

Queensland



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Legislative Assembly

THURSDAY, 4 OCTOBER 1945

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Mr. SPEAKER (Hon. S. J. Brassington, Fortitude Valley) took the chair at 11 a.m.

QUESTIONS.

WEIR-BRIDGE, OXLEY CREEK.

Mr. KERR (Oxley) asked the Secretary for Public Lands—

“Will he have investigations made into the potentialities inherent in the construction of a weir-traffic bridge at the mouth of Oxley Creek for (a) the dual purpose of a weir and traffic bridge; (b) irrigating thousands of acres of lands contiguous to the banks of Oxley Creek; (c) a sanctuary for indigenous and exotic fish?”

Hon. A. JONES (Charters Towers—Secretary for Public Lands) replied—

“The area of irrigable land in this suburban area is not such as would warrant the cost of construction of a weir for irrigation purposes.”

SUPPLY OF FENCING WIRE.

Mr. EDWARDS (Nanango) asked the Secretary for Agriculture and Stock—

“In view of the serious shortage of galvanized fencing wire, even boundary fences of many properties being in the condition that stock can escape, will he make representations to the Commonwealth Government as to the urgent needs of this State, particularly in regard to barbed wire, and request that every effort be made to make supplies available as quickly as possible?”

Hon. T. L. WILLIAMS (Port Curtis—Secretary for Agriculture and Stock) replied—

“I have made repeated representations to the Commonwealth authorities urging for increased production of fencing materials generally. I am advised, however, that because primarily of man-power shortage, wire products of all kinds are in short supply. Galvanized barbed wire is not being produced because the demand for plain wire, wire netting, nail wire, baling wire, welding wire, and wire rope is so great that the use of available galvanized materials for the manufacture of barbed wire would result in less overall fencing materials being made available to producers. The hon. member may be assured that every effort will be made to secure supplies of galvanized fencing wire as early as practicable.”

TROPICAL HOUSING.

Mr. NICKLIN (Murrumba—Leader of the Opposition) asked the Secretary for Public Works—

“1. Has the Tropical Housing Committee supplied designs of houses suitable for tropical and sub-tropical areas?”

“2. Have any experimental houses, in accordance with such designs, yet been built, and, if so, where?”

Hon. H. A. BRUCE (The Tableland—Secretary for Public Works) replied—

“1 and 2. A committee to deal with tropical housing was appointed, but owing to the war position it was impossible to proceed with the erection of houses. However, the committee is now proceeding with its investigations.”

SOLDIER SETTLEMENT, LOWER BURDEKIN.

Mr. AIKENS (Mundingburra) asked the Acting Premier—

“1. Is it proposed to make land available for soldier settlement in other than the Dalby, Taroom, Rockhampton, and Theodore areas? If so, in what other areas?”

“2. Have the Government considered the Lower Burdekin area in respect to the soldier land-settlement scheme? If so, what stage has such consideration reached?”

Hon. E. M. HANLON (Ithaca—Acting Premier) replied—

“1 and 2. Yes. The Government is taking all possible steps to see that only land of good quality is set aside for the purpose of settlement of discharged servicemen and that the economic prospects for the production from such land are reasonably sound. Investigations along these lines have been and are at present being pursued in all districts of the State.”

BRAN AND POLLARD FOR DAIRY CATTLE, TOWNSVILLE.

Mr. KEYATTA (Townsville) asked the Secretary for Agriculture and Stock—

“In view of the apparent misunderstanding that evidently exists in relation to the alleged reduction in the bran and pollard ration for dairymen in the Townsville district, will he indicate the nature of the satisfactory arrangements which have been made by him to meet the position?”

Hon. T. L. WILLIAMS (Port Curtis—Secretary for Agriculture and Stock) replied—

“Any misunderstanding existing in relation to an alleged reduction in the bran and pollard ration issued to dairymen supplying milk for human consumption in the Townsville district apparently is due to misinterpretation of the contents of the circular supplied to all persons to whom a permit to purchase mill offals has been forwarded. As some flour mills are undergoing machinery overhauls and reconditioning, the total production during October will be approximately one-third of normal. To assist dairymen over this period, a ration of wheat or sorghum meal is being issued. This was indicated in the above-mentioned circular, and permits are now being posted. The rations of meals allocated for the month of October to dairymen supplying milk for human consumption in Townsville and other like situated districts is 1 lb. bran and/or pollard and 1 lb. wheatmeal per gallon of milk per day. This compares very favourably with the bran and pollard ration of 1½ lb. per gallon of milk per day as issued for the month of June. The above details refer to applications received by 7 September, which is one month after the closing date. Applications received from dairy farmers supplying milk for human consumption after 7 September cannot participate in the distribution of bran and pollard because supplies of these materials had been exhausted prior to the receipt of these very late applications. However, a special allocation of wheatmeal has been made available to these

persons, and provided the full milling operations are resumed, an increased ration of bran and pollard will be available to all dairy farmers supplying milk for human consumption who have previously received a permit."

BURDEKIN RIVER BRIDGE.

Mr. PATERSON (Bowen) asked the Acting Premier—

"With further reference to his answer to my question in the House on 4 September last—

"1. Have the large-scale foundations tests commenced by the Main Roads Commission in connection with the proposed construction of a high-level bridge over the Burdekin River been completed?"

"2. Has any definite site been selected for the construction of the bridge?"

"3. What provision has been made for commencing the construction of the bridge during the financial year ending 30 June, 1946?"

Hon. E. M. HANLON (Ithaca—Acting Premier) replied—

"1. No. Tests are still in progress.

"2 and 3. I refer the hon. member to the answer furnished by me on 4 September last to a similar question which he addressed to me."

PAPER.

The following paper was laid on the table:—

Order in Council under the Banana Industry Protection Acts, 1929 to 1937 (27 September, 1945).

EXPANSION OF PRIMARY PRODUCTION.

Mr. NICKLIN (Murrumba—Leader of the Opposition) (11.10 a.m.): I move—

"That in view of the present condition of world affairs, it is imperative that improved methods be adopted in Australia to ensure greater production of raw materials and foodstuffs; that, in the post-war reconstruction period, the main consideration of Governments should be given to the requirements of the industries concerned."

In putting this motion to hon. members for their consideration, I should like to point out that it is so framed as to direct attention to three aspects of the subject—the first being the present state of the world's supplies of essential foodstuffs; the second the steps that can be taken in this country to enable it to play its part in meeting the existing world shortage of foodstuffs; and the third, but by no means the least important, the obligation of Governments, both Commonwealth and State, to help our primary and other industries to meet the world's requirements of foodstuffs.

There are two factors that we must take into consideration, the first being the needs

of other people; and the second, how we can turn those needs of other people to our own advantage. All hon. members are aware of the position in the world today in regard to essential foodstuffs. There is no need for me to stress the difficulties of other countries arising from the shortages of foodstuffs and other raw materials that can be produced in this fair land of ours. A few days ago it was reported that six weeks after the peace declaration Britain was facing a battle for food more grim now than even before V-E Day, and when we bear in mind the severity of rationing in Britain during the war we can be quite sure the position is very serious, if not desperate.

When we take into account the great contribution that the people of Britain in particular made towards the successful prosecution of the war that we have just passed through and the great hardships they suffered and the many sacrifices they made it is certainly up to us to endeavour to do what we can to alleviate their difficulties, particularly in regard to supplies of foodstuffs. None of us would have liked to endure five or six years of severe rationing such as the people of Britain had to endure and which they endured uncomplainingly, and when we have the opportunity it is our duty to do what we can to give them all the surplus foodstuffs we can produce to enable them, now that the peace has been won, to receive a far more generous ration than they have received for the last few years.

Other European countries are in as bad a position as Great Britain, or even a worse position, and it will probably be many years before normal supplies again become available to meet the needs of those countries. At present there is an abundant supply of wool and for some years the demand for most other primary products will be greater than the supply. The principal immediate demands that we can help to supply are for beef, hides and skins, tallow, pig meats, dairy products, sugar and eggs.

In connection with the serious shortage of foodstuffs I quote the remarks of Mr. W. Bankes Amery, leader of the British Food Mission in Australia recently, in an address to the annual conference of the Queensland Council of Agriculture—

"After having endured the blitz, blast, black-out, and blockade of the war years, the British householder was feeling pretty savage with the rest of the world. She thought that other countries would somehow find means to send increasing, rather than reducing, quantities of food to improve ration scales. Reductions made in the already meagre rations included: butchers' meat, 1s. 2d. to 1s. worth weekly; bacon, 4 to 3 oz.; cheese, 3 to 2 oz.; and cooking fats, 2 to 1 oz."

Mr. Amery also said that Britain could now provide sufficient shipping for all the food Australia could export. We have there a definite appeal made by the people of Britain to this country to help them in overcoming the great shortage of foodstuffs that they are

facing at the present and to build up the very meagre ration under which her householders have to exist now.

Apart from Britain, Mr. Speaker, although we all will admit that we are under greater obligation to Britain than to any Continental or any other country, we have to take into account the full world position because it has a bearing on the shortage of essential foodstuffs. Yesterday evening we find the Brisbane "Telegraph" featuring these headlines, "Desperate German Appeal as Millions Face Starvation," and in the cable message that followed it is stated by the Allied Control Council that 4½ million Germans face annihilation this winter. We then have a note by Sir Bernard Montgomery in connection with the desperate position that faces the area that is his responsibility and he stresses the very great danger that the conditions ruling in Germany may bring about an outbreak of disease, disease that may not be confined within the borders of that country but may, like the outbreak of the malignant type of influenza that followed the last war, spread from there throughout the world and cause serious loss of life.

One part of Field-Marshal Montgomery's remarks can be fittingly quoted—

"It is not part of my plan to pamper the Germans. They brought this disaster on themselves and must face the consequences. On the other hand, I am not prepared to see widespread famine and disaster sweep over Europe as it inevitably must if we allow hundreds of thousands of Germans to die."

That sets out the case clearly. We must consider those aspects of feeding the starving millions of Europe by giving as far as we possibly can to the people of Great Britain the extra food which they so richly deserve after their magnificent war effort.

That brief survey of world conditions justifies the introduction of this motion, aimed as it is towards showing what we in Australia can do to help alleviate that very serious position facing the world to-day.

Largely on account of shipping difficulties, our exports of beef declined during the war to about one-half of the normal quantity, butter to about one-third and cheese to one-sixth. Those difficulties are now almost over and it is up to us to do our utmost to ship as much as possible of our surplus production to fill the requirements of Britain and other war-ravaged countries. That is why this motion stresses the fact that due consideration should be given by Governments to the requirements of those industries on which falls the responsibility of producing the surplus food so urgently needed by other parts of the world. In filling these urgent world needs we can also help ourselves because it is very evident that the whole economic structure of this country depends very largely on the stability and production of our primary industries. By improving the production of our primary industries and exporting larger quantities of their products we are helping those industries and the economic conditions

of this country. By making an endeavour to meet this urgent world need we are also helping ourselves.

I propose quoting some figures to emphasise the importance of primary industries to this country and I take the year 1937-38 as an average normal year. Since that time, war conditions have more or less affected the production figures for Queensland and Australia.

Mr. Healy: And drought.

Mr. NICKLIN: Drought has always affected our figures, but I think all hon. members will agree that 1937-38 was a fairly normal year. In that year Queensland's primary industries produced goods to the value of £40,347,000 and the total for Australia was £214,366,000. In that same year, the manufactures produced in Queensland amounted to £18,603,000, and the total for Australia was £196,488,000. Those figures emphasise the big part played by primary industries in our national income and the important part they played in the living standards of our people. Actually, those figures do not stress the point as much as they could because the figures for manufactures include butter and cheese products, sugar-mill products and so on, whereas actually they are adjuncts of primary industries, although for statistical purposes they are classed as products of secondary industries. Whatever our political thoughts or leanings may be, we cannot fail to appreciate how much we depend on the success of our primary industries and how much export values of primary industries affect the economic conditions of this land. In peace-time almost the whole of our exports came from primary production. We depend upon that source of income to meet Australia's overseas commitments for interest, which amount to about £20,000,000 a year, exclusive of exchange.

That sum does not include about £4,000,000 per annum due to the British Government on account of the last war, the payment of which has been suspended since 1931. Our solvency, which means also our character as a nation, depends therefore entirely upon the preservation of our export trade.

I think it will be admitted that the primary industries of this country made a very great contribution to our national war effort, in spite of very severe disabilities. I think it will be admitted too that unfortunately the National Parliament itself did not realise to the full the urgent necessity for maintaining the productivity of our primary industries and so hampered them in their efforts to meet the urgent need for increased production. It did so by failing to understand their need for man-power, materials and other things necessary to enable them to keep production at the 100-per-cent. level. However, those days have gone and I think the Government who made those mistakes will, if they are fair, admit now that they did miscalculate the importance of our primary industries and needlessly heaped on them disabilities that could have been avoided without in any way impairing the war effort of the country. However, I maintain that unfortunately there

seems to be a tendency still in Government circles, particularly Commonwealth Government circles, to regard the primary industries as being not of major importance. The Commonwealth Government could now take many steps well within their power to help the primary industries to rehabilitate themselves quickly, but unfortunately they are not doing it. In regard to man-power, for instance, there is still some resistance from Government departments against the release of labour required for primary industries, which have no priority in the release of men from the armed services. That position will have to be altered immediately. I hope that the Commonwealth Government will realise their responsibilities in this connection and alter that practice and that the Acting Premier will make strong representations to the Commonwealth Government to get them to change this senseless attitude towards the man-power needs of primary industries. If the men required were doing a useful job in the armed forces there would not be the same complaint but we know that at the present time there are not hundreds but thousands of men in the armed services who are not doing anything very useful but on the contrary are wanting to be released for primary industries but cannot obtain man-power priorities for the purpose.

Notwithstanding all the difficulties primary industries had to face during the war they did a wonderful job, as will be evidenced from the figures I am about to quote. These figures show the production of Queensland agriculture for the year 1944-45 compared with that for the average of the previous five years, which were war years:—

Crop.	Unit.	1944-45.	Average Previous 5 Years.
Sugar-cane ..	Tons	'000. 4,398	'000. 4,753
Wheat	Bushels	6,457	5,130
Maize	Bushels	3,859	4,017
Sorghum (Grain) ..	Bushels	1,110	530
Cotton	Lb.	8,516	13,821
Peanuts	Lb.	22,904	15,059
Potatoes (English) ..	Tons	34	24
Tomatoes	Bushels	940	617
Bananas	Bunches	1,365	1,461
Pineapples	Dozen	1,571	2,097

We can see that notwithstanding disabilities Queensland agriculture has made a wonderful contribution to the war effort. Although most of the production in 1944-45 was below the average for the previous five years, yet in some notable instances, such as wheat, peanuts, potatoes and tomatoes, it was over the average. That does not mean, however, that primary industries received the consideration they deserved. I have quoted those figures to show what a wonderful contribution the primary producers made, in spite of the hampering restrictions imposed on them and the lack of consideration they received from Governments during that period. One could almost term that lack of consideration in some quarters hostility.

With regard to the part of my motion dealing with the use of improved methods to enable primary production to be increased

and so supply the needs of the world, I am not going to go into details of the needs of individual industries or how they can introduce improved methods. On a motion like this it is possible only to generalise. I should like to emphasise, however, that under all the circumstances primary producers have done a wonderful job in keeping abreast of the times in their methods of production. Nevertheless, we must not be content to sit down and rest on our laurels. We must continue to advance and introduce the latest methods into production with a view to increasing production and at the same time reducing costs. There is little need for improvement in some industries. In fact, there is less need for improvement in production methods in primary industries than there is in some secondary industries. However that may be, the whole question of improved methods in primary industries revolves round the question what the producer receives for his products. If he receives an ample return for his labour he will introduce improved methods, not only to increase production but to reduce cost of production. Notwithstanding the desire of primary producers to bring about greater efficiency in their industries, that does not absolve Governments from responsibility in the matter.

Mr. Foley: Would not the tendency under those conditions be to leave it to nature?

Mr. NICKLIN: No, it would not. As the Minister well knows, one of the greatest battles the primary producer carries on is the battle against nature. We must do something to help him in his battle against nature by giving him better facilities, particularly in such matters as water and fodder conservation, to enable him to win the fight against nature and the conditions nature brings about by drought and other unfavourable circumstances.

Let us look briefly at the methods that can be used to improve production. First and foremost, scientific research should be employed. Yesterday we devoted the whole of a Parliamentary day to discussing the application of scientific research to medical problems. Although that is an urgent matter, it is more urgent still that we should concentrate on improved scientific research matters affecting agriculture. We have failed in this respect over a number of years. It is pleasing to note that a reorganisation is taking place in the Department of Agriculture and Stock, and we are all anxiously waiting to see whether advantages will accrue therefrom. Then there is urgent need for fodder and water conservation, as well as pasture improvement, herd-testing, better marketing facilities by the provision of cold or cool storage, better transport, and last but by no means least, improved measures to overcome the periodic droughts that affect this State.

To quote briefly some results that can be obtained by improved methods of production I refer first to results achieved in Victoria by the very efficient herd-testing scheme the Government have operating in

that State. In 1944-45 at the standard herd-test conducted by the Victorian Department of Agriculture and Stock, 2,185 pure-bred dairy cows competed, 117 cows exceeded 500 lb. of butter fat, compared with 32 the previous year, and no fewer than 20 exceeded 600 lb. of butter fat, compared with only 8 in 1943-44. That gives an example of the value of herd-testing in increasing productivity in our herds in this State.

