free people will emerge greater than any other the world has ever known. That is what this war must be fought for. It is not a question of geographical boundaries; it is not a question of one race or another race; it is a question of clashing ideologies, a question of the rule of law as against the rule of force. I stand for the rule of law.

**Honourable Members:** Hear, hear!

**The PREMIER:** This Budget, Mr. O'Keefe, has been prepared for and on behalf of the people of this State upon the basis of the principles that I have enunciated. This Government, whether opposed or not in the process, will carry out those principles and pursue those ideals, and give the benefit to the people that we represent to the best of our ability. The Budget is a fair one; it is a just one. I commend it to hon. members, and ask them to debate it from the point of view of the interest of Queensland and the interest of Australia rather than from the point of view of having a knock at the Government of the day. Knocks at the Government of the day matter nothing—

nothing at all; the Government stand on the impregnable rock of public confidence and public good will.

**Government Members:** Hear, hear!

**Mr. RUSSELL (Hamilton) (2.41 p.m.):** I do not think there was much need for much of the Premier's exhortation directed at the Leader of the Opposition. After listening carefully to the Leader of the Opposition, I think he was quite justified in calling attention to the anomalies in the Budget. His criticism could not be described as carping criticism. I think he was quite justified in the manner in which he debated it.

I do not take second place to anyone in this Chamber in my desire to bring about co-ordination with the Commonwealth Government in our efforts for the preservation of the peace of Australia, and for the greatest assistance we can give to the Mother Country and our allies. That is the paramount question to-day, and hon. members would be better occupied in jettisoning some of the minor matters and getting down to business that touches the prosecution of our war activities. The greatest co-ordination between all sections of the community is necessary in order to prosecute the war effectively. At the same time, as the Budget is put up for our consideration, we are quite justified in pointing out what we believe to be its defects. Nevertheless, I want to assure the Premier that no hon. member of this Committee desires to embarrass him or his Government; on the contrary, we all desire to work in the greatest co-operation with the Government in the common cause; therefore, whatever criticism I may offer on the Budget is not offered with the object of embarrassing the Government or indulging in what may be termed purely carping criticism.

To subscribe to the slogan of the Prime Minister, we must carry on and we must keep the wheels of industry turning in order to assist the democracies in their present struggle. At the same time, it is our bounden duty, when aspersions are cast on the Prime Minister and the Federal Government, to defend them from the insidious attack made on them in the Budget. For instance, the Budget states that despite the representations made by this State to the Commonwealth Government, very little consideration has been given to our request for a greater allocation of money for defence work. I think that might very well have been left unsaid. If we desire to adopt the lofty ideals enunciated by the Premier, I think the Budget should have refrained from including any reference of that nature to the Prime Minister and his Government. I think any fair man must admit that in the task that he has undertaken the Prime Minister has shown himself a man of courage and initiative; and I honestly believe every section of the community is behind him in the policy he has adopted. Surely, the time demands that every Government should be behind him in his policy? That is why the Leader of the Opposition took strong exception to the aspersion cast on the Prime Minister in the Budget. I

think it was very wrong and foolish in the extreme; moreover, it is not based on facts.

**Mr. Power:** A fact.

**Mr. RUSSELL:** It is not based on facts. The change of front of the Labour Party on the defence question is remarkable. Its policy at first was that North Queensland should be armed to resist possible aggression. In the minds of its leaders was the fear that an army of aliens might land on the inhospitable part of the shores of North Queensland and consequently a larger sum of money than hitherto should be spent in the defence of North Queensland. They must recognise that if any aggression takes place it will be in respect of better country than North Queensland.

**The Secretary for Health and Home Affairs:** Your ignorance of Queensland is quite in keeping with that of the Commonwealth Government. Your colleagues there have just as good a knowledge as you have, apparently.

**Mr. RUSSELL:** I have my own opinion as to where aggression might take place. I think this aggression will take place in parts of Australia other than in North Queensland. The Labour Party has itself since recognised that. The party has abandoned the principle of compulsory military service that it put into effect many years ago, and favours voluntary service. To-day, with one voice, the members of the Labour Party are behind the Prime Minister in the policy he is putting before the people. These things show they have had no defence policy, and are wobbly on the whole situation. It is wrong that the Prime Minister of Australia should be castigated in this committee by a responsible Minister. We should all get behind him in his effort for the defence of this country, and for the assistance of the Mother Country and her allies. We are all behind the Prime Minister, and the time may come when every man and woman in Australia will be required for some service for the country and the defence of Australia should be left to the Prime Minister and his Government, without any biting criticism from the Treasurer.

**The Secretary for Health and Home Affairs:** It is not criticism. Do you think we should be satisfied with no defence at all?

**Mr. RUSSELL:** He is very touchy in respect of the criticism of the Leader of the Opposition, but if the Budget contains such items we are quite entitled to criticise. At the same time, we are quite prepared to help the Government in every possible way, and to apply ourselves to the common cause—the defence of this country and the assistance of the Mother Country and our allies. That is the transcendent question that should occupy our minds.

**The Secretary for Health and Home Affairs:** Do you agree to Sydney and Melbourne?

**Mr. RUSSELL:** I am not a parochialist.

The Labour Party also wanted munition plants established in Queensland; objection was taken to their establishment in the South. An explanation has been given of that. The Government even offered the Ipswich workshops as a munitions plant. That may come in its good time, but no-one can deny that the Commonwealth Government are spending large sums in Queensland on defence works.

**Mr. Keogh:** Where?

**Mr. RUSSELL:** The hon. member has not kept his eyes open. I know where they are, as do other hon. members. There is one example not 20 miles away, of what has been done already by the Commonwealth Government; and quite recently it has been stated that defence groups are to be established in the vicinity of Mooloolabah and so on. These are only items in the defence programme. I am prepared to leave this matter in the hands of the Commonwealth Government and the Minister for Defence to see that Queensland gets a fair share of the defence work required for the defence of Australia. We must all look at this question from the point of view of Australia and not merely from the point of view of Queensland.

**The Secretary for Health and Home Affairs:** It would be very pleasing to the Minister for Defence to know there is one man in Queensland who is content.

**Mr. RUSSELL:** I am content to leave it to the Prime Minister. I have great faith in Mr. Menzies. I think he is the right man for us at this time, and he is doing a job that I do not think anyone else in the Commonwealth Government is capable of doing. At any rate, he has a defence policy, and he is game enough to put it into effect.

It is peculiar that the Treasurer persists in harping back to 1932. I have heard exclamations from the Government side about the deficit of £2,075,000 in that year. The Treasurer has pointed to the fact that a small surplus of £14,000 was derived from the Government's operations last year. Whilst we commend that surplus, we should not lose sight of the fact that the deficit of 1932 was incurred with a State revenue of under £13,000,000. The revenue for 1931-32 was £12,994,000, whereas that for 1938-39 was £19,330,000. To be quite fair, however, we should deduct from that figure the amount derived by way of State development tax and paid into consolidated revenue. If we do that we still leave the Government with a net revenue of £18,000,000. In that seven-year period there has been an increase in the revenue of the State of £5,000,000. It is not fair, therefore, to compare the figures for 1931-32 with those for 1938-39. If the Government could not finance their Budget with that huge amount of money, it is a poor look-out for the State.

We had a revenue of under £13,000,000, and a deficit of £2,000,000 in 1932, but there has been a gradual improvement in the finances of the State until to-day, after buoyant revenues for many years, prosperous seasons, and good prices all round, the Government have been able to collect in

revenue an amount of money that enables them to put our finances on a fairly even keel. We are all pleased to know that, and we are pleased to see, too, that there is no threat of further taxation in the Budget. In fact, the main feature of the Budget is that no further taxation is to be applied this year. Of course, the year is not yet finished.