Then we have the urgent matter of the mitigation of drought losses. Water conservation and the production of fodder will help to bring that about. When we realise that during the recent drought experienced by a large part of this State we lost about 4,500,000 sheep, we appreciate the magnitude of the economic loss thus caused to the State. If we can obviate such losses it will be of great advantage to the State. I understand that at the present time there is a committee of inquiry sponsored by the State Government inquiring into the problem of mitigating drought effects and the question of fodder production.

Mr. Edwards: The missing links in our railways have been the cause of much loss.

Mr. NICKLIN: That is an important point. We have, as the hon. member for Nanango said, missing links in our railway system and if these were eliminated much of the loss of stock in this State would be obviated.

This committee has four aspects of the question under consideration—methods of fodder production under different climatic conditions, methods of fodder conservation and distribution, mechanics of hand-feeding of sheep, and nutritional requirements of livestock. I asked the Acting Premier a question about this committee last week and in reply he stated it was conducting inquiries in regard to these matters. I quote this fact in passing to emphasise that improved methods are possible and are necessary to bring about a much-needed increase in our production figures.

The dairying industry often comes in for much criticism. It was surprising to hear the hon. member for Cook, speaking on the first private member's motion a couple of weeks ago, say that the dairymen in future would have to rely more upon increased efficiency than upon the continuance of the present Commonwealth subsidy. There seems to be a general tendency to view the industry in that light. After all, although the dairying industry in company with other industries can certainly introduce improved methods, we must admit that it is one of the most efficient industries that we have in the Commonwealth and it does not warrant the criticism that is being levelled at it on the ground it is an inefficient industry.

Mr. Power: Do you not think a stabilised price would be better than a subsidy?

Mr. NICKLIN: Certainly a stabilised price would be better than a subsidy. That is what the industry has been asking for for years. We find Professor Copland, who is

usually accepted as the spokesman of the Commonwealth Government, also has something to say about the dairying industry. On the first of this month he stated—

“The dairying industry should now look for higher income by increasing production rather than by proceeding on the highly dangerous course of attempting to obtain temporarily higher price levels.”

Professor Copland went further. He indicated that there might be difficulty in maintaining even the present subsidy—

“I would suggest, therefore, that we should concentrate on attempting to maintain this stability. To this end discussions will be held with the various departments concerned with a view to submitting to the Government recommendation relative to the duration of the present rate of payment.”

That communication by Professor Copland appears to be indicative of the Government's attitude towards primary industry because a few days earlier the Prime Minister promised the A.C.T.U. that he would consider favourably the retention of the war and prosperity loadings on wages. In the main those who receive those loadings have a much higher income than dairy farmers, that is without including any return from capital invested. If we are to succeed in achieving an improved condition of affairs, usually referred to as the New Order, it is essential that we should preserve a sound balance between the various interests, but it would be better to err on the side of generosity to the primary producer than on the other side. Unfortunately, the opposite has usually been the case and that is why it has been impossible in many industries to obtain labour of an average standing. The most important thing is, that we should be inclined to err on the side of generosity to the primary producer rather than on the other, on account of the many disabilities that he faces and the risks he has to take in his combat with nature. If we assure to the primary producers a fair and reasonable price—and they do not ask for any more, they want only a fair return for their labour and a fair return on the capital invested in their properties—and if we assure them that they will have the needed assistance the Governments should give them, they will produce our own and the world's requirements in primary products.

With regard to the last section of the motion, which reads—

“... in the post-war reconstruction period the main consideration of Governments should be given to the requirements of the industries concerned.”

I have emphasised that the most urgent need of the world is a supply of essential foodstuffs and I have pointed out the important role the primary industries play in our economy. In view of these two inescapable facts, it is clear that the main consideration of Governments, whether Commonwealth or State, should be to do what they can governmentally to help our primary industries. That conclusion is borne out very emphatically by the comments made by the

Government Statistician, Mr. Colin Clark, in a statement he published on 28 August last—

“Apparently, the Government believe the opposite to what he had been saying for years—that the post-war period would show substantial demand, at high prices, for Australian primary products.”

Mr. Clark was referring to the stupid mistakes of the past and to the tendency to disregard the supreme importance of primary industries to the Commonwealth of Australia. He went on to say—

“Indirect effects of the sudden ending of lend-lease would include greatly increased demand for Australian primary production, and intensification of the British export drive.”

We can meet that demand, however, only if our costs of production are such that our exporting industries are profitable. Any large measure of failure in that direction cannot be offset in any other way. In view of that we must come to the inevitable conclusion that the main consideration of Governments in Australia should be directed to the requirements of the industries concerned.

In conclusion, I again emphasise the three points contained in this motion—

1. The urgent need of the world of products that we can produce if given the opportunity and the necessary consideration;

2. Our primary industries, notwithstanding the raw deal they received during the war period, can, if they receive a little consideration now, fill that need;

3. That Governments have a definite responsibility to help these industries to their utmost ability.

In view of these points I commend the motion to hon. members.

Mr. MULLER (Fassifern) (11.48 a.m.): In seconding the motion moved by the Leader of the Opposition, I propose dealing with the question mainly from the point of view of the responsibility that the people of Australia have to starving Europe. I feel confident that we are all concerned when we read Press statements such as those appearing yesterday and this morning as to the likelihood that millions of people will starve in Europe. These articles refer chiefly to starvation in Germany but we must realise that it does not end with that country. Recently we had news that would indicate that the people of Greece are in a worse plight than the people in Germany. We are told, too, that Great Britain is not immune from starvation. During the last two or three years, Mr. Bankes Amery, the representative of the British Ministry of Food in Australia, has told us repeatedly of the seriousness of the position and the responsibility we owe to these people. Despite those repeated warnings I say without hesitation that we in Australia have not made a fair contribution to Great Britain's food require-

ments. As the Leader of the Opposition has said, it is true that in such things as vegetables, fruits and other things consumed here, we have improved our production but it has to be remembered that there has been a serious decline in our production of meat, dairy produce, eggs and other foodstuffs that are essential to Great Britain. This decline is due solely to economic causes.

In order to ascertain the cause of the trouble we must accept the fact that it may be due to three reasons, namely, drought, lack of man-power, and unfavourable economies. Drought conditions have an important effect on the production of our foodstuffs but it must be admitted that during the past six war years the seasons have been average seasons in all parts of Australia with the exception perhaps of Victoria and southern New South Wales.

I propose endeavouring to show that an improvement can be effected if the problem is tackled in the right way. I know it would be almost impossible to produce beef quickly enough to supplement the needs of starving Europe, but it is not beyond our capacity to supply their pig-meat requirements. In the last few years pig-meat production was increased because a proper approach was made to the question. In the early war years our supplies of pig-meat were very low. We had been in the habit of sending to Great Britain only 35,000 tons a year. By giving pig-meat producers a reasonable price, and by making pig feeds available to them, we were able to increase our supply to something in the vicinity of 100,000 tons. It took a number of us a long time to convince the Commonwealth Government that this improvement could be brought about if the problem was attacked from the economic side. When the producers of pig-meats were guaranteed 9d. a lb. for their product an improvement took place immediately. The same thing applied to our production of fruit and vegetables.

The story of our production of foodstuffs suitable for Great Britain is indeed a sad one. Certainly we have no reason to feel proud of it. Repeated warnings were given to us but unfortunately for the whole of the time we were in the grip of theorists. University professors were appointed to examine cases put up by practical men. Nothing beneficial was done and so the records are really a lasting disgrace to the methods of control in Australia. Still, we must give credit where credit is due, and people in certain quarters rendered a very great service. For instance, whenever an appeal was made to the Secretary for Agriculture and Stock or the Premier in Queensland and anomalies were pointed out to them they always lent a sympathetic ear. My chief complaint today is directed against the people who are solely responsible, the Commonwealth Government and those university professors who were entrusted with the actual responsibility. I pay a tribute to what the producers themselves did. With the exception of one small strike in Sydney a few years ago in connection with the production of milk, there was

no serious hold-up in the production of food-stuffs, but in view of the hardships that the primary producers had to contend against, I think it is a distinct credit to every man, woman and child in the industry—for in a great many instances children too worked—that they continued to labour all hours of the day in order that they might make their fair contribution to the war effort.

Of course, I always give great credit to the soldiers for what they did. And then we have the splendid services of the men of the mercantile marine. I know something of the contributions they made to the war effort. They never refused to sail. They would man the ships and carry the foodstuffs to the other side of the world, sometimes defenceless and sometimes armed, and often a number of ships would be sunk every week. I know that some of the men went down on ships as often as three times, but still continued to sail in other ships. That is something that the people of this country should never forget.

I propose today to devote most of my time to the subject of the shortage of dairy produce in Great Britain. Mr. Bankes Amery has repeatedly told us that Britain's greatest need at the moment is animal fats, but it is almost impossible for us to produce any great quantity of beef or meat of any kind in a short time, but animal fats in the form of dairy produce can be produced reasonably quickly. Statistics show that prior to the war Great Britain consumed from 450,000 tons to 500,000 tons of butter annually, which was obtained in this way—

	Tons per annum.
Great Britain (estimated)	50,000
Denmark	130,000
Australia and New Zealand	220,000
Continental Europe	50,000

This Continental supply was made up by contributions from Norway, Sweden, Holland, Latvia, Yugo-Slavia and other small countries. In addition, Great Britain consumed about 600,000 tons of cheese and about 400,000 tons of margarine.

One can imagine the need today of such a country as Great Britain for animal fats to feed her people. Despite all that has been said to the contrary, some of the countries on the other side of the world are in a position now to get very much closer to their pre-war contribution to Great Britain than we in Australia are, but we cannot expect Great Britain or Europe generally to pay fabulous prices for foodstuffs, and certainly not the ridiculous prices that some of us might imagine should be paid. Nevertheless, the responsibility is still ours. We have to remember, too, that the cessation of the lend-lease arrangements in the past few weeks is going to make a great deal of difference to Great Britain's economic position—she will not have the money to spend that she had before and so be able to pay extravagant prices for her foodstuffs.

I wish to draw the attention of hon. members to a report that I have received from England within the last few weeks. It relates

to the position in Denmark, and is authentic in every respect. It was sent to me by the manager of the Australian Dairy Produce Board, who is in a position to collate all the available information, statistical and otherwise. The report is dated 11 July, 1945, and says—

“Some more light has been thrown on the economic and agricultural position in Denmark as a result of the recent visit of a delegation to London to discuss the question of price for exports to the United Kingdom. The quantities of various commodities expected to be available for export up to the end of September next as given in the Press are believed to be fairly reliable. They are:—Butter, 37,000 tons.”

I am in a position to state that Australia will not send Great Britain 1,000 tons. Denmark was overrun and under control by the enemy. She has scarcely recovered from the effects, yet she is in a position to export that quantity of butter to Britain in the first three months of this financial year. The report goes on to state—that it is estimated that the quantities of other commodities available for export up to the end of September are:—Bacon and pork 25,000 tons, meat 7,500 tons, cheese 7,800 tons and eggs 4,500 tons. It then says—

“Although one would have expected all these foods would go to Denmark's hungry neighbours and to feed the Allied occupation armies, especially as the United Kingdom by arrangement with the combined Food Board had cut into her stock of fats, etc., by many thousands of tons helped those people it is known that already 10,000 tons of butter as well as much bacon and eggs had been shipped to Britain. As we explained in a previous letter the position arose because of the dislocation of inland transport in Europe and probably a shortage of refrigerated storage in Denmark.”

Then the report goes on to deal with supplies of dairy produce offering in other parts of Europe but it is interesting to note that despite all that we have heard about the number of dairy stock left at the end of the war Denmark could export these quantities of dairy produce.

The report further continues—

“Before the liberation of Denmark, estimates by the Danish Legation here of the standing of their agriculture following the years of occupation seemed to err greatly on the optimistic side but information now available shows that it was not just wishful thinking. Members of the delegation stated that whilst their cattle population was between 5 per cent. and 10 per cent. below pre-war the reduction was due to heavier culling; the remaining cattle were of a better average quality than in 1939 and once feeding stuffs, manures, coal and fuel were available again they could step up production and get back to normal level in 12 months. They had practically eliminated tuberculosis, working and weeding region by region

during the war years. The fall in butter production from a pre-war level of 170,000 tons to approximately 125,000 tons per annum was solely due to lack of supplementary feeding stuffs."

I am sure that this information will be a surprise to hon. members and the people of the State. It is difficult to realise, after what that country went through and all the stories we have been told about the enemy's eating all the cattle, that it is reported definitely by a responsible authority that the cattle population of that country is down by only 5 per cent., and that it is estimated that within 12 months hence the Danes will be back to their normal output of dairy produce. All that the Danes require to realise that result is to get the mill offals they were in the habit of receiving in the past.

I am sorry I cannot say the same for Australia. After all, it is a very old saying that open confession is good for the soul and as these are facts it is just as well that the people should know them. Here are the Danes, after going through all they have, in a position to carry out their responsibilities immediately the war is over and that notwithstanding that they were subject to all kinds of difficulties such as we never had to contend with. Let us look at a survey of Australia's position and see what it reveals. I am quoting again from perhaps the most responsible authority in Australia that one can quote from, that is, the June, 1945, report of the Commonwealth Dairy Produce Equalisation Committee Ltd. This is what it has to say about Australia—

"World Food Shortage—Call for Maximum Output of Dairy Products.

"We cannot let this occasion pass without referring to the appalling world food situation particularly that existing in Europe, where millions are threatened with starvation unless supplies of essential commodities are made available to the stricken countries concerned.

"The Commonwealth, in common with other primary-producing countries, has been called upon and has agreed to accept the responsibility of providing food to help meet this position and in that regard is striving to maximise Australia's production of the foodstuffs needed, which include dairy products. We join with the Government, therefore, in appealing to dairy farmers for a maximum output of these products in the coming year. All such production beyond the essential needs of our civilians and services within and based on the Commonwealth, with the exception of some very small quantities for countries which normally depend upon us for supply, will be marketed through the British Ministry of Food and will be so used as to afford the largest possible measure of relief to countries most in need thereof.

"In making this appeal we are mindful of the magnificent effort of dairy farmers in maintaining milk production at consistently high levels during the past few years, notwithstanding difficulties with

which they have had to contend in the forms of price, man-power and scarcity or non-availability of essential farm requisites. The gravity of the world position impels us, however, to press again for an all-out effort in the coming year—a step we are encouraged to take by the belief that difficulties, which hitherto have militated against production, are now being eased."

At 12.6 p.m.,

The CHAIRMAN OF COMMITTEES (Mr. Mann, Brisbane) relieved Mr. Speaker in the chair.

Mr. MULLER: I read that paragraph to show that the industry in Australia is seized of the importance of doing something to relieve the situation. I ask you to examine those figures and compare them with the position in Denmark. This is what happened in Australia: in the year ending June, 1940, we manufactured 7,542,540 boxes of butter, and for the year just closed we manufactured 4,997,374 boxes. You will notice a decline there from 7,000,000 odd to 4,000,000 odd.

Mr. Collins: That is not the whole story.

Mr. MULLER: I will tell the hon. member the whole story if he will wait. Those are the figures, and no-one will doubt that they are authentic. You will notice a continuous decline every year. I do not want to weary the House with figures, but hon. members will see that in that period there is a progressive decline all along the line. For the year 1939-40 we sent to Great Britain 4,367,305 boxes and that figure has declined till last year it reached 1,867,669 boxes, not half the butter we sent in 1939-40. I am trying to show that the problem is really an economic one.

Mr. Collins: How much cheese?

Mr. MULLER: I will deal with cheese directly.

Mr. Collins: How much did we send to the forces?

Mr. MULLER: I will show what a small contribution cheese really made.

The earnings of the people who produced butter in Australia in 1938-39 were £27,198,369, and they declined last year to £19,069,200. The hon. member for Cook has said I am not telling all the story. I propose to do so: after all, unless you tell the whole story your argument falls to the ground. This is the position in regard to cheese. In 1939-40 Australia produced 67,683,214 lb. of cheese and last year she increased that production to 75,400,397 lb., a very small contribution when you compare pounds of cheese with boxes of butter.

Now let us see what we sent to Great Britain—this is a bit more of the story. In 1939-40 we sent 45,223,896 lb. of cheese and last year we only sent 33,160,051 lb. So you will see there is a decline even in the export of cheese to Great Britain. It is true that cheese went to the forces here in Australia and to the Near East, but it will be

noticed that the decline still went on, which makes the story a very sad one.

In support of my remarks in connection with the contribution the producers made to the war effort I should like to draw the attention of hon. members to the fact that in the early part of the year we, as representatives of the producers, were called together at a conference in Sydney, which was addressed by the then Minister for Commerce, who amongst other things warned us that a danger might arise in regard to shipping and it would be necessary to provide cold stores. Well, the dairying industry itself, without the aid of one penny piece from the Commonwealth or any other Government, provided £300,000 for the erection of cold stores throughout Australia, and they have never been used and the dairying industry did not receive £1 towards their cost. In addition, we were told later that Great Britain wanted cheese. In order to produce that cheese we had to put in cheese-manufacturing plant, and again the industry met the cost—an expenditure of £300,000—to make cheese.

A great many of the factories thus erected never turned a wheel; they were not used. By the time they were ready to supply cheese we were told to get back to butter. If any industry has had to put up with a deal of inconvenience and humbug, the dairying industry is that industry. In the face of these difficulties we find a serious decline.

Mr. Collins: What did the dairying industries get by way of subsidies from the Commonwealth Government?

Mr. MULLER: I will deal with subsidies in a moment and show the hon. member how unsound the whole policy actually proved. I am not concerned so much with the question of compensation, whether by direct price or subsidy, but if it is to be by way of subsidy the economic question must not be overlooked, and what I am trying to do for the House this morning is to show that the economic side has been overlooked. Before dealing with the question of subsidy I will continue to point out what has actually happened in Queensland. The figures I am giving have been prepared by the Commonwealth Dairy Produce Equalisation Committee. I quote the Queensland figures, because I take it that this morning we are dealing with the matter chiefly from the Queensland point of view. The position in Queensland is not any better than the Commonwealth position. In 1938-39 we manufactured in Queensland 2,775,211 boxes of butter, but since then there is a continuous decline, until in 1944-45 our production was 1,692,495 boxes. That is a decline of approximately 30 per cent. It was the earnings of the people that declined and that is where the hon. member's question whether the industry was adequately subsidised to make up the loss incurred because the price was below production costs becomes relevant. I take it that during the past six years there has not been any great difference in the number of people actually engaged in the dairying

industry as compared with 1938-39, when 25,000 Queensland dairy farmers received £9,468,530 for their efforts. For the year just closed they received £6,498,298, a decline that is parallel with a decline in the Commonwealth position. You will see, Mr. Deputy Speaker, that the position is really serious from the viewpoint not only of Australia but of Queensland.

I desire to draw the attention of the House to another little matter in connection with subsidies. I said I was not much concerned whether it was the policy of the Commonwealth Government to compensate the industry by way of subsidy or price so long as justice is done to the industry, but I am concerned with what is actually taking place today. I have given figures to show that there is a continuous decline and the callous attitude adopted at this very moment would indicate to me that there is not a great deal of improvement in sight. I should like to draw the attention of the House to the long-term contract that has been spoken of so frequently in the last few months. A consideration of the position does not indicate to me that production will increase greatly. This is taken from the report of the Commonwealth Dairy Produce Equalisation Committee Ltd.—

“A development of vital importance to the industry occurred during the year in the form of a contract between the Commonwealth and Britain whereunder the former agreed to sell and the latter agreed to buy Australia's surplus butter and cheese for a period of four years commencing 1 July, 1944. Principal features of the contract may be stated thus—
Prices: Butter, 147s. 9d. sterling per cwt. or 184s. 8½d. Australian currency.”

Then we come to cheese. I will not weary the House but I desire to draw attention to the last paragraph, which reads—

“Due to the fact that exports to 31 March, 1945, had already attracted the full subsidy necessary to bring returns therefrom to the level calculated to return production costs to the dairy farmer, the new contract prices were not applied until 1 April, 1945, the higher values available in relation to the period, 1 July, 1944, to 31 March, 1945, going to the Government in the form of a grant.”

The point is that this contract actually began on 1 July 1944. The producers of Australia were not told about it until April. The Commonwealth Government took the additional money and, as the report says, the money was provided in the form of a grant to the Commonwealth Government, who argued that the industry had already been compensated by way of subsidy.

When the hon. member for Cook spoke on the Address in Reply he made much of the fact that the industry had received a subsidy of £7,000,000 a year during the last year or two, but I remind him that until about two years ago it did not exceed £5,000,000 a year. I admit that butter, milk and cheese producers were subsidised to the extent of about

£7,000,000 last year, but in July of last year, Professor Copland admitted to the committee appointed to investigate the economic position of the industry that it costs 1s. 11½d. to produce a pound of butter. The only way in which that price of 1s. 11½d. could be obtained was by way of subsidy. The industry never received 1s. 11½d. Last year not one dairy association paid the farmers more than 1s. 8d.

Mr. Foley: How did they carry on?

Mr. MULLER: That is the point.

Mr. Foley: Why do people pay big prices for dairy farms?

Mr. MULLER: I am glad the Minister asked now they could carry on. They have not carried on. The general manager of the Producers' Distributing Society, in a letter dated 28 September 1945, said this—

“Official figures just disclosed reveal that Australian production for the 12 months ended 30 June, 1945, was 30,670 tons lower than previous year, and 50,000 tons less than in the pre-war 1938-39 season.”

The industry is not carrying on; it is declining, and production is diminishing. The only people who have remained in it are those who cannot get out of it.

The hon. member for Cook referred to £7,000,000. I draw the attention of the House to the fact that each 1d. a lb. lost on normal production, means a total loss to the industry of £1,750,000. If the average price was 1s. 8d. for last year—it was slightly less—and if the industry had received the 1s. 11½d. to which Professor Copland said it is entitled, it would have received approximately £5,000,000 more.

Mr. Collins: How did they carry on when butter was 1s. a lb?

Mr. MULLER: No-one should know the answer better than the hon. member for Cook. In a great many cases they carried on by using child and female labour. If the hon. member for Cook is honest he will admit that if the dairymen had not exploited their wives and children they would not have been able to carry on.

Mr. Collins: They rose to peak production on that price.

Mr. MULLER: The reason why pig production was increased was that they made it possible to increase it, but there has been a decline of dairy production, and it is still declining. I have figures to show that the position in the other States is no better. I admit that some of the trouble is due to manpower difficulties and drought conditions, but the chief trouble is an economic one.

Mr. Foley: The share-farmer must be having a very raw deal; he gets only half the profits.

Mr. MULLER: That is just what I should expect the Minister to say. Hon. members opposite seem to think that the man who

owns the farm is making a fortune and is exploiting the share-farmer.

Mr. Foley: I did not say that. If what you say is correct, the share-farmer must be starving.

Mr. MULLER: I did not say that at all. No-one has made a fortune out of the industry. This is one of the very few sections of the community who have been denied their costs of production. It proves over and over again that the costs submitted by this committee are genuine, and they were accepted by Professor Copland as late as July last. He told the committee that the cost of production was in the vicinity of 1s. 11½d. a lb. but he has since gone back on that statement and he is not now in a position to honour it. Only a few days ago a report from the annual meeting of the Council of Agriculture in Brisbane was to the effect that Professor Copland had now come to the conclusion that it would not be in the interests of the industry to stand up to the promise that he made to it in July last. That is a rather serious change of front, especially as I understand that Professor Copland is leaving the Prices Branch to return to the Melbourne University. I do not believe for a moment that he is a fool but he finds it difficult to convince the powers that be that they should provide a sufficient subsidy to enable the industry to progress or leave it alone. If the industry had been left alone it would have found its own level, the level at which the producers could carry on, but if we are to depend on theorists and professors for advice we are in for serious trouble. Of course I see no reason why the men engaged in the industry should not get a decent wage but it will mean that the people cannot or will not pay the wage and so the industry will revert to one of family effort with a consequent decline in production. If these foodstuffs are essential, as I believe they are, can we afford to leave the industry simply to die as it has been doing gradually in the past three years?

Mr. Collins: What do you suggest should be done?

Mr. MULLER: If there had not been the interference it would have found its own level. We were told in the early part of the war that we should have to accept a fixed price. Prices were pegged and wages were pegged. I agree with all that but that did not apply to many other lines—

Mr. Power: Prices went up and wages remained low.

Mr. MULLER: No, they did not. Surely the hon. member for Baroona is not complaining that he had to pay too much for dairy produce? He may have had to pay too much for fruit and other things. That is my complaint; the hon. member is right in my corner.

Professor Copland and other economists said that we should have to pay a price for potatoes that would enable the producers to grow them but we were told only a fortnight ago that we should have to reduce our

plantings for the next crop by 25 per cent. Why did the production of potatoes increase? Everyone knows that the production increased because it was made worth while, in other words, that it was made payable. No-one made a fortune out of the industry, nor does any dairy farmer want to make a fortune out of his industry. Today everyone is growing lucerne because it pays to do so—there is a guaranteed price—but if that lucerne is to be used to feed dairy cows the cost of producing butter will be not 1s. 6d. a lb. or 1s. 8d. but nearer 3s. a lb. I say very positively that the problem associated with the dairying industry is 75 per cent. an economic one and that the other 25 per cent. is due to other causes.

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

Mr. MULLER: I thank the hon. member for Cooroora and other hon. members of the House for granting me an extension of time. It is no use indulging in a great deal of criticism unless we are prepared to suggest a way out of the difficulty. We just cannot go on under present conditions. I am sure that when the hon. member for Windsor addresses himself to the motion he will explain actually what is happening and so hon. members will get a thorough grasp of the real situation and an understanding of how serious it is.

At 12.29 p.m.,

Mr. SPEAKER resumed the chair.

Mr. MULLER: What we require first of all is sound, practical common sense. No industry can continue to produce at less than the cost of production. The dairying industry is producing at less than the cost of production today. I have proved that contention and shown that there has been a decline in production in consequence.

The Secretary for Health and Home Affairs wants to know how they carried on. A number of dairymen did carry on, but they were dairying as a side line or in conjunction with the production of other produce in order to make a living.

The serious thing is that the British Government have provided ships for these foodstuffs, but what are our Governments doing to see that they are loaded? Virtually nothing. We know as a fact that there have been many serious hold-ups in loading these ships. I would treat men who held up loading of foodstuffs at a time like this in a serious way. I do not object so much to a man's refusing to work himself, but when an organised attempt is made, and successfully made, to stop other people who are concerned about starving people from doing so, I would take serious steps to deal with them.

Mr. SPEAKER: Order! I think the hon. member is getting a little outside the scope of the motion.

Mr. Yeates: It is a shame.

Mr. SPEAKER: Order! The hon. member for East Toowoomba will have to accept the ruling of the Chair or he will find himself having to apologise.

1945—w

Mr. MULLER: The position I outlined can be likened to that of Nero's fiddling while Rome burned, which could be paraphrased by saying that the Commonwealth Government fiddled while people starved.

I was interested by the remarks made yesterday by the Director of the Bureau of Industry, Mr. Colin Clark, on the housing situation, which have an important bearing on production. One of the real reasons for the poverty existing in Europe today is that people are in a great many instances without shelter. We in Australia cannot produce unless the people are properly housed. It is not merely a matter of increasing dairy production only; it is a matter of increasing the supply of all the things requisite to the production of foodstuffs. If people are not properly housed, we cannot get results. We must look at the question from an economic viewpoint. I make this definite statement, that it does not matter how many builders are released from the forces within the next year or two if no materials are available for building houses. We have no timber, and no-one seems to be dealing with the situation.

Mr. SPEAKER: Order! That matter is outside the scope of the motion.

Mr. MULLER: I have to accept your ruling, Mr. Speaker, but nevertheless I say these matters play an important part in production. Unless you can deal with the problem from that angle we are never likely to arrive at a real solution.

Mr. SPEAKER: Order! That is a reflection on the Chair. If the hon. member does not observe my ruling, I shall be compelled to deal with him under the Standing Orders.

Mr. MULLER: Let me say in conclusion that if this and every other Parliament in Australia were to spend more time in discussing these questions we could render the nation very much greater service than we do by discussing many of the matters that are discussed from time to time in Parliament.

Mr. Collins: You have said nothing to get us out of the trouble.

Mr. MULLER: I believe in the old saying so frequently used by Archbishop Duhig, that if we are going to tackle any problem, we have first to tackle it at its root. It is no use dealing with it on the surface; we must get right down to fundamentals. Most people know what the real trouble is but for political reasons we will not be honest with ourselves and tell the people what we think it is. If we did that, and did not turn the politician's eye on our troubles, we should undoubtedly solve them.

Mr. PIE (Windsor) (12.35 p.m.): The Leader of the Opposition is to be congratulated on bringing forward such an important motion. I think that irrespective of criticisms from any side of the House both he and the hon. member for Fassifern placed a case before Parliament the strength of which is undeniable and which every hon. member must agree with.

The Leader of the Opposition divided his motion into three parts. The first was the urgent need for supplies of raw materials and foodstuffs, the second that primary industries are getting a raw deal—and I am going to add that that applies to secondary industries also—and the third the Government's definite responsibility in regard to the position existing in the world today.

I want to deal with the position that exists in England today. I was fortunate enough to be there within the last few months. The standard of living under the ration system now existing in England is as low as any people can be expected to exist on under healthy conditions.

I was amazed at the dearth of food in England. When I arrived there I was 11 stone 6 stripped and when I left England I weighed 10 stone 5 lb. That will give an idea of the food situation in England. I pay tribute to the wonderful effort made by the British nation in accepting those cuts in food without any criticism. In the mornings I used to go round the park for a little exercise and then come back to a little cafe near Pall Mall where the workers used to go for their morning tea. One morning I heard an old charwoman make this statement—and at that time the British people were giving food to the liberated countries—“I do not know why we should drop food to the liberated countries of Europe while we are going without it ourselves”; and another charwoman chipped in and said, “We have a responsibility for feeding those people, even though we have conquered them.” That is the feeling in England today. Since my return I received letters from friends in England saying their ration has been still further cut to feed the people of Europe because they realise they have a responsibility in the matter.

The Leader of the Opposition has quoted what Mr. Bankes Amery has had to say on this matter. This morning I received an air-mail copy of “The Manchester Guardian,” which is known throughout England as a paper that expresses its feelings freely. It says—

“But Allied statesmen cannot evade their immediate responsibility; they already know what will be the consequences of waiting until popular sentiment makes their obligations easy to discharge. Britain's new Government seems to be facing these facts. It is the more regrettable that the new Minister of Food should at this moment hold out hopes of restoring the cuts in our cheese and fat rations. There is no prospect whatever of an early alleviation of the world shortage of fats. The people of Britain should be plainly told that to increase—or even to maintain—their supplies of critical foods would be to condemn thousands of people in Europe not merely to privation but to death.”

Well, the people of Britain are willing to face up to that position today. Surely we in Australia must play our part in sending home all we can to England and Europe to alleviate their position.

I again was fortunate in being able to go through Europe and realise the privation, the starvation, and the disease that face Europe in the winter that lies ahead. A report appeared in the “Telegraph” during my absence which reads as follows—

“Pie sees chaos unless Russians pool food supplies for Germans.

“Anarchy, starvation, disease and political chaos will descend on the whole of Central Europe soon unless the British and Americans persuade Russia to pool food production in the Russian-occupied area for the benefit of other parts of the continent.”

What is happening in Germany today? It is divided into four sections, one under Russian military government, one under British military government, one under American military government, and one under French military government. The Russians have taken over an area that previously supplied two-thirds of the basic food requirements of Germany, and she is not willing to share that supply with the other parts of Europe; Britain has the industrial area where there is complete chaos and where there is very little agriculture, and the British people are accepting their responsibility for that area the same as they accepted the responsibility of winning the war; they are willing to go without to feed the people of Europe. Surely, therefore, we have an obligation to help to the utmost of our ability.

We find that the primary industries in this country cannot pull their weight in supplying England and Europe with the necessities they urgently require. I personally can speak of one form of production. I am interested in the distribution of eggs because I happen to run a farm producing 1,500 to 2,000 dozen eggs a month. What is happening today? We cannot get the cases to send eggs to the market. I was in Bundaberg the other day and in talking to egg people there I learned that they have not got cases and the eggs are lying there going stale. The eggs we are getting in this building will be stale because they are held for so long. There has been no looking ahead from the point of view of Government control of these essential supplies.

I say definitely right now that when the State Government had control of the egg position there was far less confusion than there is under Commonwealth Government control, and suggest that the State Government should get back as quickly as possible the control of marketing of the supplies of the Queensland people. There is confusion, and it is up to us to alter that. I therefore suggest that the State Government investigate the position very quickly, particularly in relation to eggs.

One cannot get a fresh egg in England. Month after month the people there are going without eggs, whereas in Queensland eggs are going stale because Governments have not looked ahead sufficiently to supply the raw material or the packing cases in order to ship those eggs. I listened to John Beasley, to whom I am opposed politically

but who during the war did a good job in the Department of Supply. He said to me, "What does it matter, Pie, if after the war we have thousands and thousands of extra uniforms, extra pairs of hose, or spare pull-overs, so long as during the war we have been able to satisfy the needs of the army?" That is what has occurred. We have finished this war with supplies, but Mr. Beasley was a man who was prepared to look ahead. Today, because officers have not looked ahead in relation to the supply of packing for eggs produced by the primary industries, we have this confusion when nations need food desperately.

That is not the only instance of confusion. I think the Acting Premier will bear me out that there is quite a bit of confusion in relation to the supply of canned meats to England. I understand the hon. gentleman already has done something to alleviate that position, and it is appreciated by the canners. The position in England and in Europe today is the urgent need of requirements of goods in cans. It is no use our sending to England supplies that are eventually to go from England to Europe, in the natural state. They must be canned, but what do we find? The Commonwealth Government have issued orders under which the majority of our canners will not have sufficient meat to keep them going. I know of one factory with a surplus of 2,500 tons for export trade because of the improved development in machinery during the war. The position today is that the factory cannot get the meat to can because the meat is going to England in the raw state to be processed there. There is a growing fear among the canneries producing foodstuffs in the State that their supplies of raw material will be cut down to such an extent that they will not be able to manufacture goods on an economic basis to compete with the world, that the supplies of raw material will be taken by the Commonwealth Government, and shipped to England, and our own canneries with their automatic plant will not be able to operate. That is the fear I see from the point of view of secondary industries. During the war we built up a tremendous capacity to can the primary products of this State, but now when we desperately need to keep these industries going, and when the nations of the world are in desperate need of all the food we can produce, our raw materials are being taken from us and shipped to other parts of the world.