I should like to point out, also, that in his paean of praise for himself the Treasurer goes to great pains to show the monetary value of concessions by way of remission of Crown revenue and charges over the seven-year period. He states that they amount to £3,223,640 for the seven years, but it must be remembered that a great number of those remissions might be discounted very severely. For instance, the policy of granting rebates of freight on starving stock is put into effect by every Government. As a matter of fact, if rebates are not given on goods the railways lose business. I believe, therefore, that we need pay very little attention to the rebates that are given by the Railway Department in particular, because during their tenure of office the Government have increased railway freights and fares by an amount far in excess of the reputed savings.

The Budget refers to the fact that there was a reduction in the prices of log timber amounting to £244,080 in seven years. The Government contend that this is tantamount to a remission of taxation to the community, when, in actual fact, the people who benefited by those reductions were residents of the Southern States who are able to buy their timber much cheaper than Queenslanders can. No rebate on log timber applied to the sawn product sold in Queensland, but only to what was exported beyond our borders. Of course, we had to reduce our royalties in order to get the business. I am not in any way complaining about that policy, but I do say that that saving was not reaped by the Queensland taxpayer, except in a small indirect way by the probable employment of more men in the industry. The saving on that royalty went into the pockets of the Southern consumers and not the pockets of the Queensland consumers. It shows how idle it is to try to deceive the Committee by hoping to prove that the taxpayers of Queensland received the sum of £244,000 from the reduction in the price of log timber when the reduction went into the pockets of Southern buyers.

**Mr. Keogh:** Did not the industry benefit enormously?

**Mr. RUSSELL:** I said that the industry benefited in a small way because of greater employment, but it did not benefit to that extent, because the reduction of log royalties went into the pockets of Southern buyers who bought timber f.o.b. Brisbane, and not into the pockets of the purchasers of timber in Brisbane.

**The Secretary for Health and Home Affairs:** That is a good case for abolishing the rebate.

**Mr. RUSSELL:** I believe in that policy. We have the timber and it has to be marketed.

There is no chance of selling timber to the Southern States while the royalties apply in the face of overseas competition. I think the policy of reducing the royalties was instituted by the Moore Government and it was continued by the present Government. I agree with that policy and I advocated it for the purpose of creating employment, but I do object to the claim that the Queensland taxpayers received that money.

**The Secretary for Health and Home Affairs:** Do you not want it to continue to operate?

**Mr. RUSSELL:** Yes, I do.

**The Secretary for Health and Home Affairs:** Then, what are you growling about?

**Mr. RUSSELL:** I am pointing out the fallacy of the claim that it represented a saving to the taxpayers of Queensland.

I think one of the blots on the Budget, Mr. O'Keefe, is the transfer of large sums of money from the unemployment relief and State development tax funds to consolidated revenue. During the past year, £521,000 was credited to consolidated revenue and it is proposed during the current year that a further sum of £321,000 shall be so credited. The Premier attempted to justify those transfers on the ground that it was the policy of the other States to do likewise and he pointed out that in Queensland the transfers were less in proportion to the total revenue than in the other States. What they do in the other States has no bearing on the situation here. The fact remains that during one year over £500,000 was transferred to bolster up consolidated revenue in order to create a surplus, whereas such money should have been expended for the purpose for which it was raised. I know the Government have power under the Act to make this transfer, but there are still a great many people out of work and that money should be expended for their relief and not the relief of the Consolidated Revenue Fund. We all must know—we do not shut our eyes when we go about the city—that unemployment is still rife and there is a good deal of poverty and misery in our midst. Figures are put before us to show that unemployment has decreased considerably, but unemployment still exists and it is particularly noticeable among young people. If that money had been expended for their relief it would have mitigated their position to a large extent.

**Mr. Jones:** We did not lend it to the other States.

**Mr. RUSSELL:** The Labour Government before did.

**Mr. Jones:** Your Government lent money.

**Mr. RUSSELL:** And the McCormack Government did the same thing. Round Brisbane one must be struck with the misery and the pitiable conditions under which some of the people live. The Secretary for Health and Home Affairs must know that in many of our suburbs hovels exist to-day that are

unfit for habitation. In the outside suburbs we can see men living under the most wretched conditions and it is a blot upon the city of Brisbane that people should live in that way. It shows that although the evil of unemployment has been mitigated to a certain extent, it still is very large. After all, this is a question to which we should apply ourselves. Whether we balance the Budget or not, our first duty is to see that the people have decent living conditions. I say emphatically that the housing conditions of Brisbane are deplorable in the extreme in many instances, and that the Government have shirked the issue. I advocated in this Chamber—and this is a New South Wales scheme—that unemployed men who were unfit to do heavy physical labour and get odd jobs and perhaps rations from the Government should be encouraged to build decent habitations in which they could live fairly comfortably. That has been done in Sydney. One may see in many suburbs in Sydney places where these unemployed people have put up houses themselves and where they live under much better conditions than many of their fellows in Brisbane. That is a question to which the Government should address themselves. These homes could be built for a very moderate sum of money. In many instances in New South Wales the Government have lent money to the dwellers or have provided timber and other material to enable them to build their own homes, and many of these people have been able to bring up their families fairly decently, and so to do better than they would otherwise. We know very well that the great bugbear of the people to-day is rent. How some of the people live on the dole they receive from the Government and pay rent to a landlord I do not know. Their lot is pitiable in the extreme. This is a question to which the Government should address themselves immediately instead of raiding these funds, as they do, to create a faked surplus, for money that should be applied to the relief of those conditions. It is all very fine to say we have the highest wages and the shortest hours of any of the States when so many people are living in such misery. That is a reflection on our boasted progress. Evidently, it is the policy of the Government to benefit the few, and say that these poor wretches can go hang. Something should be done to relieve their critical condition.

The Treasurer made some reference in his Budget to youth employment.

**Mr. Walsh:** Quote the New South Wales Budget on that.

**Mr. RUSSELL:** We have heard quite a lot about the New South Wales Budget to-day, but as the Leader of the Opposition has pointed out, the New South Wales Government put the pruning knife too much into their expenditure. They were too optimistic and of course they have to pay the piper. I dare say that the people of New South Wales will get out of their trouble and we need not worry very much about them. Our problem is to look after ourselves.

The object of the Commonwealth-States scheme was to teach trades to youths who had

missed their opportunity during the depression. The scheme has been carried into effect in other States, but not one youth has learned a trade under it in Queensland. We know that the most dangerous age is when a child leaves school and before he gets employment. The policy should be to encourage lads to learn a trade immediately they leave school.

**Mr. Riordan:** The Moore Government did not do that.

**Mr. RUSSELL:** That is nonsense. Hon. members opposite maintain that they have placed so many boys in employment through the Juvenile Employment Bureau, whereas the employers themselves have found the positions for the boys without the aid of the Government or the bureau. That, again, is a fallacious claim.

The statement in the Financial Statement—

“It is important that we should not repeat the mistake of allowing another generation of youths to grow up unskilled.”

is pharisaical in the extreme. The total expenditure in 1937-38 and 1938-39 on the scheme was £50,041, of which the Commonwealth Government contributed £50,000. That again shows how fallacious the claim is that the present Government are devoting themselves to the employment of youth in this country. They have shirked this question ever since they have been in office. Youths have no votes and no influence, and the policy of the Government seems to be favours for the few at the expense of the many.

**The Secretary for Health and Home Affairs:** More youths have been apprenticed in the Railway Department than ever before.

**Mr. RUSSELL:** That is because the railways had previously been overstaffed and have always been the happy hunting ground for the recipients of favours from the Government.