That applies not only to meats. The biggest fear today in the wool industry is that we cannot get enough labour to spin wool. The position in the southern States is such that while the nations of the world desperately require goods produced out of wool, we cannot get sufficient labour to spin wool to keep these industries going. I feel that for the protection of the big industries we have developed in Queensland round the primary industries the Government should investigate that factor—the taking away of the raw material at the expense of the secondary industries in this State.

There has been a tremendous development in the canning of foodstuffs. Prior to the war, a company in which I was interested had the agency for Libbys' well-known factories in this State, and when in Chicago recently I told this company straight that they had no future in Australia, that their industry was finished from the Australian point of view. Of course they asked why, and I replied, "Look at our canning figures. There you have the goods Australia can produce to supply the world on the export market and you will soon see the reason." They agreed with me that the American canner had no export trade to Australia, and that Australia with her facilities and raw materials should find a ready export market.

There is an urgent need for the development of industry round primary industry because in the world that lies ahead—and I have said this again and again—we shall never hold this country with the present population.

We cannot expect people to come from England and other countries and go straight into primary industry. We must analyse the raw materials existing in the State and build industries round them to help relieve the position.

Mr. L. J. Barnes: Not in Brisbane.

Mr. PIE: Not in Brisbane. I want to see a line of them from Cairns to Coolangatta. The questions I am asking the Acting Premier now in connection with canning of tropical fruit are based upon the establishment of an industry in North Queensland. We want to decentralise industries and take them to the natural resources of the country. At Kingaroy there is still room for tremendous building round the peanut industry. On the Atherton Tableland glucose and other things can be developed round our maize, if the Government show some vision.

It is right that I should quote Mr. Ernest Bevin in connection with the world position because he is facing up to the question in England far better than anyone anticipated. In "The Manchester Guardian" he says—

"No-one in this country can contemplate for a moment the conditions of distress and disease, of anarchy and bloodshed that would result if the liberated nations had to face the next 12 months without assistance."

Whilst I was in Europe the British military Government and the American military Government had the responsibilities of feeding the peoples of Europe, but today that is all swung away and has come back to U.N.R.R.A. U.N.R.R.A. has that responsibility of feeding the peoples of Europe for the next 12 months.

Mr. Bevin pointed out—

"The great need of U.N.R.R.A. was for supplies and food. Many nations are in a position to make much bigger contributions than they have already done to help in this great task."

Then he went on—

“The task which U.N.R.R.A. has before it cannot be accomplished without the support of the people of the united nations. I would urge U.N.R.R.A. to be guided by the great principle of keeping clear of every political controversy and of maintaining the impartial character of the organisation.”

He continued—

“They should be regarded by the people they seek to help as the Quakers from all States in dealing with this great problem of misery and poverty, and the quicker we get this old world back on its feet with economic independence and security the quicker we shall be able to proceed with the task of building a peace which will weld the United Nations together in a great common endeavour for the well-being of humanity as a whole.”

Certainly Ernest Bevin had had the experience of Churchill's broad political outlook, but there he makes a statement that, to my way of thinking, puts into words the very thing the people of the world are thinking of today.

Then Lord Latham said—

“The outlook of this winter in many parts of Europe was indeed gloomy. While the valour of arms has achieved victory over the enemy death and disease may yet claim to be the victor unless succour can be brought.”

Surely to goodness the Government of Australia have a responsibility when things are put up to them in that way, when we see headlines in the “Telegraph” to the effect that 4,500,000 Germans are likely to be annihilated this winter through starvation and disease—

Mr. Walsh: That could easily have been our fate.

Mr. PIE: I am glad the Minister mentioned that. This is what Field-Marshal Montgomery said—

“It is not part of my plan to pamper the Germans. They brought this disaster on themselves and must face the consequences. On the other hand I am not prepared to see widespread famine and disease sweep over Europe as it inevitably must if we allow hundreds of thousands of Germans to die.”

Those are his words. I hate the Nazi regime. I hate the Hitler Youth Movement that has developed but we have an obligation to the peoples of the world to try to prevent that starvation and disease. England cannot do much more. She cannot go any further but she is already willing to make the sacrifice, as Ernest Bevin has said, but he rightly points out that the other nations of the world must play their part in endeavouring to rehabilitate Europe.

Mr. Walsh: He might have been referring to Russia. They are not doing their share.

Mr. PIE: Again I thank the Minister. He is very considerate in his interjections today and I appreciate his help. He was not here when I said that while I was in England a statement made by me was published in the Brisbane “Telegraph” of 2 July last. This is the report to which I refer—

“Pie sees chaos unless Russians pool food supplies for Germans.

“Anarchy, starvation, disease, and political chaos will descend on the whole of Central Europe soon unless the British and Americans persuade Russia to pool food production in the Russian occupied area for the benefit of other parts of the Continent . . . Out of this chaos hunger will come. Europe is hell-bent for political disintegration and totalitarianism unless Britain and America can reach a definite understanding with Russia.”

Russia is not playing the game in Europe. She has control of two-thirds of the granaries of Europe, whereas Great Britain is charged with the responsibility of caring for the industrial areas of Germany, and Russia is not prepared to play her part. In my statement I went on—

“The Russians, because of their control of the great food producing areas of Germany, will be able to show results infinitely more favourable than the British and Americans in their zones.

“If the people in the Russian zone can eat and ours can't that can only lead to one thing. The position must be rectified at once by Britain and America insisting that the food resources of Europe over the next five years should be pooled under the control of all Allied Nations and distributed equitably throughout the entire Continent. Otherwise, we have lost the peace already.”

I say positively that the position as I foresaw it in July or really in June is now coming about in Europe. Europe is heading for totalitarianism. I have tried to drive that home again and again, because the responsibility on Great Britain to feed the industrial areas of Germany is too great for any one nation to carry.

I appeal to this Government to do their utmost with the Commonwealth Government in the terms of the motion now under consideration. We have a positive obligation as a part of the British Commonwealth of Nations to play our part, as the Leader of the Opposition has so clearly put it in the motion—

“That, in view of the present condition of world affairs, it is imperative that improved methods be adopted in Australia to ensure greater production of raw materials and foodstuffs. . . .”

We can adopt improved methods. The egg position as I have outlined it is a disgrace to any nation. While the people of England and Europe are going without we have eggs going stale, eggs awaiting shipment even when shipping space is available and all

because we cannot find containers for them. Food is going to waste everywhere in this country while other nations are starving. While Britain is willing to cut her ration in order to provide food for Europe, we are wasting food in this country. Why? Because, as the Leader of the Opposition has pointed out, we have not adopted improved methods of distribution. If the primary producers are to have any future in this country, the first thing to be faced is improved methods of distribution. The more you travel throughout the world the more you realise that Australia lacks the proper methods of distributing the goods that she can produce in this grand country.

Mr. Walsh: What part can the State play?

Mr. PIE: I should say that under normal conditions the State could play an important part. For instance, the egg control that operated in this State under a State Government was far and away better than it is now, and the present position would not have developed if foresight had been shown by the people in charge. I had already explained that, while the Minister for Transport was absent attending an Executive Council meeting.

This House owes a very real debt to the Leader of the Opposition for bringing forward the motion. It raises the most important issues we have to face today. The obligation is on us to play our part in the peace just as we played it in the war. There is nothing better that we can do than develop our natural resources for the benefit of the starving millions of the world. The people of England have reached a low ebb in living standards—although they are worse in some other parts of the world—but Australia would be falling down on her job if she did not take proper notice of the purpose of the motion.

Debate, on motion of Mr. Farrell, adjourned.

SUPPLY.

COMMITTEE—FINANCIAL STATEMENT— RESUMPTION OF DEBATE.

(The Chairman of Committees, Mr. Mann,
Brisbane, in the Chair.)

Debate resumed from 27 September (see p. 534) on Mr. Hanlon's motion—

“That there be granted to His Majesty for the service of the year 1945-1946 a sum not exceeding £300 to defray the salary of the Aide-de-camp to His Excellency the Governor.”

Mr. NICKLIN (Murrumba—Leader of the Opposition) (2.16 p.m.): After considering the Budget presented to this Chamber by the Treasurer last week, one can come to only one conclusion, that is, that probably no Treasurer has ever framed a Budget under easier conditions; they are such as to make it fatally easy for the Treasurer to set an unsound and dangerous financial course for the future.

During the war years we were continually told that there would be an entirely New Order when peace returned—that never again would the Australian people tolerate the economic conditions that existed in the pre-war years. Unfortunately, this Budget gives every indication of a total adherence to the ideas that have always motivated Labour policy in this State. I refer in particular to the spurious comparison between expenditure on social services in the depression year 1931-32 and that in 1944-45, to be found on page 25 of the Budget, and the forecast of an expenditure of £26,000,000 on public works in 1945-46 and 1946-47. About three-quarters of that programme appears to be reserved for 1946-47, which curiously enough, hon. members will realise, happens to be a State election year (laughter). I wonder whether there is any connection between the way the Budget is framed and the fact that such a large sum of money is earmarked for expenditure in that particular year. I am always very charitable to hon. members opposite but I cannot forget that in every election campaign I have figured in my Labour opponent has always made a great feature of the amount of money the Government have always spent in the electorate. And going round Queensland we find the same thing in all the electorates—that one of the main themes of Labour candidates is the amount of money spent by the Government in the particular electorate in which you happen to be. That gives one every reason for surmising that this large amount of money that the Government have set aside for expenditure in 1946-47 is to be spent for a purpose, and that purpose is to supply ammunition for Labour candidates in the election of that year.

I want to refer to another feature in the Budget, which unfortunately seems to crop up in Budgets from time to time and very often arises in debates in this Chamber, namely, the comparison to which I referred on page 25, wherein it is set out that the Labour Party spent £5,232,930 on social services in 1944-45 as against £3,216,228 spent by the Moore Government in the depression year, 1931-32. It is surprising that year after year when the Government present their Financial Statement we have some reference to that 1931-32 period. If the Government had done anything of which they were proud in the intervening years, would they not have featured it in headlines in order to induce the people to continue to give them support? But no, Sir, they endeavour to cloud the issue by referring back to that period.

However, these figures do not set out the true picture at all, as I shall show in a moment or two. In making these comparisons, the Treasurer very conveniently leaves out of consideration the huge inflation, in currency and revenue in 1944-45 and the increase in population in the 13 years that have intervened. Even taking the figures as they are presented in the Budget, the proportion of expenditure on social services, as compared with total expenditure, which

after all is the correct rule by which to measure, was 21.3 per cent. in 1931-32, as against 20.2 per cent. in 1944-45. So this much-maligned Moore Government—this Government who apparently ruined this State, according to hon. members opposite—did actually spend more money on social services for the depression period of 1931-32 than the Government did in 1944-45 when the Treasurer had so much money he did not know what to do with it.

Mr. Hanlon: Rubbish!

Mr. NICKLIN: It is not rubbish. Let the hon. member analyse the figures correctly, and he will see that what I say is correct. He does not set these figures out in the way they should be set out—the proportion of expenditure on these social services to total expenditure—but he sets out the amount of expenditure on individual items in the respective years and the percentage increase in that period. Naturally there must be a percentage increase on each individual amount over that period, because in the interim the population of the State has increased, conditions have greatly altered; but the Treasurer does not set out the figures correctly, he sets them out to make a case to suit himself. I venture to say, too, that if the difference in population between that period and the present period was taken into account, the comparison between the respective years would be very much worse in regard to the present year than even the figures I have quoted.

Mr. Duggan: Even the member for Logan admitted it was a splendid Budget.

Mr. NICKLIN: I suppose I am entitled to my opinion on the Budget. It has some good features; I am pointing to the bad features. I strongly object to the misleading and spurious use of figures to make a point in favour of the Government. I object to the going back into the past instead of the Government's being prepared to stand on their own record, which after all is what the Government should do if they are proud of their record. The comparisons they make are obviously misleading and are an attempt to serve the ends of party political propaganda, not to contribute information that might help towards a sound understanding of the financial affairs of the State. That is one indication that there is no alteration in the outlook of hon. members opposite that might afford evidence of their belief in a New Order. The Treasurer has given a magnificent lead in publishing this table, and no doubt the hon. member for Baroona, who is happy to delve back to those years between 1929 and 1932, will follow the splendid lead given by the Treasurer and we shall hear from him later on.

However, just to answer this criticism, I think it is necessary to point out, as we have pointed out before, one or two things about the financial affairs of that period. We hear much about the reduction made in 1929-1932, but I should like to emphasise that the reductions made in 1931 were made by general approval of the Governments of the Commonwealth at that time.

It is very interesting to point out that of the seven Governments in Australia at that time four happened to have the same political philosophy as hon. members opposite and the only thing I can say to the Government is that it was jolly lucky for them politically that they did not happen to be on the Treasury benches at that time, because they would have come to the same decision as the other Labour Governments.

Mr. Hanlon interjected.

Mr. NICKLIN: I remind the hon. gentleman that at the end of 1931-32 period Queensland had the highest basic wage in Australia, when the Moore Government were in power, and that the Labour Government who followed refused to restore wages. Queensland had also the highest effective wage and the lowest percentage of unemployment, although we know it was much greater than we should have liked it to be. Hon. members opposite regard the Moore Government as the wage-slashing Government, but it is interesting to note that the reduced basic wage of 1931-32 was retained for five long years after the defeat of that Government. The present Government occupied the Treasury benches for five years but the basic wage still remained the same. If it was such a bad wage why did hon. members opposite take five long years to alter it?

Mr. Hanlon: Because you left the State broke. We had nothing to do but try to stagger along.

Mr. NICKLIN: Mr. Mann, the corner was turned before hon. members took office and they had the advantage of the improvement, and in addition, considering that the Government are such a large employer, may I remind hon. members that the restoration of salaries and wages in the Public Service took longer to achieve in Queensland than in any other State? When we consider these points—and they are irrefutable facts—hon. members opposite cannot rightly condemn, as they do out of hand, the actions of the Moore Government at that time. After all, they, the Government, must accept the responsibility for the fact that the same basic wage continued for five years in the initial period of their administration and the restoration of the salaries and wages in their own Public Service took longer for them to bring about than it took any other Government.

In view of the spurious comparison the Treasurer has made in his Budget in regard to the financial affairs, it may be fitting at this time to give a comparison between 1931-32 and 1944-45:—

	1931-32.	1944-45.
Receipts from taxation	£ 3,100,104	£ 8,066,504
Receipts from railways	5,936,500	13,069,207
Total ..	£14,083,758	£26,447,274

Would not one expect the Treasurer, having that immense financial advantage, to do something even more than the Government of that

period were able to do? But these percentage increases shown under the headings of social services are indicative only of the difference in these two periods: the increase in population of the State in addition to the increase in the revenue of the State brought about by the vastly changed conditions. It is wrong for the Treasurer to set out these amounts, as he has done in that table, in an endeavour to score a political advantage. When we look at them as we should, reckoning the percentage of expenditure on social services against the total revenue of the State, we find that the much-maligned Moore Government in 1931-32 expended a greater proportion of the moneys available to them on social services than did the Cooper Government last year.

The Treasurer of 1931-32 had to face up to a deficit of £2,075,180 but the Treasurer of 1944-45 disclosed a surplus of £569,215 after transferring over £500,000 to other funds, instead of adding that sum to the £569,000 in order to give the true surplus of the State. The loan position too was totally different. In 1931-32 loan funds were scarce while the demand for loan expenditure was greater than the amount of money available. In 1944-45 the position was such that the State waived a claim to £29,029,000 of loan money due under the Savings Bank Agreement. What a different story it would have been if the Government of 1931-32 had had that £29,000,000 available to them! This Government could have had that sum last year if they had wanted it, but they had so much money that their funds embarrassed them and they waived the claim.

I come now to the Government's public-works policy. It is difficult to understand why, after setting out a loan expenditure of £7,600,000 for the current year, the Treasurer has also formulated a two-year programme of £26,200,000. The only construction that can be put on that fact is the one I voiced in my introductory remarks. It has been stressed continually from the Government side of the Chamber that expenditure on public works should be so timed as to coincide with any failure by private enterprise to provide employment, and I agree entirely with that. Public works should not be made the be-all and end-all of our State expenditure. Beyond the necessary works that must go on all the time, public works should be timed to deal with the periods of falling off in employment. What does the Treasurer forecast in his Budget? If he believes in the dictum that has been expressed so often by the Government side, then he forecasts that there will be a severe period of unemployment in 1946-47 which must be cushioned by a vast programme of public works. I wonder if there is going to be the acutely urgent necessity for this vast expenditure of public money in this rather vital election year? Taking the charitable view—I mentioned earlier that I was always charitable—if this has nothing to do with the State elections, it can only mean that the Treasurer has no confidence whatever in the plans and blue-prints for a New Order about

which the Government have said so much in recent years.

Mr. Turner: It is only there in case private enterprise fails.

Mr. NICKLIN: There is no indication whatsoever of any failure of private enterprise. If the Government intend to insist upon this large public-works expenditure it can only do so, considering the man-power and material position, at the expense of private or individual enterprise. That is the point to which I urge the Government to give serious consideration. Let them carry out that dictum for which they say they stand, the policy of utilising public works to take up the slack; do not let them use public works to the detriment of individual enterprise and individual employment just to gain some political kudos to help them in the next State elections.