The Premier said that there was no threat in the Budget of any increase in taxation, but one thing is certain, that throughout the Budget there is no promise of any relief from the present company taxation which is retarding the establishment and expansion of secondary industries, and generally preventing the establishment of new enterprises. The Premier this morning reiterated his belief in the present form of company taxation. He gave several examples of companies earning 6 per cent. profit. He said that the rate of income tax on such a company in Queensland was 2s. 1½d., whereas under the amended income tax laws of New South Wales it would be 2s. 6d. Further, he said that companies earning from 6 to 7 per cent. profit would pay at the rate of 2s. 4½d. in Queensland and 2s. 6d. in New South Wales, and a company earning 7 to 8 per cent., 2s. 8½d. in Queensland and 2s. 6d. in New South Wales. The position is that in New South Wales there is a flat rate of income tax on companies of 2s. 6d. in the £1, whereas in Queensland there is no flat rate, the tax rising gradually from 2s. 1½d. in the £1 to

6s. 3½d. This tax is based on the assumption that companies earning a high rate of profit to capital should be taxed on a higher scale than those earning smaller profits to capital. That seems to be an alluring proposition.

The Premier challenged any hon. member to give an adequate reason why the rate adopted by Queensland should be abolished and the flat rate existing in New South Wales instituted. I have always been an advocate of the flat rate of taxation on companies, preferring that the instrument producing the income, that is, the company, should be taxed on a flat rate and that individuals in receipt of the dividends should be taxed according to the size of their incomes. That is, if a man earns £10,000, whether from dividends or any other calling, he should pay a higher rate of tax than the man who earns only £500 per annum. I will state briefly my main reason for objecting to a continuance of the present tax. I have said before—I feel so strongly about it that it is just as well I should reiterate my reasons—that I believe in a flat rate of company taxation in preference to a graduated rate of company tax. I may be accused of being obsessed. If I am obsessed it is in a just cause, because I feel that while there is a continuance of this oppressive taxation there is little or no chance that trading companies or manufacturing companies will establish themselves here, and thereby afford opportunities for young men to be engaged in trades and callings of various kinds. The result of the present system of taxation is a retardation of industrial enterprise. We all agree with the first canon of taxation, that it should be placed on the shoulders of those best able to bear it. That is to say, persons in receipt of big incomes should pay a higher rate of tax than those on smaller incomes. The following comment was made by the Taxation Inquiry Commission:—

“The burden of an extremely high rate of income tax on incomes of companies may fall on shareholders of very limited taxable capacity, and on the other hand, shareholders of considerable taxable capacity may escape with a much lighter imposition.

“The tendency of the system is to distinguish in favour of the older and well established companies and to the detriment of smaller and newer companies which necessarily have only a smaller amount of ‘capital’ as admitted by the Act.”

The operation of this taxation is certainly preventing the establishment of new companies. It is especially harsh on people starting a business. For example, a few men decide to pool their capital and start a trading company. At the end of the year, if they make 10 per cent.—which would not be too much on their small capital—the Commissioner of Taxes takes from them 3s. 3½d. in the £1 on their profits, which leaves very little to put to reserves and with which to enlarge their business. A company that earns between 11 per cent. and 12 per cent, has to pay 3s. 10½d. in Queensland against 2s. 6d. in New South Wales, 2s. 3d. in South

Australia, and a flat rate of 2s. in the Commonwealth. This law acts very harshly on the new companies. Men are not encouraged to create new enterprises here by pooling their capital, because they are charged an exorbitant rate of income tax on their small profits.

I made a plea previously for the modification of this system; but the Budget was silent on the point. The Premier appointed a commission to investigate the question, but so far its report has not been lodged. Already the case has been prejudged by the Premier, who declared this morning that he is against any modification of the present system of taxing companies; so the commission might as well dissolve and its members go about their business, seeing that it is the irrevocable view of the Premier and his Government that this iniquitous system of company taxation shall continue in this State. Every other State in the Commonwealth and the Commonwealth itself imposes a flat rate of taxation on companies, thereby encouraging the companies to make all the profit they can; but the shareholders who get the big dividends pay a higher rate of taxation on their incomes than the small shareholders. Is that not a fair thing? Is that not placing the burden of taxation on the shoulders best able to bear it? Under the present system of company taxation in this State the rich shareholder gets away with a low rate of tax and the poor shareholder pays a very high rate of tax.

I refer the Premier to the taxation commission that sat in Melbourne some years ago. It roundly condemned the Queensland system as being unjust and inequitable; its only merit was that it allowed the goose to be plucked with as little squealing as possible.

I shall not traverse the ground dealt with by the Leader of the Opposition. The reason the Budget has not been condemned very much outside this Chamber is chiefly that there is no increase in taxation. I think people are sick and tired of party controversies, and they think—as I think—that we should get rid of all these inconsequential matters and get down to the real problems that confront the country.

I should like now to touch lightly on the reference by the Treasurer to the interest, sinking-fund, and exchange items and his justification of the failure of the Government to deal with trust funds in a proper manner and his defence of the transfer of these moneys to consolidated revenue. In order to deceive the people as to the real situation, he has introduced a comparison as between 1931-32, and 1938-39. The increase in these three items from £6,415,734 to £6,621,765 in that period has been very trifling, but the Government have been very lucky inasmuch as this has been the result of the conversion of loans at a lower rate of interest, consequent on the Premiers' Plan. The costs are little more than they were in 1931-32 although, as has been pointed out by the Leader of the Opposition, loan money to the extent of £25,000,000 has been spent in the interim.

As to the complaint that the payment for interest, sinking fund, and exchange is a heavy impost on revenue, the Labour Party itself is mainly responsible for the size of the public debt. Although the Treasurer is quite right when he states that this expenditure is uncontrollable, I point out that borrowing is controllable. The Labour Party in office decided to exercise no control over borrowing and consequently this State must pay the piper. There is no use our squealing about it—we shall have to pay it—but the sin, a sin of commission, is the Government's.

This morning the Premier made the remark that the progress of Queensland had been caused by a re-orientation of policy, referring to the famous phrase to which he induced the Prime Minister and the Premiers of Australia to change their policy in—i.e., the provision of work and wages for those who had neither. The loan policy followed to-day by this Government was instituted in 1932 when the hon. member for Aubigny was Premier, and before the accession to office of the Forgan Smith Government. It is very well known that owing to the delinquencies of the Scullin Government confidence in Australia was lost and the loan market was closed to us. On the defeat of the Scullin Government and the accession to office of the Lyons Government confidence was restored and the first public loan was floated after the decision in favour of the Premiers' Plan of 1932, of which Queensland received £620,000. That sum was applied mainly to the rehabilitation of rural industry but used in many other directions. The claim that Labour agitation was responsible for the policy that has been followed since then is not correct.

**A Government Member:** It is.

**Mr. RUSSELL:** What the Labour Government have done has been to follow the practice put into effect prior to their accession to office.

I have tried to keep from aspersions and asperities, because I am quite conversant with the difficulties of government at present. No-one knows what the future may hold. The Budget has been framed to provide for certain expenditure and prognosticating certain revenues. However, the position may change, and it behoves the Government to exercise the greatest scrutiny over the expenditure of funds to ensure that strict economy is exercised in all departments. Whilst we are pleased that Queensland is in a fairly good financial position to-day we must not lose sight of the fact that circumstances may alter very soon. Therefore, it behoves the Government to exercise very great economy in all departments.

I am not one of those who believe that there is no to-morrow. I am an Australian; I have great faith in my country, and I think that Australia will emerge from this crisis stronger than ever. I do think, too, that she will afford a home for thousands of our own kith and kin who may desire to emigrate from the centre of turmoil in the old world.

**Mr. BRASSINGTON** (Fortitude Valley) (3.21 p.m.): At the outset, I should like to congratulate the Treasurer upon the excellent Financial Statement that he has presented to Parliament. It is admirably put together, and contains useful information for the guidance of hon. members.

This morning we listened to the Leader of the Opposition endeavouring to make out a case against this Budget. After listening to his arguments, however, one feels inclined to offer him sympathy in his most difficult position. In fact, one might observe that never before has the hon. gentleman grappled with a task as difficult as the one with which he had to grapple this morning. So far as I could see, he did not effectively sustain his attack upon the Government's administration of the finances of this State for the past 12 months.

After considering the various phases of the Financial Statement, one is forced to indulge in retrospect for a moment or two. One remembers that for almost a quarter of a century—with the exception only of the period between 1929 and 1931—the Labour Party have been in power in this State. In all fairness, one could not claim that during that period the political fates have been kind to Labour Administrations. In fact, the Labour Party first came into power during a war period. Who among hon. members opposite will deny that during that period the problems confronting the then Labour Administration were many and complex? Then, one should be fair enough to admit that the conditions obtaining in post-war years were extremely difficult. In fact, as one goes through the years one finds that Labour has had no easy task in governing this State. During the years immediately prior to the great depression the problems besetting the Government were many and varied, but they were tackled by the then Labour Administration with a vast amount of courage and enthusiasm.

Of the period during which the present Government have been in office it can be said with safety that their problems have been many, varied, and very complex. I think every hon. member who is not biased will agree with me that this Government have faced those problems with courage, foresight, and energy, and dealt with them in a manner that has been both satisfactory and beneficial to the interests of the people of this State.

All I desire to say in reviewing these last 24 years is that had the political fates been really kind to Labour we must concede that there is no telling to what great heights its administration might have risen, especially when we consider what it has achieved under adverse conditions. I feel that the Budget is entirely satisfactory. It shows sound financial control, and proves that the Government have in mind the welfare of the people of Queensland and have administered the affairs of the State accordingly.

A phrase is used by the Treasurer that I think is worthy of the consideration of every hon. member. It is contained in the passage in which he refers to the change over from

“a peace-time economy to a war-time economy.” That, in itself, is a remarkable phrase, and it signifies, not only for the people of this State but the whole Commonwealth, a very great change indeed.

I desire to offer my opinion on what I think should be some phases of war-time economy in the Commonwealth of Australia. In doing so, I have no option but to say that the responsibility of developing a satisfactory war economy is the task of the national Government now in power, led by the Prime Minister, Mr. Menzies. The task is a great one, and will test the present Nationalist Administration. It is one that will receive the consideration of all people of the Commonwealth.

No war-time economy can be satisfactory unless it makes such provisions as I shall enumerate. The first thing needed, of course, is provision for the effective defence of Australia. The second, also highly essential, is the continuance of a vigorous programme for the development of our country, the maintenance of present conditions for our people and the creation of employment for the workers. Any war-time economy that falls short of those requirements must, in the end, fail the people of the Commonwealth of Australia. Accordingly, I feel it is our duty to point out those matters to the national Government now in power.

In discussing the question of the effective defence of this country, I do not desire to indulge in much criticism or to refer to a particular situation, but I feel I have a certain responsibility to those people who elected me to represent them in this Parliament, and I wish to ask certain important questions of the Commonwealth Government. Despite what the hon. member for Hamilton said to-day, where is the evidence that provision is being made for the effective defence of Queensland? Has the national Government, after their expenditure of millions of pounds in recent years, provided a satisfactory system of defence for this State? A certain amount of work has been done in this State. I refer particularly to the excellent work carried out by the Department of Health and Home Affairs in air raid precautions. I understand that instruction is being given to the people, and pamphlets are being issued. Every endeavour is being made to meet the requirements of that phase of our defence programme, but where are the more vital measures needed to give suitable defence, even for our own city of Brisbane? What is the use of educating the people, and telling them what to do in the event of an air raid, if we have not the means to repel an air raid if it should take place? Is there such a thing in existence in Brisbane as an anti-aircraft gun? Is there any evidence of a plentiful supply of gas masks for the population of Brisbane, or, for that matter, the population of Queensland?

These things are essential, and the man in the street who reads about defence and hears talk about the amount spent on defence is asking: where is there evidence of defence measures for the protection of the people

of Queensland, where are there any anti-aircraft guns or gas masks to protect the people in the most vulnerable part of Australia—North Queensland? All these matters are linked with a defence policy, and we are entitled to some information about them. So far as I can see—and I believe I echo the opinion of the majority of the people in this State—there is very little evidence of a satisfactory system of defence to repel an attack that may be made upon this State, or on any other part of Australia. I have not raised the matter with a view to indulging in carping criticism, but with the object of getting information on these vital matters so that the people may be assured that measures are being taken for their protection.

We are told by the Prime Minister that we must prosecute the present war with the utmost vigour, and we are also told that the national Government will spare no effort or enthusiasm to bring the struggle to a successful conclusion. I express the view that a vigorous policy of development is an essential part of our defence activities. There is much to be said in favour of a sound policy of continuous development in this State; it is just as important in the defence of this country as arms or any other military equipment. Unless we are prepared to develop this country and our industries we shall have no basis upon which to carry the war to a successful conclusion and to found our future development. If we can carry on the war and at the same time properly develop the State and our industries we shall, after its conclusion, be in a position to give the people the full fruits of victory, and so we should at all costs maintain a vigorous policy of development as a vital part of the defence of this country.

The Premier made a very important point to-day when he said that a policy of development should be continued without interruption, and that any attempt at the economic conscription of our people should be resisted, as far as possible, in their interests. I thoroughly agree with those views. I am satisfied that we can defend this country by an appeal to our people, but let the Governments see that the people are properly treated and that a vigorous policy of development is maintained in their interests. I believe that every Queenslander, and indeed every Australian, will be enthusiastic and faithful to this country, and will do his best to cooperate with the Government in taking satisfactory measures for the defence of Australia.

**The Premier:** Hear, hear!

**Mr. BRASSINGTON:** A very important question in this matter is the probability of the imposition of economic conscription on this country. I say that because it is obvious that if this policy of development is not carried on, and if the trend for men to become unemployed continues, thus increasing the army of unemployed, economic pressure will force them to seek an outlet. I shall give an illustration shortly showing the economic force that will compel many of our people to join the army. That is not desirable.

This pressure is already in operation so far as many of our young men are concerned. An article published in "The Sunday Mail" of 1 October, 1939, records the views of one man who had joined the army. He said he had recently been on road work in Central Queensland and trapped to Brisbane carrying "matilda," and that his search for good food was the reason for his joining up with the military forces. I am not going to argue on that point beyond saying that if this man was a victim of the lack of finance to carry out a developmental policy and so was forced to join the army can we not argue soundly, that if the local allotments for the State are curtailed to any extent and public works and developmental works are thereby restricted, we shall have many such instances? Men will be forced to join the military forces instead of being kept in employment under a policy of development and being allowed to join the forces of their own free will. A strong case could be made out in favour of the State Government's receiving financial support and loan accommodation to carry on the progressive policy that has been carried on in recent years. If that progressive policy is carried on, you will have the example of these men, in thousands, getting a fair deal under the laws of our land, who under the pressure of a sense of responsibility of citizenship, will be ready to respond to the call to defend our country. Can any hon. member opposite justify, will he even apologise for the restriction of finance available to Governments that is forcing such bodies as the Brisbane City Council in this time of national crisis to curtail their work and placing many hundreds of employees on the unemployment market? Can any hon. member argue that it is right? He cannot. Our financial system and our national Government should be alive to their responsibilities and not allow such a state of affairs to come about. They should see to it that as many people as possible are kept in work and that proper development is continued.