Let us look briefly at the programme of works which is set out on page 18 of the Financial Statement. Many of the items mentioned are matters with which all hon. members will agree and that the State must carry out. The State certainly must set aside certain amounts for such things as soldier settlement and main roads.

We have an obligation to the returned soldiers and we have a great deal of work to catch up with, particularly in the repair of the main roads that were called upon to carry an extreme burden of traffic consequent upon this State's being in the front line of military operations. The railways will need a great deal of money spent on them, too; but more about that later. Provision is made for expenditure on land settlement, forestry, and rural development. There is one item that attracts my attention more than another and that is the sum of £2,000,000 set down for "Housing, workers' dwellings, and workers' homes." No-one will deny that if we can build £2,000,000 worth of houses in the next 12 months they will fill an urgent need, but I say very positively that unless there is a big change in the shortage of skilled man-power for building and in the supply of materials it will be impossible for the Government to spend that sum.

Mr. Walsh: Do you think it is too high?

Mr. NICKLIN: It is not too high if it can be spent, but in view of the shortage of man-power and material I venture to say that I do not think it can be spent.

Mr. Hanlon: It is quite possible that it cannot be but it is just as well to have it available in case it can be.

Mr. NICKLIN: I am not objecting to the amounts being placed there, but I am suggesting that it is an inflated amount, that it is impossible to spend it, and that the Government were out for political propaganda when they put it there. If the Government can spend £2,000,000 on housing in the next 12 months I shall be the first—

Mr. Walsh: To say, "Why didn't you make it £3,000,000?"

Mr. NICKLIN: No, to congratulate them. To substantiate the point I am making I refer hon. members opposite to the comments by Mr. Colin Clark in last night's "Telegraph." This is the report—

"Danger—House Shortage May Last Indefinitely.

"All that the Ministry of Post-War Reconstruction says on its training of ex-service personnel for the building trades may be perfectly true, but unless it can train about ten times the number, or unless ex-servicemen and others can find unofficial sources of training, the housing shortage is going to continue indefinitely. . . . The building trade can offer permanent employment for the next 20 years to 3,380 more carpenters, 1,310 more plumbers, and 520 more bricklayers than are at present in sight even if we assume that all the men with previous building experience return to the trade, which will probably not be the case."

I think Mr. Colin Clark sets out the position very truly. The Secretary for Public Works knows the trouble that he has in having houses built. He has gone to various parts of Australia to get ideas and so far we have only the ideas and not too many houses. He knows what he is up against in the shortage of man-power and material. I venture to say also that he is not helping matters by his attitude towards the private contractors. When private builders have been prepared to do the job and have tendered for a group of buildings the Minister, who is responsible for the department controlling the building of houses by the State, has said, "Too much. We will build them by day labour," and when the Government have built them by day labour they have cost a great deal more than the contract price they rejected.

Mr. Bruce: Be fair; one group did.

Mr. NICKLIN: That attitude has militated against house-building here. Knowing the conditions that prevail in the building industry and knowing full well the shortage of skilled labour and material, I can only come to the conclusion that the Government have allotted this huge sum of £2,000,000 for house-building merely as political propaganda.

Unfortunately, the setting down of £2,000,000 in the Budget will not build houses. I hope that the Government will be able to build £2,000,000 worth of houses during the year, as the people want them, but all indications at present are that it will be impossible to spend that £2,000,000. Therefore, I can only come to one conclusion, and that is that provision was made in the Budget for the purposes of political propaganda.

Mr. Foley: Are you going to move a reduction in the amount?

Mr. NICKLIN: I am not. I am going to use every endeavour to see that the Secretary for Public Works and his Government do all they possibly can to spend that amount

and give the people £2,000,000 worth of houses. If they do so, I shall be the first to congratulate them, but if they do not, then they will be hearing more from me. From the "Courier-Mail" this morning we learn that there are possibilities of overcoming some problems associated with housing by mass-production methods.

Mr. Hanlon: I have read that very carefully, but too many details are missing.

Mr. NICKLIN: After all, the scheme may not be as sound as it looks, but there are certainly possibilities in it. Those methods are being employed for the same purpose in other parts of the world. They are doing it in England and in America. It offers possibilities in this respect, that these pre-fabricated houses can be erected by unskilled labour. The bottle-neck in house-building at present is in the main a shortage of skilled labour and in building materials used for house-building in this State. If we can widen these bottle-necks and get other materials for the erection of houses than those now used, perhaps we can spend this £2,000,000 after all.

However, in connection with this question of public works, I wish to again emphasise the point I made earlier. I do not think it can be stressed too often public-works expenditure is at best only a palliative and that in normal times private enterprise must provide between 80 and 90 per cent. of employment. I say emphatically that under present conditions, seeing that we are short of tradesmen and materials, that it is not in the best interests of the State as a whole to engage in a large public-works programme because by doing so we shall be entering into competition with the men engaged in private and individual enterprise. They are planning to improve productivity in their industries and making up the shortages of so many materials and requisites brought about by conditions obtaining in the war years. I hope that the Treasurer will keep in the forefront that dictum that has been expressed by himself and by other hon. members opposite, that public works should be used rather as a palliative to ginger up employment and take up the slack when things get a little bit depressed. I certainly would not agree with the remarks of the Secretary for Health and Home Affairs when speaking in a debate earlier in this session when he said that he knew no better means than loan expenditure of giving work and wages to an army of labourers when the war ends and our soldiers are demobilised. If the hon. gentleman believes that, then he has changed his philosophy and is adopting an entirely new policy for his party. That being so, he should change the name of his party from the Australian Labour Party to the Labourers' Party, for, after all, that is what he envisages when advocating that the Government should provide work for pick-and-shovel men.

Mr. Hanlon: Labourers do matter to the Labour Party.

Mr. NICKLIN: They matter to everybody. Our party stands to give the workers

something better than labouring work. We want to build up a class of worker in this State who has a trade, that trade should be a trade that will give him employment. We do not want pick-and-shovel work solely for the workers; we want something better for them. We can give it to them only by giving individual enterprise an opportunity to build up industries that will provide the class of employment that gives to the worker something better than ordinary labouring work.

That brings me to the point I have stressed in the Address in Reply, during the debate this morning, and on previous occasions, that is, the great dependence of this State upon primary industries, and the urgent need for any Government to see that they are in a prosperous condition.

Mr. Power: Do you remember the number of people who went bankrupt during the Moore Government's term?

Mr. NICKLIN: As I forecast when I began speaking, the hon. member for Baroona has not been long in following the lead of the Treasurer in introducing the 1929-32 period.

Let me again re-emphasise and re-emphasise the need for Governments to give urgent consideration to the proper stabilisation of our primary industries, because according to statistics the primary industries of this State provide over three-quarters of wealth production in average years, even without allowing, as I pointed out this morning, for the proportion of manufactured products, butter, cheese and similar products, that are classed statistically as products of secondary industry. I emphasise this point in the Budget debate because when we have so much money in the Treasury there may be a tendency to overlook this basic fact, and we may not give sufficient consideration to our primary industries; we may allow these large sums of money that are available to bring about a sense of false security. The wealth we have in the coffers of the Treasury at the present time would be of little avail if there was a large-scale failure of any of our major primary industries.

Leaving out of account variations in seasons, which are normal in this State, the main factors that govern the success or failure of primary industries are prices and costs of production. Take one of our important primary industries—an industry the value of which the Government recognise by sponsoring a delegation to America to make further inquiries—the beef industry. This is an industry in which the outlook is good. In "Economic News" for June 1945 the following appeared:—

"This tendency of graziers to switch from sheep to beef cattle is very well timed, for an expanding world market for meat is one of the most certain of anticipated post-war commodity trends. Queensland is in a particularly favourable position to take advantage of this development, and meat production is the only reasonably profitable alternative to wool if the latter fails to meet the growing competition from synthetic substitutes."

I entirely agree with that; and the Government apparently agree with it and realise there are possibilities in our beef industry. If our industry is to keep abreast of world conditions it is necessary for us to be right up to the mark in the handling and treatment of our beef and in our marketing. That is the reason for this delegation overseas—the need to investigate the possibilities of improving the methods of production and the marketing of our beef in this State. I do not think a wiser move could have been made. Meat-packing and the handling of cattle from the paddock to the abattoirs is better in America than in most parts of the world. The people there are always abreast of the times by reason of the great amount of attention they give to scientific advancement and the betterment of conditions of their industries.

I hope that as a result of that visit the beef industry of Queensland will benefit and methods will be used that will enable our meat to sell on any market in the world in competition with meat from any other part of the world.

The optimism in regard to beef is offset to a certain extent by the contrary view of other exporting industries. All members must realise that there is serious danger of a drop in world prices for wool and dairy produce. The wool industry, because of the stocks of wool that have accumulated during the war years and the fact that wool will meet very serious competition from synthetic substitutes and other fibres, is not in a very sound position, and as the hon. member for Fassifern pointed out this morning our dairy products will meet severe competition overseas from our pre-war competitors. Margarine will be a very severe competitor. Only a week or two ago I read a letter from one of our clients in England who states that we shall not be able to maintain war-time prices of butter there because of the competition from margarine. Margarine has been so vitaminised and improved generally that if butter prices are too high, the people will swing to that substitute to the detriment of our market. That being so, we must give very serious consideration to the stability of these main exporting industries because of the economic effect any serious setback in them may have on this State. It was the tremendous drop in the price of wool in the last depression that was the main difficulty so far as Australia was concerned. The price dropped from approximately 26d. a lb. for greasy wool to 8d. a lb. and when we realise that every penny a lb. rise or fall in the price of wool means £500,000 to this State on an average year's output we must realise the serious implications in which this State may become involved if there is a drop in any of our major exporting primary industries. Another important factor that we must not overlook in considering this question is that our best customer, Britain, is not now in the financial position in which she was prior to the war. Instead of being a creditor nation as she was then, she is now a debtor nation and that will have an effect on her purchasing power as far as our primary products are concerned.

When we consider these facts we should not be carried away or allow our sense of proportion to be obscured by visions of prosperity based on an inflated currency and a dependence during the war on Treasury bill finance. In the current Federal Budget expenditure is to be financed solely from taxation and loans. In addition a social service tax of 1s. 6d. in the £ is imposed on all incomes exceeding £2 a week. There is no need to go further than this to show that the Labour Party has no real belief in a financial policy of free issue of credit by the Commonwealth Bank, which it has dangled before the eyes of the public for many years past. In the Budget debate in the House of Representatives, Mr. Chifley again stressed the real dangers of inflation and the need for heavy borrowing and taxes and the continuance of various controls in order to prevent an orgy of spending, which might cause an uncontrollable rise in various price levels. We must take the remarks of the Treasurer of the Commonwealth into account. There is a very real danger at present of serious inflation if controls are not imposed in regard to spending in particular because at present there is a vast sum of money in the hands of the public which if it is used unwisely might have a very serious effect on the financial structure of the Commonwealth. But we must not overlook the fact that one of the best ways of avoiding inflation is by an increase in the supply of goods available to the public. If we can give them goods to buy for their spare money we can make that money do the job money is designed to do.

Whether this can be accomplished depends upon our having a sufficiency of profitable industries, both primary and secondary, in this State. Here again costs of production, which include taxation, are a vital factor. I admit that the Treasurer has very little control over the major forms of taxation in this State at present, but he has control over minor forms of taxation, and considering the financial position of the State, perhaps he could have given the taxpayers some relief in this direction. Not one penny of relief can we find in the Budget except that the tolls are to be taken off the various toll bridges and roads. I congratulate the Treasurer upon being so kind and generous as to give us that little concession at last.

Mr. Muller: And a long way overdue, too.

Mr. NICKLIN: It certainly was a long way overdue on some of the roads.

The whole problem revolves round this question of what we can afford, not what we should like to have. That is the point we have to consider. "Economic News" of July, 1944, deals with this question and it puts the point I wish to make so well that I propose quoting it at length—

"Immense commitments are being proposed for the post-war Commonwealth Budget. Defence, the primary duty of the Commonwealth Government, will be secured, we are told, by the holding of an outer screen of islands. This will, however, call for numbers of men and large

expenditure on equipment. If we call for help from Britain and America we will be morally bound to spend on defence at least as large a proportion of our national income as they do, which will probably be some 3-4 per cent., as against the 1 per cent. which we spent in 1938-39. Interest, exchange and sinking fund, apart from State debts, will probably amount to £85 millions per annum by the time the war is over, as against £17 millions in 1938-39. A permanent expansion of the Commonwealth Public Service is proposed, at high salaries. An increase in the salaries of teachers (undoubtedly desirable) will, it is believed by many, be provided by Commonwealth subsidies. There is to be a social security service to provide for unemployment, sickness and other contingencies, on an entirely non-contributory basis. A housing programme is being discussed which may soon involve the Commonwealth in £10 millions per annum in subsidies. The rapid unification of railway gauges, at whatever expense, is being actively discussed. Every kind of Commonwealth assistance is being sought for State finances, and many projects of purely local importance are now claiming that they should be financed from Commonwealth funds. All sorts of persons and associations, wanting money for any purpose, are now beginning to think that they are entitled to get it from the seemingly illimitable milch-cow of the Commonwealth Treasury."

There is no doubt that those comments hit the nail right on the head. There has been built up in this Commonwealth, by the Commonwealth Government—I do not blame the State Government for it—a feeling that it is only necessary to ask the good old Government for something and you will get it done all for nothing. We have found that this all-for-nothing scheme did not work out because, in the Commonwealth Budget, instead of a multitude of social services that are going to be provided absolutely free, incomes of over £2 a week will attract a social services tax of 1s. 6d. in the £.

The article continues—

"Many will continue to live in this dream world for another year or two, and then wake up with a start to the fact that the possibilities of public expenditure, though considerable, are very definitely limited."

I think that final awakening has now come. After discussing the various items of unavoidable expenditure undertaken by the Commonwealth Government in the post-war years, and the highest possible amount that can be expected from income taxation—assessed at £292,000,000 but only extractable by the most ruthless administration from all sections of income-earners—this article goes on to state—

"It is going to take us all our time to maintain existing social services, let alone provide for new ones. After the last war, nearly all countries improved their social services, but this was only possible because

taxation was low in 1913. By 1938, it had been raised nearly to the peace-time limit."

Since that period taxation has been raised even higher still, and now we find that the Commonwealth Government have altered their idea and have imposed a special social-service tax in an endeavour to provide funds to meet a part of the social services. It is particularly to be noted that this article, which very closely and logically analyses the financial outlook, stresses the dangers of irresponsible expenditure by Governments and the retention of unnecessarily high taxation. It goes on to say—

"What will happen if the above considerations are neglected, and the Commonwealth accepts excessive expenditure commitments? The result will be inflation, whether the Budget is balanced or not. . . . We cannot have things both ways. We can have full employment or large Government deficits, but we cannot have both. We can keep the rise of prices within reasonable limits, or we can have increased Government expenditure, but we cannot have both. We can have a comparatively equal distribution of incomes, as we do in Australia, or we can have a large revenue from taxation, but we cannot have both."

I commend that article for the consideration of the Treasurer, as it sets out many truths in connection with the present financial position. After he has read it, he may perhaps reconsider his Budget and decide to make some reasonable reductions in the excessive tax charges now imposed upon trade and industry and the people. Even allowing for the fact that the Commonwealth Government are mainly in control, the State Treasurers should do everything possible to ameliorate the present position so as to help pave the way towards a more stable future. The State Treasurer has control of only minor taxation avenues, but if he had followed the excellent example of wiping out the road tolls he could perhaps have reduced taxation in some other way. Because of the war, State Governments scored financially in many ways, particularly such States as Queensland. Queensland benefited under the arrangement for uniform taxation, because this State had the heaviest taxation of all States prior to that date, and so it received the largest amounts from the Commonwealth under the Commonwealth Grants Act.

Mr. Hanlon: We could have got as much money under State taxation if we had reduced it by 50 per cent.

Mr. NICKLIN: I have no doubt that that is so under the conditions that existed, but that does not get away from the fact that the State was particularly well treated under the Commonwealth Grants Act compared with the other States.

Mr. Hanlon: Not at all.

Mr. NICKLIN: Surely the Treasurer does not contend for one moment that he

is broke, or is financially worried because he has not got enough money to carry on the activities of the State?

Mr. Hanlon: No, but there is a lot of work to be done with that money.

Mr. NICKLIN: And there is plenty of money with which to do it.

Mr. Hanlon: I could use twice as much money on worth-while work in Queensland.

Mr. NICKLIN: One could almost say that the Treasurer is embarrassed with riches that have accrued in this State during the past few years. I would not blame the Treasurer for not turning away those riches, because, like all Treasurers, he likes to have the largest possible sum of money at his disposal, particularly when we remember that next year is election year, and that sometimes Treasurers like to take advantage of an election year to spend an increased amount of money.

It is interesting to examine the position over the years just to see how the financial position of the State has improved. We take first of all the financial year 1941-42 when the improved position can be seen reflected in State finances. In 1941-42 the disclosed surplus was £63,772, the transfers to other funds amounted to £1,128,016, showing an actual surplus of £1,191,788.

I am not objecting to transfers to other funds—it was a wise procedure—but I do not think it is altogether right to treat those transfers as expenditure and consequently reduce the disclosed surplus. The figures for the following years are:—

	£	£	£
1942-43 ..	102,022	5,881,250	5,983,272
1943-44 ..	113,724	4,435,042	4,548,766
1944-45 ..	569,215	550,000	1,119,215

Those figures disclose a total actual surplus for the four years of £12,793,041. The Treasurer has been a very lucky Treasurer indeed. Not many Treasurers in any State Government have had a surplus of £12,793,041 in any four years. Even allowing for the fact that in the current year revenue will not be so buoyant as it has been, something more could have been expected than the long-overdue removal of tolls from bridges—which Labour referred to as archaic when they were first imposed in 1929 or 1930. I suggest to the Treasurer, in view of the huge surpluses that have come his way in the last four years, that he give consideration to that excellent dictum on finance delivered by the late W. E. Gladstone, "Let the money fructify in the pockets of the people." However, the unfortunate idea of hon. members opposite seems to be "Make the Government the main spender of the people's money."

I am concerned about railway finance, together with the future of our railways. The expenditure from railways is the largest single item of governmental expenditure, and can play a very important part in the State's financial affairs. We must admit that large amounts of the money that has come the Treasurer's way in the last four years have

come as a result of the big revenues received from the Railway Department. Those revenues were received as a result of the job the railways were asked to do during the war period. And they did a jolly fine job, too.

Hon. Members: Hear, hear!

Mr. NICKLIN: Every Queenslander ought to be proud of the wonderful contribution the Queensland railways made to Australia's war effort. Notwithstanding that our American friends when they came here referred to our railways, after seeing them, as toy railways, when they saw the job they did they were the first to applaud the wonderful work done by the department and the men in it.

I intend to quote figures to show the big effect that railways can have on State finance. If we go back to 1942-43 we find that the gross earnings that year were £17,148,196, and in 1943-44 they were £15,659,891, and in 1944-45 £13,569,217, and the estimated gross earnings for 1945-46 are £11,130,000. Those figures alone show the big effect railway revenue has on the finances of the State. Against that, the expenditure in 1942-43 was £10,993,842; in 1943-44, £12,719,237; in 1944-45, £13,569,217; and in 1945-46 the estimated revenue is £11,130,000. In view of the importance of this great State asset I am personally rather worried about the future of the railways unless some immediate action is taken to restore them to the position we should expect them to occupy in regard to the services they offer to passengers and the services they give to the community.

If that action is not taken I am afraid the Railway Department may be a drag on the finances of this State rather than an asset. I am loth to criticise the Railway Department for things that happened during the war years because I realise it was working under very difficult conditions, and during that period it did a great job, but over the last 12 months the strain of war traffic has eased very much and one would have expected that at least during the last six months there would have been some determined effort to restore the railways to a more or less peace-time basis, and give an indication to the travelling public that the department was going to give the service they expect. We all have to realise that there are going to be great changes in transport methods, not only in this State but all over the world, that the railways are going to meet keener competition from the air, the road, the sea, from all other means of transport, and if they are going to stand up to that competition they will have to be as modern as those other forms of transport. Is there any excuse at the present time for the dirty dilapidated carriages which we see too often on our railways? Is there any excuse for the inattention to such simple methods of maintenance as the keeping of the lights of carriages in good order? The lights in one carriage that has been running on a train on the North Coast for the last six months have been sometimes a complete

black-out and at the best of times one could just about see the headlines in one's paper. There is no excuse for conditions such as that. There is no excuse for a condition such as the bad make-up of the trains—trains of 11 or 12 carriages, all of different types, and some long-distance trains on which there is hardly a lavatory carriage. We have constant late running of trains even though there is not the traffic on the lines that there was during the war.

I emphasise those few points because of the importance of railway finance on State finances generally. There is very clearly a need for some ginging up in the running of the Railway Department so that it may give a better service and be able to meet the competition that is inevitably coming from the air, the road, the sea, and other forms of transport. There needs to be more imagination in the control of the Railway Department and immediate action should be taken to better the conditions of the travelling public and to give a better service to the people of this State. If not, our railways are going to become a drag on Consolidated Revenue. I have sufficient faith in the railways to prophesy that if they are run properly, if they give the good service to the public that the public want, they will continue to be one of our major means of transport in this State. I shall have more to say on this matter on the Railway Estimates; I took this opportunity of mentioning the matter because of the importance of the railway finances on State funds.

There is another important factor in the costs of industry that we must take into consideration, and that is the industrial disruption and a general slowing-down of effort in recent years. The teaching of Labour and its failure as a Government to administer the industrial laws impartially are now bearing the fruit that should have been expected. When the Industrial Arbitration Act was introduced in 1916, the Minister, Mr. Theodore, said that it would mean the end of strikes. Instead, we have the present position, in which strikes are not only widespread but in many cases are even in direct defiance of the instructions of the unions concerned. Australia has become the happy hunting ground of political pressure groups imposing their will upon Labour Governments at the expense of the rank and file of the people.

In the recent tramway strike in this city we had the spectacle of three Labour members urging the strikers to continue their defiance of constituted authority and, as a sequel, the decision of the Labour Caucus that in future there must be no such advocacy without the consent of the Leader of the party.

We also had just recently the Trades and Labour Council taking the part of the Indonesian strikers in a political dispute with the Dutch administration of Java and the spectacle of these Indonesians housed in the home of the Labour movement, the Trades Hall. Mr. Mann, the Labour Party has introduced boogie-woogie into the politics of this country, with its attendant disharmony and ugliness.

Mr. Hanlon: What exactly is boogie-woogie?

Mr. NICKLIN: Disharmony and ugliness. I emphasise the point that unless a very radical change is made in the administration of our industrial laws it cannot be expected that costs of production will be kept within reasonable limits. After all, we have to keep the cost of production in our industries within reasonable limits if we are to meet successfully the competition our industries must face in future. The people generally and the workers in particular will suffer the consequences of partial and sectional government. This policy that has been followed is very unsound because it tends to divide the people and we cannot afford to have our people divided. We must consolidate our people. We have to work as a whole if we are to benefit as we deserve from the potentialities of this great State.

Frequently we hear attacks made by hon. members opposite on the so-called capitalists in this State. I would ask: what is a capitalist?

Mr. Power: Ask the hon. member for East Toowoomba.

Mr. Yeates: A capitalist is a handy man to have.

Mr. NICKLIN: That is not an answer. To answer the question it is necessary to ask another one: what is capital? Capital is that part of the annual income of the people that is not consumed but is set aside to produce fresh wealth.

Mr. Hanlon: Capital is that part of the annual income of the people that is collared by just a few of the people.

Mr. NICKLIN: Capital is not collared. It is not even consumed. It is there to be used over and over again, and it is money that is set aside for the production of new wealth and if we have no capital we shall have no production. There must be something to start production going and capital is that something. Fresh wealth produced by capital is not for the use of one section of the community as the Treasurer interjected, but for the use of those mainly responsible for the production capital brings about, and those responsible for the production are the producers—

Mr. Power: The working man?

Mr. NICKLIN: The employers and last but by no means least the employees in industry. They are all producers of wealth and capital gives them the opportunity to produce wealth. To use an analogy, capital is the same thing as the seed that nature provides for succeeding crops. In fact, our friends the Americans refer to capital as "seed money" and it is a common dictum in agriculture, "No seed, no crops." Therefore, no capital, no production, and consequently no works. They are bound-up one with the other. Everything must be combined to get a balanced economy. Workers would be no use without works and capital would be no

use without workers. They are all bound-up one with the other and, after all, everybody is entitled to his share of the production brought about by the efforts of capital combined with labour.

Unfortunately hon. members opposite give no credit to anybody who is prepared to invest and take a risk. Very often one does take a risk in the establishment of industries by the investment of capital. Hon. members opposite say it should not be done. They use the catch-cry, "Down with the capitalist."

Mr. Power: No.

Mr. NICKLIN: Just a moment ago, when I asked what capitalism was, the hon. member would not answer. He endeavoured to involve the hon. member for East Toowoomba.

Mr. Power: I shall deal with that in my own speech.

Mr. NICKLIN: And I have no doubt we shall hear plenty about the 1929-32 period. I ask hon. members opposite how they can reconcile their political catch-cry, "Down with the capitalist," with their claim that Labour's policy will produce full employment and high-living standards. I give that theme to the hon. member for Barooka for his speech and I look forward with pleasurable anticipation to his answer to that question. It is one matter on which he and other hon. members of his party will have to make up their minds. Since 1931 they have oscillated between the advocacy of Socialism, which is the objective of their platform, and an assurance to the people that they rely upon private enterprise to bring about progress and employment. At one time we hear them advocating State enterprises, and at another they speak of allowing private enterprise to bring about the necessary progress and development. Labour will have to decide whether it wants capitalistic democracy or communistic capitalism. Whichever is chosen, capital is the dominating factor of the economy. The only question is whether it should be owned and controlled mainly by the people or by the State as the sole capitalist and sole employer. On this issue up to the present time the Labour Party has adopted different attitudes, but it has to make up its mind very soon as to what it proposes to support. I should like to help it make up its mind at this stage, by placing emphasis on the fact that we have to build the economy of this State upon individual enterprise, and not build it, as is apparently envisaged by this Budget, on a huge programme of State works to the detriment of the private employers of the State, who after all provides from 80 to 90 per cent. of the employment.

The framing of the current Budget has been a particularly easy task for the Treasurer, but there are many implications attached to it that should receive a great deal more serious consideration than apparently has been given to them by hon. members opposite. The most serious aspect of

the whole thing is the effect of the policy that it is apparent the Government are prepared to espouse, that of major reliance on public works. Will that be in the best interests of the State, or will it be better to give encouragement to enterprise and industry and so build up a sound economy in which the State, instead of being the major employer, will be a factor in helping industry rather than competing with it for the supplies of labour and the material available?

Mr. HILEY (Logan) (3.38 p.m.): I listened with great interest to the debate and I cannot help commenting on the most recent exchange between varying schools of thought as to what is most responsible for the creation of wealth. I heard one party claim that it was solely due to labour. I heard another thought expressed that capital is the dominating factor. Might I suggest that they are both partly right but both of them should recognise the very material contribution of a third factor? It is quite true that capital plays an immense part in the production of wealth. It is equally true that labour plays an immense part. Neither does the job efficiently unless blessed with the third factor—good management.

Mr. Hanlon: It is a form of work.

Mr. HILEY: It may be a form of work, but it is a factor that is seldom taken into account in trying to establish the real responsibility for the production of wealth. I suggest that both these schools of thought might well ponder the extent to which really good management makes capital on the one hand and labour on the other fully and truly productive.

A Government Member: There is good management in the Budget today.

Mr. HILEY: I am inclined to agree. The second thing that I heard during the course of the debate was the very mild and good-natured controversy concerning the record of certain social expenditure. There was a mild note of challenge as to which Administration had the better record for social-service expenditure. As I listened to that controversy it occurred to me that there are certain forms of social-service expenditure that are thoroughly desirable in a progressive community but there are others that should be avoided at all costs. I hope those people who claim credit for social-service expenditure will claim no credit for what has to be spent on doles for the relief of unemployment. That to me is an open confession of failure.

Mr. Power: That was in 1932. I am not the only one who talks about 1932.

Mr. HILEY: It is still present. If you examine the records of 1939 you will find that even then we did not have full employment, so whatever boasting there may be on the question of social-service expenditure at least let us be quite clear that any expenditure by a so-called progressive community on unemployment relief is not something to be proud of—quite the reverse. In organising our community we should try to avert the need for expenditure on unemployment relief.

Mr. Collins: Do you think that can be done solely by depending on private enterprise?

Mr. HILEY: If I were to answer that question all my time would go. Let me come back to the main theme of my address, the Treasurer's Statement. I listened to the Treasurer deliver his Budget. I could not help contrasting the resplendent picture that he now presents with the very dismal sketches that prevailed up till 1939. Very commonly our experiences up to that point were of recurring revenue deficits, trust funds close on bankruptcy, soaring taxation, mounting public debt, and, worst of any feature, high interest rates. In contrast with those features we see that in the war period the ship of State of Queensland was able to sail out of troubled financial waters into the very sheltered harbour of uniform taxation. While the Treasurer has been basking in the very favourable atmosphere of this protected haven he has found without any great striving on his part conditions of such ease as to ensure not only surpluses but record surpluses. He has found it possible not only to put his trust funds in perfect order but to add to them new and vast reserves. He has found it possible to avoid almost entirely responsibility for direct taxation and he has been able to exchange that responsibility of years gone by for Commonwealth bounty. While the public debt has apparently slightly increased—I shall have something more to say about that in a moment—interest rates have fallen and above everything else the per-capita indebtedness in this State has fallen materially.

On that question of the apparent increase in the public debt we might very well ask ourselves the extent to which the apparent increase is an increase in fact or whether much of this apparent increase is due to, shall I say, a queer notion of accounting. We owe money in Australia and we owe money in London. The unit of currency in both countries is expressed in the same terms of £ but they are two different currencies, two different things. We have in our State followed what I conceive to be the wrong practice in expressing our indebtedness in London in terms of Australian currency. During this year the Treasurer carried out a London conversion and I am going to say that it does him and this State full credit. It was a very satisfactory piece of business in the interests of this State.

Yet the apparent result, because of this queer notion of showing London indebtedness in Australian currency, is that the public debt has increased. I suggest that the public debt has not increased. It appears to have increased because the amount that was due in sterling is now shown plus the exchange ruling for the debt in Australian currency. We shall never get a clear picture of the loan position while we continue to show in Australian currency debts that are due in currency of other countries.

Mr. Hanlon: How would you express them?

Mr. HILEY: You would express them in this way: at the foot of the statement of the loan indebtedness of the State you would show what was the amount in Australian currency necessary to retire those loans at the rate of exchange ruling on the last day of the year.

Mr. Hanlon: You never know what the rate of exchange will be.

Mr. HILEY: I agree, but we have had a measure of stabilised exchange with Great Britain that at least removes the worst argument that can be adduced against my contention, that is, that a violent fluctuation in exchange would make such a method unsound. From the very day the Treasurer ascended the steps of the Treasury he has known with reasonable certainty just what the commitment was in respect of these loans.

Mr. Hanlon: We have never known what the dollar loan was.

Mr. HILEY: I agree. The method I suggest is the expression of these debts not in notional values but instead in their present value. I realise that is not the ultimate value. That is why I say we get a queer picture of an apparent growth of our public debt when I repeat that the real public debt of the State has not increased.

Mr. Hanlon: The charges necessary to service the debt have greatly decreased.

Mr. HILEY: Yes.

Mr. Hanlon: We have £400,000 less interest to pay.

Mr. HILEY: Quite. The conversion of the loan is the best thing the Treasurer has done since he accepted the responsibilities of his office, but his Statement prevents him from getting full credit for the financial improvement.

I return to my nautical metaphor, the ship of State, which was protected in the sheltered harbour of uniform taxation. I go on to say that if the master of this ship has its coffers full, do not let us fail to realise that it is far from being fully prepared for the stresses and dangers of the open seas. It badly needs refitting. Its crew is still far below strength. When I look at the Treasury bench I observe a number of over-age officers who might well be pensioned off. To apply the metaphor, we must not permit a bulging Treasury to blind ourselves to the sorry state of our railway and other assets; to the fact that much which we might regard as reserves is really our liquidated capital. But to what is this improved Treasury position really due? I answer that question this way: it is due almost entirely to the uniform-tax plan. You might say to me, what of our rising railway revenue for the war period? Does that not represent the real source of the impressive reserves displayed? To that comment I say this: let us suppose that we had no uniform-tax plan and we had followed our own individual right of taxation. Let us go back to 1942 when railway revenue first surged up and hit the very high level

it never hit before. Do you think for one minute that any Treasurer could have continued to extract approximately £6 3s. a head of population in income tax when he was displaying what would appear to be vast surpluses? Had we retained our State taxation over those critical years our rising railway revenue would have led to such a clamour for a reduction in taxation that no occupant of the Treasury could have retained a return comparable to that assured to him under the uniform-tax plan.

Mr. Hanlon: Do you think it wrong to retain the uniform tax?

Mr. HILEY: No, but there would have been such a clamour for reduction in taxation that no Treasurer could have withstood it. While these reserves were made possible in the way I have indicated there was no clamour or demand for a reduction of taxation.

Had the Treasurer been receiving that amount of taxation not as a grant from the Commonwealth Treasury but as a result of his own assessments then I suggest the reserves he was able to build would have been in jeopardy, and I doubt whether he would have been able to save more than the remnants of the very impressive display of reserves he now opens to our gaze.

Mr. Hanlon: We could have reduced our rates of taxation tremendously.

Mr. HILEY: I admit the scale of business activity attained such an increased level that what the Treasurer says is correct. I still say the public would have growled and he would have found they would have growled at paying the taxation at even reduced rates while the Treasurer was in a position to put away millions a year to reserves. He would have had such pressure that I seriously doubt whether without the benefit of uniform taxation the Treasurer would have been in the happy position he is today; of course, the Treasurer may have more confidence in his powers of persuasion than I have. So I say we should recognise the great value of the income-tax plan during the years of war.

I come now to a brief examination of prospects, in the early years of peace. I have already examined the advantages of the uniform-tax plan in times of peace and I have also exposed what I regard as its great danger—the danger involved of loss of our State sovereignty in exchange for a subservient position of utter dependence on Commonwealth bounty. That is the danger. The advantages are a uniform rate throughout the Commonwealth and the simpleness of its application. I have no hesitation in regarding the uniform-tax plan as something desirable to continue in the post-war period, but I do want to find some cure for the danger of the plan, the loss of Queensland sovereignty. It is not my purpose to re-examine the wisdom of the uniform-tax plan in detail, but one observation I do want to make because of its profound effect on post-war problems.