**Mr. Nimmo:** You would not worry about the efficiency of the council?

**Mr. BRASSINGTON:** Hon. members opposite talk about the efficiency of the council. There is evidence that through lack of financial accommodation the Brisbane City Council has paid off many hundreds of men. In this time of national crisis every assistance should be given to enable a man to be an asset to his country. He should be allowed to serve his country in that respect; finance should not be restricted, with its consequential restriction of employment. The very first thing we should do in this country is to see that our own people are so organised that employment is provided for them in order that their morale can be preserved. I am confident that if that is done every Australian will respond to the call to defend the Commonwealth of Australia.

**Mr. Nimmo:** You know a good council could get the money.

**Mr. BRASSINGTON:** All I desire to say in reply to that interjection is that a gang of aldermanic financial sharpshooters, similar

to the sharpshooters sitting on the Opposition benches in this Chamber, have for years been busy discrediting the council and damaging its reputation in the same manner as hon. members opposite have been endeavouring to assail the Government. They have done the city of Brisbane and the State of Queensland an immense amount of harm. The question of patriotism arises. If they are patriotic people and if their colleagues in the Brisbane City Council are patriotic, their duty does not lie in crying stinking fish but in endeavouring in every possible way to co-operate, not only with the council but with the Government, in meeting what is evident to every citizen is a critical situation. One of the main reasons why the council is in difficulties is the intermittent sharp-shooting of the friends of hon. members opposite. These gentlemen have at all times endeavoured to besmirch the council and ruin its reputation in the financial markets.

**The Premier:** Certain persons wrote to the Loan Council with a view to embarrassing me, but failed.

**Mr. BRASSINGTON:** After hearing that statement from the Premier, I am amazed at the temerity of hon. members opposite and their friends in the council who claim to be patriotic. In this difficult period it is important that nothing should be said or done that might injure the financial reputation of any borrowing body, whether it is the council or the Government, and anyone who does so should suffer the condemnation of the people of Queensland.

There is very good reason why the Federal Government, in addition to prosecuting defence matters, should be alive to their responsibility for the development of Australia. The position in New South Wales is very interesting from many points of view. Hon. members opposite have always referred to the Government of New South Wales and urged this Government to adopt a similar policy to theirs. The Leader of the Opposition never makes a speech on financial matters in this Chamber without making eulogistic reference to New South Wales. I, too, intend to go to New South Wales for evidence in support of my case. I call as a witness one who has been prominent in the New South Wales Parliament, a man who supported Mr. Stevens for many years, but who at last felt compelled to express dissatisfaction with the system of finance pursued by the Stevens Government. I refer to Mr. Spooner. I call him to support my case that development should go on and that the Commonwealth Government must be alive to their responsibility and must see that financial accommodation is made available for the States. Referring to the financial position in New South Wales and the need for financial accommodation, Mr. Spooner said—

"Surely we can convince the Federal Government that the interregnum should be bridged rather than that taxation should become unbearable."

That is rather a remarkable statement to come from a man of the same political colour

as hon. members opposite, who are continually complaining of the financial administration of this Government. Here we have the statement of a man who after holding office for many years in the Cabinet at last, recognising the acuteness of the financial position and the needs of the people, said that the Federal Government should realise the position, and make finance available to tide the State over its difficulties.

The statement goes on to say—

“In the meantime, he concluded, we require temporary finance and also a policy of financial reorganisation.”

I quote Mr. Spooner as an authority merely to show that amongst the people there is a rightful demand for financial accommodation for the States to enable developmental work to proceed properly and unemployment to be kept to a minimum. Queensland offers a very attractive field for development, but there must be no interruption in the supply of the necessary funds.

Before dealing with one or two important matters that call for discussion, may I dwell for a brief period on matters of density and sparsity of population, and the obligation that rests upon us to develop our territory, which could be made the best under the sun. Other countries are not so fortunately situated as ours, and anyone who makes study of density of population and size has a rude awakening. The figures force upon us a realisation of the necessity, as a nation, to develop our country as speedily as possible to enable it to carry the highest population of which it is capable, and thus give us the right to hold it on behalf of the people of Australia. The figures for some other countries are illuminating—

		Arable Land, square kilometers.	Population per square kilometer.
		Million.	
Japan	.. ..	60.2	933
Italy	.. ..	132.2	307
Germany	.. ..	204.8	305

Many Australians wonder what the clamour for adequate defence is all about, overlooking the fact that in Australia 1 square mile of country carries little more than one person, whereas in Japan there are 993 people to 1 square mile of country. Realising the inference to be drawn from these figures, we perceive that there is no case against the request that development be pushed along as quickly and in as great volume as possible.

**Mr. Nimmo:** Do you want immigration?

**Mr. BRASSINGTON:** From the interjection of the hon. member, I conclude that his mind is on such a level that he cannot follow a simple argument. I think I have made out a good case why development must proceed in Australia, and any Australian who con-

tends otherwise is in direct conflict with the interests of the people of Australia.

**Mr. Nimmo:** You have been opposed to immigration all the time.

**Mr. BRASSINGTON:** I have certainly been an opponent of migration without any consideration of the danger to the conditions of Australians, but if we can push on with development, and build up our primary and secondary industries to such an extent as I suggest, we shall be in a position to bring into this country the right type of migrant, one who will be an asset to the country and play a part in its development.

**The Premier:** The Commonwealth Government have suspended immigration.

**Mr. BRASSINGTON:** If the hon. member knows anything about the matter he should know that immigration has been suspended. I am arguing that if we can develop this country properly, if we can go on with our policy of development, there is nothing wrong with populating the country on a sound and progressive basis. Our industries will give employment to artisans and other useful migrants from overseas; but there is not and never can be any argument in favour of migration of the type in which the hon. member for Oxley believes—the wholesale bringing in of people from other countries and the dumping of them here without any provision for their welfare, upkeep, or future.

There is not the slightest doubt that the possibilities for greater development in this State are attractive. One does not need to have a great command of words to show what can be done if this Government are given enough finance to continue with this important national work. Can hon. members opposite visualise what it will mean to this State if we can proceed with the construction of an inland road, which, I understand, will start at Goondiwindi and finish at Charters Towers? If the Government can get the financial accommodation that is necessary this great undertaking—and it is great because it is national in character—can be carried out with expedition. It will mean the opening up of much valuable territory, it will be a great benefit to primary producers in the districts through which it passes, it will give work to many of our unemployed, and it will be an arterial road of great importance in the defence of the State. For the life of me I cannot understand why in years gone by our defence authorities have not recognised the necessity for a road similar to this for defence purposes. It would seem that their opinion and outlook at all times have been restricted to the building of defence units in our coast cities and elsewhere along the seaboard. It is obvious that a road running through the interior of the State would be of great service to Queensland in defence. It would be almost immune from aerial attack. I am pleased to think that it was a Labour Government who had the vision, enthusiasm, and energy to propose this work and put it into operation.

There are other things that hon. members could discuss, things that they should realise would be important assets to the State if

we had enough financial accommodation to undertake them. You, Mr. O'Keefe, were chairman of a Royal Commission on Public Works that was appointed by the Government to investigate the linking of certain railways in the west of the State. In the course of that commission's excellent report—it is an excellent report, and the members of the commission are deserving of congratulation for the research and effort they put into its preparation—an unanswerable case is stated for this work. That report shows that the construction of a railway between Charleville and Blackall would have an important bearing upon the defence of this State. The report shows that from the point of view of a national undertaking the construction of that line would mean an immense saving to Queensland. Starving stock could be shifted to other areas during dry periods and that would offset the ravages of drought.