In the last year we taxed separately—1940-41—Queensland was collecting income

tax based on income amounting to £6 3s. a head of population, the Victorian figure was £3 10s. and Tasmania, which lived largely on Commonwealth bounty, was down as low as £3 8s. If the uniform taxation is not continued, what prospect faces the people of Queensland of reduced State taxation. The Premier and other Government spokesmen have made some limited statements on this matter and the impression has grown that if taxation should by any chance revert to the States the State rates will be comparable with those of other States and that all our rates, including rates of company taxation, will be brought into line with those prevailing in the larger manufacturing States. It is quite true that our State taxation laws did contain much that was capable of improvement, but let us make no mistake about it: on our pre-war experience the Treasurer was hard put to carry on with a collection of taxes amounting to £6 3s. a head of population. Can the post-war Treasurer carry on receiving an amount equal to only, say, £3 10s. a head? He cannot possibly hope to do it and retain more than a fragment of the services he is giving to the people of this State.

A Government Member: What is the alternative?

Mr. HILEY: There are only two alternatives. One alternative is uniform taxation and the other will be scales of taxation not vastly different from those that prevailed in 1940-41. I can see no other conclusion. After all, the Treasurer has his commitments, which the people want to see carried out. If he collected £6 3s. to meet those commitments in 1940-41, how can he possibly measure up to similar commitments if he is to receive only £3 10s. or £4 10s.

Mr. Walsh: Increased taxation or curtailment of services?

Mr. HILEY: It would mean one or the other. It would be folly to imagine that if taxation reverted to the States there could be any hope whilst maintaining services of materially reducing taxation. I can see no prospect of it; it is a matter of simple arithmetic. It may be eventually that with wise government the State could win through to a lower rate of State taxation, but that would be an eventual measure and would not be something possible of early attainment.

Do not let us be so foolish as to imagine that by any stroke of the pen or by the passage of a few war years we can escape paying heavily for the commitments we entered into in past years. Someone has to pay for the losses incurred on State enterprises and for the money that was poured down the sink in chipping footpaths and doing things of that kind in the days of the depression.

Mr. Walsh: Actually, there was no loss on State enterprise.

Mr. HILEY: Of course, that is a matter of arithmetic. The Auditor-General disagrees with the hon. gentleman.

Mr. Walsh: Look at the enormous savings to the people—cheap meat.

Mr. HILEY: Let the hon. gentleman convince his Treasurer, who is still paying interest and redemption on them.

Mr. Mann, if this State has the courage to approach the question of immigration boldly, if it sets its hand to develop new industries for which our natural resources provide abundant opportunities, and if we have the courage and foresight to realise that the railway system of this State, although it contributed much to the development of the State, is also in many respects very much of a handicap; and if we set out to provide full and profitable employment, not only for all the people who are here but many more, I suggest that eventually we shall entirely on our own resources have some prospect of reduced State taxation. But do not let us commit the folly of thinking that in our first post-war year if we do revert to State taxation by some magical process this State can live on £3 10s. a head of population. Plainly, it cannot.

Mr. Walsh: Your party will not be too pleased with your suggestion.

Mr. HILEY: The individual incidence of taxation may vary, the procedure of taxing companies may be changed, and there can be as many variations as one likes in the taxation system, but there is the inescapable fact that the Treasurer must have revenue to carry on his services. Although the variations may benefit some people and harm others, in the sum total the Treasurer has to get the necessary revenue with which to carry on.

In answer to the interjection made a moment ago, I think I have already made it clear in this Chamber that the party to which I belong is not a low-taxation party. On the contrary, we contend that in a modern State the State should not be denied the means with which properly to administer and adequately serve its citizens.

And so I leave the Treasurer to face in the very near future this great problem of taxation methods and taxation rates. For a number of reasons I hope the uniform-tax plan will be retained, but I urge the Treasurer, in the negotiations that I am sure he will be shortly entering upon, to fight strenuously to ensure that our revenues as a State come to us as a matter of right and that he avoid that harmful position of our being forced year after year to be a mendicant begging for Commonwealth bounty.

Before leaving this question of taxation, let us consider the method of taxation employed by the principal taxing authority for Australia, the Federal Government. When I read the early history of the Labour Party I observe the singular importance placed by these early stalwarts on the preference for direct as opposed to indirect taxation. In those days they were concerned primarily with the ability to pay, and their reasons are not without equal significance today. But to those reasons so freely expressed and so commonly held in those days, one must be

added, something that was not of equal application in those days but something that the development of the standards of war-time expansion of currency has imposed. I state the problem in this way. Income tax, a tax based on the net income of the individual, whether company or individual, is not an inflationary tax. It is something that removes spending power from the hands of the citizen, and transfers that spending power to the hands of the State. It has little, if any, effect on the general price structure of the community. There are other forms of taxation that have precisely the opposite effect. For example, take sales tax or pay-roll tax, two classic forms of indirect taxation. Sales tax does transfer spending power from the individual purchaser to the State, but this is the difference—in doing so it adds to the price level of the community, and because of this it will be found, if their incidence is examined, that because they are absorbed in the cost of production, many of our indirect taxes have an inflationary effect, because they influence the cost of production. They in turn influence the price level of the community and these in turn influence the factors on which the wage-level of the community is based.

I feel bound to take this point concerning indirect taxes for two reasons. In the first place it is sufficiently remarkable to justify my calling to special notice the fact that Labour administrations have in their increasing use of the indirect tax gone so far from the set views of their forefathers. Early Labour thinkers and teachers were ever the enemies of the indirect tax and were ever the exponents of the direct method of taxation as being the ideal method of raising the revenues of the State.

The second reason for raising it is that in the clamour for a reduction of Federal taxation that is now beginning to make itself heard—and goodness knows, there is some reason for the clamour—I do hope there will not be an utter concentration on the reduction of the direct tax. The direct tax is high and does lend itself to some reduction, but I hope that sight will not be lost of the need for dealing also with the very high level of indirect taxation in the community.

Let us take the extent to which we are dependent upon export moneys, which in turn are dependent upon the level of production costs. Taxes such as the pay-roll tax add to production costs. Taxes such as sales tax partly add to production costs, but income tax, no matter how much we personally hate it, no matter how direct a target it makes of our individual pockets, has no inflationary tendency upon the community, it has no effect on the cost of production. So I say that I hope, in considering the whole field of taxation reduction—and this is primarily a matter for the Commonwealth Government—due regard will be had to the desirability of reducing not only the direct taxes of the community but also those indirect taxes that are contributing quite a little to the inflationary tendency so evident in this community.

Coming back to the Financial Statement itself I would point out that it is obvious that the year just passed has been a comfortable one. With a record surplus, with over £500,000 transferred to post-war reserves, and nearly £1,000,000 arrears of State taxes held by the Commonwealth Government and mentioned but not yet taken into account, unquestionably the picture of 30 June last was one of real financial comfort. But the Estimates for the ensuing year should leave this Committee in no doubt that the Treasurer clearly recognises—and he is convinced of it—that the easy period is over. Already he finds it necessary to estimate that he will have to draw not unsubstantial sums from those reserves, and although it is a matter upon which there must be and can be considerable guess-work, my own view is that by 30 June, 1948, we may well find the cupboard swept bare of those impressive reserves that today exist at the Treasury. I doubt whether the extent to which the Treasurer has estimated he will eat into the reserves in this year is at all the annual measure of eating into those reserves in subsequent years. He must have felt limited in the year in which we have just entered by the continued difficulties of man-power and material, and although he may have had some hopes that the later stages of this year will see those difficulties eased and that he will be in a position to carry out expenditures that are denied to him at the moment, he could not have reckoned upon anything like a full opportunity to carry out this financial year the works he has in mind. For that reason, where he finds it necessary to draw on reserves slightly over £1,000,000 in this year, it seems to me that next year and the year after the rate of withdrawal from those reserves may easily be very much more than that, and I repeat it might very well be that by June, 1948, the whole of this comfortable position of impressive reserves may have been dissipated and we may find a position where we are back to the cupboard bare.

I appreciate that the Treasurer on this occasion must have had more than ordinary difficulty in framing his Estimates. During the war period we found him in considerable difficulty in estimating his revenue, his railway revenue in particular, because he was never able to determine with any precision the extent to which heavy war traffic would continue. Now his trouble arises from the other direction. His revenues are ascertainable with a little more certainty, but his expenditures become almost entirely problematical.

The Treasurer cannot say, none of us can say, just what the resources of available man-power and material will be. I suppose the Treasurer will tell us in many years' time that never did he approach the preparation of any Financial Budget on so necessarily a guess-work basis as the Budget for this year.

Mr. Hanlon: Partly guess-work.

Mr. Hill: Partly guess-work.

Mr. Hanlon: That is why it will be possible to review it later on in the year if need be.

Mr. HILEY: I understand that fully. I sympathise with the position in which he finds himself but on quickly reviewing the guesses he has made I am left with the impression that they are generally sound and at this stage I cannot fault them. But one of his guesses does strike me as being altogether too much a castle in the air and that is the guess as to the amount he will be able to spend on housing. Last year in fairly similar terms he frankly admitted that what he could spend was in the nature of a blind stab. As a matter of fact, I think he spent only 20 per cent. of what he estimated. This year he has expanded his castle into a veritable mansion, a £2,000,000 mansion and I just question whether in fact he will be able to spend a tithe of that amount that he has provided. Not that the amount he has provided under-estimates the needs, not that any hon. member would cavil if it was possible to spend every solitary penny of it. Far from its being something to criticise, I think every hon. member would express unrestricted joy if the Treasury could spend the £2,000,000 or for that matter spend only half of it. I only hope that he can.

Mr. Hanlon: We hope to spend half of it this year.

Mr. HILEY: I am glad to hear the hon. gentleman say so. During the short time that I have been in this Assembly the problem of housing has been a continuing and growing one, and on studying the record of the attempts to find a solution I seriously question whether that vigor and energy have been displayed by the ministerial head responsible that I should have liked to see. However, I hope that in the few months of this year that remain we shall see that my judgment on this subject is proved to be faulty, and that the people of this State will be able at the end of it to say to the Secretary for Public Works, "Well, in spite of your unpromising start, you have made a very fine ending and you have carried out a good job."

Mr. Walsh: Shall we get any help from private enterprise? It has not been very helpful up to date.

Mr. HILEY: Private enterprise found itself shorn of the bulk of its labour for the C.C.C.; now it finds its labour handed back to it without any prior thought having been given to the supply of the necessary materials. Every building contractor that I know finds himself in this position today, that because of the materials position he has more labour than he can profitably use. I repeat that I hope there will be shown that vigor and energy in that particular administration which will make it possible for close on half of the amount provided to be spent.

There is one note of regret that I have to introduce in reviewing the Budget and

it is in reference to what I might term the tidying up of the Trust and Special Funds. It is enlightening to know, after looking back over the published statement of the Trust and Special Funds during the period immediately prior to the war and comparing it with the information relating to today's position, that unquestionably succeeding Treasurers have got rid of most of the dead wood that previously encumbered those funds and that the substantial losses of previous years, which were carried forward from year to year, have been faced up to and dealt with. However, there are a few that remain to sully the published statement. We still find debits appearing under the heading of the Chillagoe Smelters Fund, and the Irvinebank Treatment Fund, while losses on State coal-mines and State coke works continue to grow, these losses in a period of unprecedented demand for the product of those two undertakings. I suggest that the Treasurer, having succeeded very notably in clearing the Trust and Special Funds of most of the brought-forward losses, should, while he was on the job, have tackled the remaining items. The amounts are small but they represent losses that might come against the accounts in some subsequent Administration, and I am sorry to see he did not, while he was on a very good job, make it a 100-per cent. job.

I should like to thank the Treasurer, too, for the improved form in which the accounts are presented. Unquestionably the extra column he has added makes the accounts infinitely easier to follow. In that he has shown a liberality of thought that is welcome to all hon. members.

In considering the form of Budget we might spend a few minutes to consider a still newer form of Budget that is being envisaged by those social thinkers who are facing up to the problem of full employment and measuring the extent to which the State can organise the people to an extent never possible before in any industrial community, that is, that full opportunity to work to all its citizens could in fact be provided. I mention that at this stage because a new form of Budget is one of the factors that most of these social thinkers suggest as an essential in assuring full employment in a modern community. I do not intend to review the other factors because they should not be intruded into this debate. I want to confine my remarks to that particular contribution to the establishment of full employment. The fallacy of our budgetary system is based on the assumption that there will be full employment. No industrialised community is entitled to assume that there will be full employment because there never has been full employment. Never, except in the interludes of war, has any industrialised community found itself in a position where the jobs available generally exceeded the number of people who were out of work in the community. During the period that that false assumption of full employment was being followed we find the budgetary conception was that expenditure should be kept down to a minimum amount barely sufficient to carry on the services of the State. The conception was that

the annual income and expenditure of the State should be balanced. The school of thought that recognises that we are no longer entitled to assume that there will necessarily be full employment is also prepared to review those two fundamental conceptions. Once the State accepts the principle of full employment it is responsible for organising the various factors leading to full employment and therefore must be prepared on all occasions and when necessary to spend more than the amount it takes it is possible to use labour and raw materials that otherwise are lost to the community in unemployment. The new form of Budget that some of the most progressive social thinkers are advancing is one of the means for obtaining full employment if we follow certain lines. They say you should take your old form of Budget and measure the revenue and loan accounts of the nation, but you should add to it four other features. The first is some measure of what would be the private consumption outlay. Secondly, you should add some measure of the public outlay on investment. Thirdly, you should take into account, because you trade overseas, the estimated balance of the overseas payments. They say that you should add to these three factors the present conception of measuring the revenue and loan account, and having measured those factors you should set them against the measured output capacity of the community. After balancing those factors, then, and only then, would you find in that community full employment would be possible. If this community accepts full employment, as I hope it will, I suggest that the Treasurer will find it both desirable and necessary to carry out a further extension of budgetary practice, some evidence of which is given us on this occasion.

I suggest, too, that instead of confining his examination of the nation's requirements from the Consolidated Revenue Fund and Loan Fund he have regard to those other very essential features that so greatly influence the spending and circulation of wealth of the community and the possibility of employment. Some reference was made to the list of public works envisaged in the Treasurer's Statement, and some case was made on the point that it will be a dangerous thing if a vast scheme of public works is permitted to enter into competition with the industries requiring labour that go to build up the stable continuous industries of the country. I do not propose to examine that proposition fully. I want to sound this note of warning: let it be quite clear that even in a community that offered full opportunity for employment from the ordinary industries of the community, it would be utterly wrong for an Administration to say that because of this they would not carry out any public works. There are certain public works that are necessary to maintain the civic life of the community. Could it be suggested that because work was offering for every man and woman in the field of industry we should build no schools, that we should build no other public buildings, and that we should build

no more hospitals? Obviously that would be an absurdity. We must recognise that in a progressive and modern State public works, while they may be limited in certain periods and extended in others, are necessary at all stages. Even during the war period when we were supposed to be diverting the whole of the energies of the nation to one job—the defeat of the enemy—we still found it necessary to carry out some public works. So it would be wrong to imagine that we should in a period when there was the best public demand for consumers' goods say that we must carry out no public works. On the other hand I do say this: in the post-war period, in approaching the expenditure on full employment, no more delicate service, no more important service can be rendered, than to correctly time our public works. It would be the greatest mistake to rush in with a vast scheme of public works that would create demands that would interfere with the rehabilitation of our returned men. It would be a mistake to carry out works that would prevent vast numbers of our men from settling down to the domestic life which is so necessary for this community as a civilisation. In other words, we might have a vast project involving works over a great stretch of country, and that work might be something for a long-distance view, something that we should say we must tackle at some stage in the future.

Mr. Walsh: Like the Story Bridge.

Mr. HILEY: The Story Bridge is not spread over a vast stretch of country.

Mr. Walsh: The Somerset Dam.

Mr. HILEY: That is not like it. The sort of work I suggest would be such a scheme as the Minister for Transport so violently opposed—the Clapp plan, a railway-construction job spread over half the length of the State.

Mr. Walsh: Not only the Minister for Transport opposed it; this House opposed it.

Mr. HILEY: I am quite with the hon. gentleman; I am with him a lot this afternoon. If those works were carried out as the Commonwealth appears to wish, as an early post-war job, one significance of it would be that domestic life for the men engaged in the railway construction would be seriously hampered. These men would have to defer the opportunity for establishing homes and bringing up families if the opportunity for work provided for them immediately on their return involved moving from railway-construction camp to railway-construction camp far from conditions encouraging domestic life, but rather operating as a negation of it. I can think of no more important service an Administration can render in the creation of full employment than to time wisely and choose correctly the works to be carried out. While I have no hard criticism for the indication that has been given I feel impelled to make these comments in the light of the comments offered by the Leader of the Opposition.

I congratulate the Treasurer on the good fortune that was his in finding such a period of easy revenue and restricted spending. It is the last of such years. In the years that lie ahead we shall see a new period. The Treasurer has been riding a bicycle free-wheel down hill long enough; the long up-hill and hard pushing lie ahead. The going will be hard, and although he starts with his lungs full of wind he will find that the next two or three years of up-hill pushing will have him gasping.

It has been an extraordinary experience to the Queensland Treasurer, the significant effect that the war has had on his finances. We are coming back not to the piping times of peace but—let us honestly say—to the difficult times of peace-time finance.