With your permission, Mr. O'Keefe, I wish to make some observations and quotations from your excellent report. You listened to a representative of the Charleville Chamber of Commerce making out a case why that link should be made. The figures he gave were very impressive, and hon. members should give them consideration. He said that in 1935 between 3,500,000 and 4,000,000 sheep were lost through drought.

“This represents in wages, road cartage of wool, and railway railage 1s. 2½d. per head of sheep. This loss is not only for one year, but will continue for a period of three years—or possibly more, depending upon how long drought conditions continue—until stock numbers are brought back, by breeding or purchase, to normal figures. It also represents a capital loss of £2,000,000 on the present price of wool.”

The commission estimated the cost of constructing that railway, but there is evidence to show that more than the cost of the construction of that link has been lost in one year through the ravages of drought in the wool industry. Could any better case be made out to show the necessity for this Government's receiving financial accommodation to carry out a project such as that, so essential in the interests of the people and the State?

Further on in the report we find that for the period from 1925 to 1936, in the south-western district of the State, the total losses of sheep through drought amounted to 5,636,000. Realising what that means to our national wealth, does it not impress on us the need for doing a work that is so necessary as this in the interests of the people? We should see to it that financial accommodation is available.

Here is another illustration of what this national work would mean. It is said in the report that, assuming a shearer sheared 120 sheep a day, the average annual loss of 619,091 sheep would represent to the shearers a loss of 5,159 days a year for 12 years. That is an enormous loss of employment. At the average rate of 37s. a 100 sheep, the shearers' earnings have been reduced by £11,453 annually. That means that approxi-

mately £11,500 less money is in circulation in those western areas to-day than could have been there if a project such as this had been put into operation in years gone by.

While we regret that position, we should affirm here to-day the necessity of seeing that it does not recur. Your report, Mr. O'Keefe, recommends the construction of that railway link. You make out a good case for it. We, in this Parliament, should make out a case to see that financial accommodation is available for that necessary work.

There are other schemes, too. One that has excited the interest of hon. members is the project put forward by that eminent Queensland engineer, Dr. Bradfield, who has evolved a scheme whereby he would take the waters of our Northern coast rivers to the South-West through a pipe line, and there use them for the development of that part of the State.

The scheme is that the water should be diverted to the dry areas of Western Queensland. As a layman, I do not propose to discuss the soundness of the scheme, beyond saying that an immense benefit would be conferred on the State if we could harness these waters, which go to waste year after year. The scheme is not beyond the realms of possibility. I am reminded of the problem that arose in providing water for Kalgoorlie in Western Australia. Gold-mining operations in that town had almost reached a standstill because of the lack of a proper water supply, and the people and most persons in authority in those far-off days said that it could not be made available, but an Irish engineer named O'Connor went thoroughly into the matter, and decided that it could be done. He was given an opportunity to carry out his scheme, and to-day there is a reservoir west of Perth, with a pipe line to the Kalgoorlie goldfields, a distance of 300 miles, with irrigation areas along the route. If a scheme like that could be made a success, thereby enabling gold-mining to be carried on there uninterruptedly for more than 30 years, water-supply schemes can be carried out in this State. I raise the matter merely to show that what can be done in one State or in one country may be done in another, and Dr. Bradfield's scheme for the diversion of water to the dry areas of the State may be a feasible one.

I reiterate that the Government must not be discouraged in their endeavours to have a vigorous programme of development recognised as an essential part of our defence policy. So I say that the people must support the Government in their request to the Loan Council and the Commonwealth authorities for sufficient financial accommodation to enable the Government to carry on this important national work.

At 4.3 p.m.,

Mr. KING (Maree), one of the panel of Temporary Chairmen, relieved the Chairman in the chair.

**Mr. BRASSINGTON:** There are at least one or two very interesting points to be

considered in connection with the excellent Budget delivered by the Treasurer. He pointed out that the public debt at 30 June, 1939, amounted to about £127,500,000. Despite what the Leader of the Opposition has said, it is gratifying to know that the public debt has been kept down to a minimum. That has been due to the sound administration of this Government, to the proper provision for sinking-fund payments, and to the ability of local authorities to meet their obligations. In addition, much useful development work has been carried out. The Treasurer also said that he desired particularly to draw the attention of hon. members to the fact that 34.28 per cent. of the total revenue of the State was used for the purpose of meeting interest and sinking-fund payments and exchange; or, to put the matter more clearly, of every £3 collected in revenue, £1 had to be set aside to meet these charges. Is there any hon. member who will argue that that is not a heavy burden, and that it may not become greater as the years go on?

Will any hon. member argue that the time may not come when deep consideration will have to be given to financial reform? It is an immense subject. The last war cost this country many millions of pounds. No hon. member will be rash enough to make a prophecy as to when posterity will finish paying for it. Here we are again with another world disaster upon us. We are told this morning that if this war continues for three years it will cost the Commonwealth of Australia £450,000,000. That is an enormous figure. According to this statement it is now costing £1 a minute for defence in Australia. The greater part of this money will have to be raised by loan, on which interest will be paid. That interest will have to be kept down to a low level. Every person in the community will have to make sacrifices. Those who have money to lend will have to make theirs by keeping interest rates down to the lowest possible level. If a more equitable financial scheme is not devised in this country, the time will come when we shall have to pledge not only our own personal assets, but those of our children and our children's children. The time must inevitably come when the burden of interest, together with its associations, will become so intolerable that the financial system will break down. I am not uttering a warning that is either unreasonable or unfair. It is patent to every thinking person that we are entering critical times, and that if we cannot devise a more satisfactory financial system our difficulties—including, perhaps, the recurrence of depression—will become so accentuated that financial organisation must receive consideration. The key to the whole question is money, its function, and the part it plays in modern society. Many in our midst believe that money is wealth. That is at variance with the facts. It is the labour of the people that produces the goods that creates the wealth. The monetary system gives recognition to that fact and pays tribute to that principle. Many of our financial difficulties facing us to-day will have to be grappled with in the near

future. Money itself should be a measure of value—and a medium of exchange.

**Mr. Moore** interjected.

**Mr. BRASSINGTON:** It would be inconvenient to be without money. If the whole system collapsed it would merely be because of the need for reform, for the want of a better system.

**Mr. Moore:** The reformers make money for themselves.

**Mr. BRASSINGTON:** Money, instead of performing its function, has, like other commodities, such as flour, tea, or sugar, been cornered and sold at a price. Therein lies most of our difficulties. Are we going to allow a small privileged group to corner the money market as has been done in years gone by, and to sell back to the people at an interest charge that which should be the people's asset? If so, we cannot grumble if we find ourselves in financial difficulties, and if those difficulties grow as time passes. I believe that the time will come and must come when we shall have to give consideration to financial reform. For the present, let me say that as we go on to finance this struggle that we are engaged in loans will have to be contracted for at the lowest possible rate of interest; that will lighten the burden and ease the position in the future.

I hope that the Federal Government, when making arrangements for financing the war, will place the responsibility of finding the money upon the shoulders of those best able to bear the burden. It cannot be reasonably argued that that is not a fair request; nor can it be reasonably stated that it is unpatriotic. In that respect I refer to the system of taxation in operation in this country, which may be termed commodity taxation; the system of taxing the necessaries of life. By reason of the flour tax, the sales tax, and Customs and excise duties, the man in receipt of relief rations pays as much in commodity taxation as the man on a high salary, or the company director. That basis of taxation is not equitable. Instead of endeavouring to rectify that anomaly, we find that Mr. Menzies, according to his recent Budget speech, proposes to pile on the agony. Surely the man on a low income—the man in receipt of relief work or rations and the man on the basic wage—is entitled to consideration? Is it not evident that justice demands that some effort should be made to lighten the burden he is struggling under?

Hon. members opposite may say: "Are you against assisting the wheat industry?" My reply is: "I am not." We quite agree with assisting industry, but we must devise some means whereby those best able to bear the cost shall give the help and the poorer sections of the community, who are finding it difficult enough to carry on, shall be afforded some relief from what is becoming an intolerable burden.

For the benefit of hon. members opposite I mention the fact that for 1938-39 the flour

tax took £1,809,000 out of the pockets of the consumers.

**Mr. Moore:** They get the advantage.

**Mr. BRASSINGTON:** I repeat that I am not against assisting industry but I maintain that the burden of providing this assistance should be placed on the shoulders of those best able to bear it. Is it not logical that a man on an income of £15 a week should pay more for the support of the wheat industry than a man on the basic wage? However, that is by the way.

For the present financial year it is estimated that the flour tax will take out of the pockets of the people between £3,000,000 and £4,000,000. If we are going to finance the defence programme by that method of taxation, we shall be placing the people who are carrying a heavy burden to-day in a much more difficult position.

I shall but briefly refer to the sales tax; and I anticipate interjections from hon. members opposite in regard to it. The sales tax has been increased from 5 per cent. to 6 per cent., and, according to Mr. Menzies' statement, this will mean an increase of this revenue for the year 1939-40 to £11,300,000.

**Mr. Moore:** Theodore introduced that.

**Mr. BRASSINGTON:** I anticipated that interjection. In the light of experience and in view of the heavy burden the great mass of the people are carrying, it is plain that this system of taxation is not a reasonable one. That is the reason why the taxation system should be revised and moneys raised by this method should be placed on those who are best able to shoulder the burden.

**Mr. Nimmo** interjected.

**Mr. BRASSINGTON:** For instance, men of the type of the hon. member for Oxley, if repute carries any weight, would be better able to bear their share of the financial burden of the defence of this country than I, or you, Mr. O'Keefe. That is putting the matter bluntly.

On the figures I have quoted, it is very evident that there is a good case to be considered on behalf of those on low incomes who are paying commodity taxes on low incomes, and I raise the matter in the hope that, if by chance it should come under the notice of the Prime Minister, when framing future budgets he will give consideration to it. An endeavour should be made to lighten the burden on the less fortunate section of the community.

The points I have raised to-day are worthy of consideration. It is essential that the development of Queensland be continued and if we have to defend our country no man should be penalised because he is a good Australian. If development can be carried on and if our aspirations in that direction can be fulfilled, there will come a time when we shall be in a position to grapple with unemployment, which brings in its train poverty and want, and banish it from our midst for ever. In the interests of the

people this policy should be pursued and I hope that when the Government led by the Premier carries on the fight for continuous financial accommodation, the people of Queensland will rally behind him, irrespective of political opinion, and give him the support that is necessary to bring to a successful completion a great national project.

**Mr. DEACON (Cunningham) (4.18 p.m.):** This Budget must have been a surprise to everyone. I have noticed hon. members opposite discussing it and it must have surprised even them to learn that having spent such a large amount the Government had a little over. From my experience of past Labour Governments I think that the surplus was an accident on this occasion. It was the policy of prior Labour Governments in Queensland to have no balance.

**Mr. Power:** There was a balance of £5,000,000 when your Government took over.

**Mr. DEACON:** Not a credit balance.

**Mr. Power:** Yes.

**Mr. DEACON:** In my experience of Labour Governments there never has been one. However, as everyone knows, the season was good.

**A Government Member:** What about that £2,000,000?

**Mr. DEACON:** The hon. member can speak for himself, when his turn comes. As I have said, the season last year was good and the Government received a larger revenue than they expected, and they did not have the time to spend it before the financial year ended. No doubt, it was an accident that there was a surplus on this occasion, and we are not very likely to see the same thing happen again. The Government are taking good care to make sure that they will not be in the same position this financial year, or they will need to have better remedies than they have had in the past. Most of them seem to have remedies for our financial troubles, but they all seem to suggest that the Federal Government should continue to print money in unlimited amounts.

**Mr. Jesson:** No-one suggested that.

**Mr. DEACON:** The hon. member who has just resumed his seat certainly did suggest that. Quite a number of hon. members on the Government side say that there is no reason why the Federal Government should not be able to find an unlimited amount of money for the States. What does that mean but unlimited printing? I sincerely hope that no Federal Government, whether Labour or otherwise, will listen to such suggestions.

**Mr. Brassington:** You are getting worse.

**Mr. DEACON:** Not at all. The hon. member certainly did suggest inflation on a very large scale. He suggested that the Federal Government could have unlimited money simply by printing it.

**Mr. BRASSINGTON:** I rise to a point of order. I do not desire to be misrepresented by the hon. member, who virtually

accuses me of saying that I advocated the use of the printing press by the Federal Government. I have never used that expression. I made no reference to the printing press or even the issue of credit.

**The TEMPORARY CHAIRMAN:** Order! The hon. member must accept the denial of the hon. member for Fortitude Valley.

**Mr. DEACON:** I did not say that he did. What I said was that he suggested that the Federal Government could find an unlimited amount of money to lend to the States, that they have power to find unlimited amounts of money. Although the hon. member did not actually mention the word "printing," we all know what he meant. The Federal Government could find an unlimited amount of money in no other way. At any rate, I am glad to hear that there are some hon. members on the Government side who do not like that suggestion, and who do not agree with it.

**Mr. Power:** We certainly do not agree with your suggestion.

**Mr. DEACON:** It was not my suggestion. What do hon. members want? They objected when I pointed out what the hon. member for Fortitude Valley implied. They said they did not agree with that.

It must have been a great surprise to the Treasurer, and to all hon. members on the Government side, to find that they had a credit balance this year.

**Mr. Jesson:** What do you think of the Budget?

**Mr. DEACON:** I think that it must have been an oversight for the Government to have more money to spend and not to spend it. I am sure they will take good care not to let that happen again. Even if they do increase taxation—which I expect they will do—they certainly are not likely to have a credit balance.

Hon. members on the Government side have referred repeatedly to the necessity of establishing industries in Queensland. I agree that that would be desirable, but the Government have been deliberately carrying out a policy that undoubtedly must have the opposite effect. As an instance, let us take a manufacturing company that was established at Toowoomba.

The company manufactured one of the best and cheapest windmills, and one that is in use all over Queensland. It built up the industry there, and employed numbers of men. It was then found that windmills could be manufactured in Sydney at a cheaper price, and, after freight had been paid to Queensland, they could be sold at a lower price than that at which they could be sold if manufactured in Queensland. Taxation was so high in this State that it paid the company to shift the factory to Sydney, make the windmills there, and pay the freight to Queensland on the finished article. That is what is being done at present. That was one industry that left Queensland.

**Mr. Jesson:** What industry was that?

**Mr. DEACON:** I have just told the hon. member. He could not have been listening.

**Mr. Jesson:** I never heard it.

**Mr. DEACON:** He can read it in my speech to-morrow and find out.

**Mr. Jesson:** It might be different.

**Mr. DEACON:** I told him distinctly what it was. The hon. member sitting alongside him can tell him where it was. That was one case. Our manufacturing industries are dwindling because taxation here is higher than in the other States, and it is cheaper to manufacture the articles in the other States and pay freight to Queensland.

**Mr. Power:** That is because they work longer hours and receive less wages.

**Mr. DEACON:** It is not. They have the same hours and wages. It is taxation that is the cause.

**Mr. Power:** No, they are not the same.

**Mr. DEACON:** Yes, they are just the same. That is what is happening in Queensland, and it is not limited to primary industries. I have noticed that for a number of years the labour employed in primary industries is growing less.

**Mr. Riordan:** Tell us the reason.

**Mr. DEACON:** It is simply because it does not pay to employ men. No matter what industry it is, if a man is able to employ labour he will do so.

**Mr. Riordan:** If it pays to employ a machine he buys a machine.

**Mr. DEACON:** If it pays to employ labour he employs labour.

**Mr. Riordan:** If it pays better to employ a machine, he will have a machine.

**Mr. DEACON:** Those men do not pay by results, and as the employees will not work for what wages the industry can pay, their services have to be done without. You will find that position applies in every country town. There are fewer men working for wages living there than in past years.

**Mr. Jesson:** That is because of your dismal speeches.

**Mr. DEACON:** No, it is not. Speeches do not make any difference at all.

**Mr. Jesson:** They frighten the people off the land.

**Mr. DEACON:** It is the policy of this Government. In other States, where there are Nationalist Governments, conditions are quite different and industries are not moving away across the border. Here the people from the country districts are coming into towns simply because there is no employment for them. That is the position all over Queensland. Last year the Government employed a large number of men on road construction, and it was the only industry that offered employment in a big way, but to-day the people are heavily taxed as a result. Hon. members opposite must see that it will not

take very many years to build all the roads that the Government can build. It is only a matter of time, and it is becoming more difficult for men to get work in private employment. I have already pointed out that industries that can pay the basic wage are being moved to other States, and that there has been a steady decline in manufacturing industries here. That applies not only to one town, but throughout the State. There must be a change of policy, and the Government must encourage people to establish industries here if we are to hold our own with the other States of Australia and give our people work. There is no other way out of the difficulty. They cannot do it by continually taxing the people so as to maintain men on road construction. Not all the men care for this class of work. Those who live in the city have to go to the country and camp out and leave their families behind. They do not like it, and one has only to ask them what they think about it to learn that that is so.

**Mr. Riordan:** Do you not think that we should build roads?

**Mr. Deacon:** The roads are all right, but let the hon. member think of the men who are employed. They do not all care for this kind of work. They have been driven there, because there is nothing else for them to do. This is the principal industry in Queensland.

**Mr. Power:** At one time you objected to their remaining in the cities and towns, and argued that they should be sent to the country, but now that they are working in the country you say that they should not be there.

**Mr. DEACON:** Hon. members sitting behind the Government should be reasonable, and give every encouragement to the workers. Let me say here and now that I sympathise with the Ministers in having behind them a party composed of hon. members who take no real interest in the development of their country. I suppose that if a Minister were to submit a reasonable proposal to them they would turn it down.

**Mr. Riordan:** You are saying nasty things to-day.

**Mr. DEACON:** I am not saying nasty things; I am simply telling the truth, and it does not please the hon. member. The Government are continuing a special tax so as to create employment. We have seen how things worked out in the city of Brisbane in accordance with the policy of the Government. They have ruined the credit of the city, and they cannot borrow any more money at present.

**Mr. Jesson:** Who?

**Mr. DEACON:** The Brisbane City Council. It is not able to pay its way, and for years it has carried on by demanding heavy payments from the ratepayers. It has now reached a position where the citizens of Brisbane are so heavily taxed that it cannot raise any more money. It cannot borrow any money; nobody will trust the city any more. It cannot borrow, it cannot increase its overdraft, and it cannot increase the rates because

they have reached the maximum that can be paid. It has taken every penny that it could lay its hands on, even from the sinking fund.

The controllers of the Brisbane City Council have not managed its affairs as sensible men would. As a result the working men of Brisbane who are dependent on them are stranded. That is simply because of the policy carried out by the council, which has been similar to that carried out by the present Government. It must end in the same way. The Premier must see that if the policy of his Government drives money out of the State and taxes the people within it so heavily that they cannot save any money there must be a shortage, and if he does not see that this policy is changed the working man in the future will suffer more than he is doing at present. That being so, he can only blame the Government.

**Mr. T. L. WILLIAMS** (Port Curtis) (4.37 p.m.): The Leader of the Opposition, in making his attack on the Budget and the Government this morning, must have felt that he was in "Queer Street," particularly in view of the fact that the Brisbane Press, including the "Courier-Mail," "Telegraph," and "Truth"—he is particularly fond of giving interviews to and receiving publicity in the lastnamed journal—have in their leading articles commended the Premier and the Government on their work during the past year and the excellence of the present budgetary position of the State. Each of these journals has acclaimed the present budgetary position as something of which the State might well be proud. Conversely, the Leader of the Opposition saw things in the Budget that no financial writer, editor, or fair-minded citizen could see. The Budget has been acclaimed by the Press writers and financial critics interested in the welfare of the State. As the Premier stated, the Budget is a fair and honourable statement of the exact position of the State, and its financial standing at the present time.

The progress of the State is clearly shown in every direction. I have contended before, as I contend again, that one test of good government is the economic security and contentment of the people. The Premier dealt with that aspect also. The attack made on the Budget by the Leader of the Opposition is not in accord with statements of every great man or of leaders of parties during the present crisis. We have been told to carry on business as usual, to make our people contented by giving them employment, and to keep them in employment—a state that will tend to the equilibrium of the country and be of benefit to the people generally.

It is a deplorable thing to raise doubts in the minds of people about what a Government have done or intend to do unless there is ample justification for doing so. We are urged to maintain employment and keep people contented. The Premier pointed out that the duty of a Government is to provide work and wages for the people, particularly at a time like this. We are doing that and we intend to keep on pursuing that policy.

The Leader of the Opposition pointed out imaginary difficulties in the Budget, but, strange to say, he failed to notice that there was no increase in taxation. The whole of the States, including Western Australia, have budgeted for increases in taxation, but no mention was made of that. I think the Premier referred to the position in New South Wales, where they are £4,000,000 behind, and in order to raise either the whole or part of that amount taxation has been applied to incomes as low as £2 a week.

Despite the statements of hon. members opposite, I maintain that we are still the best State in the Commonwealth. Despite the excuses offered for New South Wales the position there was brought about by blundering government. It has been urged by hon. members opposite that the bad financial position of the Southern States, particularly New South Wales and Victoria, is due to bad weather conditions; yet they maintain that the good financial position and the buoyancy of revenue in this State are solely due to good seasons. The fact is that during the last 12 months New South Wales and Victoria experienced favourable weather conditions.

When dealing with the finances of the State the Premier pointed out they were so well controlled that 58 per cent. of the loan expenditure chargeable against work comes from the State's resources. No other State can show such a good position.

The Premier read a table to the Committee that contained some very valuable information. It indicates that there has been a reduction of 5s. a head in taxation in Queensland whereas there has been an increase of 3s. a head in Victoria and an increase of 2s. 10d. a head in New South Wales.

More evidence of the better financial position in this State is to be found in the fact that the accumulated deposits in the Commonwealth Savings Bank are higher for Queensland than for any other State. The individual savings are also higher in this State than in any other State. The bank clearances also are a record. These are records of which we have every reason to be proud.

At 4.45 p.m.,

The CHAIRMAN resumed the chair.

**Mr. T. L. WILLIAMS:** As the Premier has also pointed out, the receipts and expenditure a head of population in Victoria and New South Wales are higher than in Queensland, which has the lowest but one of all the States. Hon. members opposite will not admit that the financial position of Queensland is the soundest of the Commonwealth States. It is poor policy to attack any State in the way they have attacked Queensland.

It is not my intention to speak at any length in this debate, but I feel that we have just cause to be proud of the Budget, and I

feel that having budgeted for an extension of our policy of public works and the employment of our people in other directions considerable benefit to the State must follow.

Progress reported.

The House adjourned at 4.49 p.m.