Mr. MAHER (West Moreton) (4.28 p.m.): The Government have a balance on the right side of the ledger of £569,000. This is all to the good, but nevertheless the expenditure amounting to £25,878,000 is very high at a time when the call on the State revenues has been minimised by heavy Federal expenditure in many directions. There is no doubt that the last few years, as has been indicated by the hon. member for Logan, have been a veritable bonanza from the Treasury point of view. Revenue has fallen into the Treasurer's lap like manna from heaven. This war period has been a veritable Treasurer's heyday.

I hope the Treasurer is not, like many short-sighted people whom I have come across in the community, thinking this example of the golden age is likely to remain a permanent fixture. We must concentrate our attention on realities. The great wave of expenditure by the United States servicemen has passed. The tremendous war-time expenditure by our own servicemen is gradually coming to an end. Taxation is on a very high level and loan investments must necessarily lag heavily. All disciples of credit expansion must surely be satisfied at the quantum of credit released under war-time conditions. In the past few years nearly £400,000,000 has been added in Treasury bills to the unfunded short-term debt. Taxation in Australia is stated by taxation authorities to be on the highest scale in the world.

The hon. member for Logan made a notable contribution to the debate but I regret I am unable to see eye to eye with him in his preference for reduction in indirect taxation as against direct taxation. At the present time the State Parliament has not much influence in the matter, but remember, Mr. Mann, in the interests of those engaged in primary production, I contend that direct taxation is the form of taxation that should be considered when the time comes to reduce taxation. Those engaged in commercial pursuits are enabled to pass on the taxation load to the consumer, whether it is a direct or indirect tax, but the primary producer is at a dead-end and is not able to pass on his tax in the variable market prices received for his products. It is only in a very limited number of instances

that primary producers concerned have much say in the fixation of the price for their product. They are mostly in the hands of the market. If the market is low the return is low, so that when it comes to a choice between a reduction in direct tax or indirect tax, in 90 per cent. of the cases the primary producer would much prefer a reduction in the direct tax. Not that he likes indirect taxation by any manner or means but when the choice lies I think he would greatly prefer a reduction in direct tax that would give him an opportunity to market his products with some chance of paying his way. Of course, the taxation scale today is staggering and all industry is feeling the effects of the tremendous burden. It is causing a slowing-down of effort; the incentive to strive is disappearing among all sections of the community. Evidence of that can be found in every direction today and unless something is done by those responsible for the collection of taxation in the early post-war period I am satisfied that high taxation will cause a tremendous slowing-up in industry and produce a great deal of unemployment.

Once the incentive to work hard disappears, there will be a lack of interest in trade, commerce and industry generally, with resulting bad effects to those who depend for their employment and their daily bread upon those who promote industry.

Mr. Turner: That means that if profits are reduced they will stop?

Mr. MAHER: There is a limit in the net return for which men are willing to work, whether it is from profits made in commerce, from the land, or by the wage-earner. That limit has been reached already in many directions, notably amongst the wage-earners, because the many quarrels that are paralysing industry today have as their background the objection of the workers to the high scale of tax they are called upon to pay. After all, we must recognise the facts of the case, and have regard to the outlook of the ordinary man and woman. If the great bulk of one's income, whether it comes from industry as employer or as employee, is taken away in taxation, I say the nation is on the downward trend unless that position is corrected as soon as it is humanly possible to do so. In war-time no-one complains because nothing matters in comparison with the need for stopping the aggressor, but in peace-time an entirely new attitude is necessary if we are going to give encouragement to men to promote industry and to take financial risks in both primary and secondary industries. Upon the efforts of such men, leaders in the field of industry, depend the well-being of this country and the number of men who can get employment as a result. Many of those who have profitably participated in the expenditure of record disbursements by the Commonwealth and State Governments during the past six years will no doubt appreciate these lines from "Faust"—

"When to the moment thou didst say
Linger a while, thou art so fair."

Accepting "the moment" as the last six years, there are many who profited in different directions who will ardently wish similar conditions could linger for many a day to come. But the tide is gradually ebbing and therefore the Treasurer should exercise the utmost prudence in using his financial resources. What I fear most is competition by Commonwealth and State Governments for public favour by the expansion of what Mr. Forgan Smith termed Labour's spending policy. It is clear to me that if Governments with substantial accumulated reserves enter into active competition with private enterprise, for a period more work will be offering than there will be men to do it and an era of high costs will ensue. An example of that is already plainly visible in home-building, where it is now uneconomic to build a home in which to live, all because of excessive costs. The Commonwealth Government propose a vast railway-gauge conversion policy, soldier-settlement schemes, housing schemes, and other rehabilitation work. The State Government of Queensland, in the Financial Statement just presented to Parliament, likewise have post-war reconstruction schemes—main roads, railways, land settlement and forestry, rural development, housing schemes, soldier-settlement schemes, local-authority works, &c., involving an expenditure stated in the Budget as £61,500,000, to be spent in the five years immediately post-war, while the sum of £7,600,000 is set down for expenditure during the current year from Loan Fund Account.

I do not question that the works involved in this enormous expenditure are necessary, but the grave danger lies in the fact that all Government authorities may be over-anxious and too eager to expend their accumulated funds in a short and merry period. The set-up suggests to me that boom conditions may result for a period of five years or thereabouts. During that time many of the funds will be exhausted, the cost will be excessive, and after that will recur the inevitable reaction to boom expenditure, namely old man Depression.

We must face the stark realities of the situation that confronts us. These are the risks that the Treasurer with all this money now available and burning a hole in his pocket should not lose sight of. I can do no better than quote the wise words of Sir Alfred Davidson in his book entitled "The Economics of Peace"—

"In bad times the expenditure should be increased and taxation reduced and the opposite course followed when activity is intense."

He goes on to say—

"The principle is already adopted in some countries, Sweden for instance. When we adjust our mental conceptions to this idea we shall have advanced a great distance towards eliminating the extreme effect of booms and depressions."

Those are the carefully considered words of a man who ranks amongst the highest authorities in Australia on banking and finance. Surely we are entitled to respect the opinion of one so highly qualified as Sir Alfred, who

has occupied for many years the high position of general manager of the Bank of New South Wales.

Now is the time to taper expenditure while conditions are good so that there will still be funds to provide public works when conditions harden against the ideal of full employment. With expenditure tapering off obviously public works of the greatest urgency would be listed as Priority 1. It is possible of course that a tapering policy may be forced on the Government by lack of man-power. I fear also that many men absolutely essential for primary production may be drawn away from this source of labour to employment in some of the public works sponsored by either the Commonwealth or State Governments.

Mr. Edwards: That is happening now.

Mr. MAHER: The hon. member for Nanango says that is happening now. Evidence has been given in this Chamber from time to time that dairy production has already slumped badly. Prodigious efforts have been made behind the scenes at Canberra to try to correct that condition. Our sheep flocks have greatly reduced from pre-war numbers, because of the lack of man-power. At a time when people in Great Britain are under-nourished and countless millions of Europeans are on the verge of starvation, will the launching of this vast scheme of work by both the Commonwealth on the one hand and the State on the other, with private enterprise coming up as a rearguard, all competing against each other for man-power, draw people away from farms and stations, attracted by higher wages and shorter hours, and so cause a heavier shrinkage in the sources of our primary wealth? That is the question I want to put to the Committee. Will this competition for public favour between the Commonwealth Government, with a Federal election looming on the horizon, and the State Government, with a State election similarly looming on the horizon, with the needs of private industry in the background, draw employees from farms and stations to enjoy the higher wages and shorter hours offered by public works and so cause a heavier shrinkage in the source of our true wealth? The city populations in Australia are inflated by tens of thousands of country dwellers who have abandoned their old districts for more profitable war-time employment. I therefore ask this question: are these public-works schemes on the scale proposed by both the Commonwealth and States likely in the long run to defeat the good intentions of their sponsors by striking a deadly blow at the source of our real wealth while our primary industries are impoverished for the lack of man-power and show an ever-diminishing production while starving people in the world are calling out loudly for food and succour?

The provision of labour for our great primary industries at this period of the world food crisis should rank as the most urgent requirement of Australia.

Mr. Gair interjected.

Mr. MAHER: Why have they left the land to take war-time jobs? It has happened before.

Mr. Gair: Because they are not getting the basic wage on the farms.

Mr. MAHER: The hon. gentleman must know, if he has studied the position at all, that most of our bush workers do not receive the same wage as the city wage-earner. There is a higher scale of wages for those who work in secondary industry; in Government jobs; and on public works than on the farms. That is one of the causes of the drift to the cities. That is a factor that has been discussed in this Parliament over a long period of years and something that has given concern to every political thinker and social leader in Australia. They have endeavoured to devise means to correct the drift from the country to the city. The hon. member for Gregory is aware of the New Deal for the West, an effort on the part of the central-western people centred round Longreach, Aramac, Winton, and thereabouts, to try to correct that drift by creating a more attractive set of conditions there to hold the people where they were born and bred.

Mr. Dunstan: All country districts are crying out for public-works expenditure.

Mr. MAHER: I realise it; I know the temptation is great. I am not questioning the necessity of big schemes of employment and the improvement to our State that is involved in these works, but what I fear is that so much money is being poured out at a time when there is a scarcity of labour that after four or five years of boom conditions we shall suffer a reaction. That will mean that reserve funds have become exhausted and the people, who already are heavily taxed and have invested in war loans and war savings, will find it difficult to give employment from then onwards. What I see is a boom time for the next five or six years if all Governments, both State and Federal, and private industry, pour money out at the one time to compete for labour in the reservoir of man-power. The result will be an approximation to the inflationary conditions that existed during the six years of war. After that, what? The deluge. Those hon. members who lived through the period of World War I. in 1914-18 saw a similar set of conditions developing as are developing today. For several years following the war conditions generally were good. High prices ruled for many products, but gradually, nevertheless surely, the position began to worsen until in 1928, 1929, 1930, and 1931 we reached the nadir of our national fortunes and depression came amongst us. Governments have the shaping of our national life. If depressions are man-made, we should equalise the expenditure of public money over the years and make it last longer. It must be apparent to everybody that with the sum of £250,000,000 involved in the unification of our railways, according to the Commissioner for Railways, Mr. Wills, the call for labour in the different States for this work in addition to

that needed for soldier-settlement schemes will be great in the extreme. The Federal Government have laid it down that farms for soldier settlers must be brought to the point of production before the soldier goes in; therefore, it must be obvious that large teams of men will be employed in ringbarking the country, and making roads to the farms and fencing them. There will be a tremendous call for men there.

Then the housing scheme will absorb a tremendous body of skilled men and builders' labourers too. Our main-roads jobs and our forestry proposals and the hundred and one directions in which money will be expended will make a call upon our man-power for the next few years far beyond its availability.

Mr. Hanlon: Do you suggest we should not build any more roads?

Mr. MAHER: No, I am not saying that at all. I know everything the Treasurer is proposing to spend money on is desirable. I suggest it would be wise to take into account what is spent by the Commonwealth and to have some co-ordination to taper our expenditure so that it will last longer and give the best results. That is the advice I am trying in my imperfect way to offer to the Treasurer and those who sit behind him on the Government benches.

Mr. Hanlon: The problem today is the allocation of man-power for all the necessary jobs; the man-power is the trouble.

Mr. MAHER: When I read the Financial Statement and see the sums of money budgeted for in those directions for the current year and the subsequent year I can come to no other conclusion than that in order to gain public favour the Government are prepared to pour this money out into the drain in order to impress people at election time. That is what I want to avoid for the financial security of the State, and to ward off as long as possible any chance that a depression will visit our country again.

There are quite a number of interesting points in the Financial Statement with which I should like to deal, but I may have to go away on some important private business matters shortly. I should like, therefore, to discuss a matter dealt with in a motion last week on the subject of standard rail gauges. The motion was moved by the hon. member for Toowoomba, and I compliment him on the excellent logical and clear-headed way in which he presented the case; and I agree with every word he said. I should like to inform the Committee that when I was at Taroom in June last the chairman of the Taroom Shire Council, Mr. B. Carr-Clark, a young energetic and very capable chairman, convened a public meeting to support the route from Boggabilla to Goondiwindi and then across to Miles, on to Taroom, Emerald, and Blair Athol, and thence to any point considered desirable between Charters Towers and Hughenden. Mr. Carr-Clark also prepared a very valuable brochure in which he impartially surveyed the merits of Sir Harold Clapp's recommended route and the route to which I just referred.

In case any member of the Government may think a discourtesy was done to the member for the district, the hon. member for Normanby, the chairman of the council telegraphed to the hon. member for Normanby telling him of the meeting and inviting him to be present. I also sent a telegram to the hon. member for Normanby, which reads as follows:—

“As a personal courtesy wish to advise that I am speaking at Taroom on Saturday next at public meeting in support of Mr. Walsh re standard gauge line Goondiwindi-Charters Towers. Regards.”

The hon. member for Normanby replied to that telegram in the following words:—

“Thanks your telegram re public meeting Taroom Saturday. At present relieving Acting Premier. Regret cannot make it. Please indicate Government will press for Goondiwindi, Taroom, Charters Towers proposal.”

The following resolution was adopted at that meeting, and I should like to have it incorporated in “Hansard”:—

“1. That this meeting of the citizens of Taroom and District strongly supports the proposal to construct a standard gauge railway from New South Wales through Queensland to the north of Australia and considers that the most suitable route would be from Goondiwindi via Miles, Taroom, Springsure-Emerald, Blair Athol and thence to any point between Charters Towers and Hughenden believing that such a railroad, running through excellent country, in a good rainfall belt, would serve two important objectives, viz.:— (1) Military needs; (2) State development; and thereby provide the best value for the heavy cost of construction.

“2. That this meeting appreciates the stand taken by Hon. E. J. Walsh, Minister for Transport, at the recent Conference of Transport Ministers, Canberra, in urging that the standard gauge line through Queensland should serve the needs of inland development, as well as military requirements, and encourages him to stand fast on this principle.

“3. That Hon. E. J. Ward, Federal Minister for Transport, be invited to inspect the alternative routes, and hear the views of prominent citizens before making a final decision.

“4. That copies of these resolutions be forwarded to:—Hon. E. M. Hanlon, Acting Premier; Hon. E. J. Ward, Minister for Transport, Canberra; Hon. E. J. Walsh, Minister for Transport, Brisbane; Hon. T. A. Foley, Minister for Health and Home Affairs, Brisbane; Hon. A. Jones, Minister for Lands, Brisbane; A. W. Fadden, M.P., Parliament House, Canberra; C. Adermann, M.P., Parliament House, Canberra; Mr. G. F. Nicklin, Leader of Opposition, Parliament House, Brisbane; R. Slessar, M.L.A., Chinchilla; Paul Hilton, M.L.A., Stanthorpe; and all the Shires and Towns in the affected area.”

Mr. Devries: What about Mr. Riordan, M.H.R.?

Mr. MAHER: It was the shire council that drew up the names to whom it would be sent. I was merely invited to speak at the meeting convened by the chairman of the shire council. It was very largely attended and the resolution was adopted unanimously. At the time the meeting was convened Sir Harold Clapp had recommended the Bourke, Blackall, Charleville route. On broad national grounds and in the interests of the effectual defence of our country, nobody would disagree with that part of the resolution adopted by the meeting which approved of the construction of a standard-gauge railway line. The only contentious matter is the route. It is clear from what the hon. member for Toowoomba said in this Chamber last week that Sir Harold Clapp made his recommendation of the Bourke-Blackall route without consulting the Premier or Minister for Transport in this State, but I understand that this State will be called upon to find four-fifths of the total cost of whatever line is decided on. The State provides the great bulk of the money but the Federal officer sent here to report was guilty of grave discourtesy to the State Government when he visited the State and made recommendations without calling on the Premier or Minister responsible for railway transport in this State.

Mr. Walsh: The State has not accepted any obligation to meet four-fifths of the cost.

Mr. MAHER: No, I understand that was proposed at a previous meeting of the Premiers in 1921 and it may be accepted as the basis of discussion. At any rate, the nature of the recommendation would be known to Sir Harold Clapp at the time he visited Queensland, and he would regard that probably as the basis for discussion and if I accept what the hon. member for Toowoomba said as being correct, that no approach was made to the Government of the State for their advice or to have their point of view considered—

Mr. Walsh: What the hon. member for Toowoomba said is correct.

Mr. MAHER: I believed it to be correct when I heard him say it, but I am pleased to have the confirmation of the Minister for Transport. To make things worse, Sir Harold Clapp did not visit the districts concerned, nor did he take evidence from responsible citizens as to the soundness of the route he recommended to the Federal Government. In this Parliament, when there is an agitation for the construction of a railway line and it becomes a live issue, it is customary for the Government to appoint a Royal Commission on Public Works. That Commission is sent to the district to inspect any suggested rival route and to take evidence from responsible people. The Commission then makes a report to the Government. It is not necessary for the Government to accept that report.

Mr. Pie: What did he base his recommendation on?

Mr. MAHER: It seems to me he came here with his mind made up as to which way the line was going before he arrived, and as the hon. member for Toowoomba subtly suggested, he probably had good reasons best known to himself for avoiding contact with the Premier or Minister for Transport in this State. He did not want to have any submissions made to him that might weaken the decision he had made before he came to Brisbane. It is an extraordinary attitude for a public officer of the Commonwealth to lend himself to, and I say he was guilty of a very grave discourtesy and any recommendation made by him to the Federal Government under such circumstances I should describe as sheer effrontery. That is the only expression that correctly sums it up.

The western route that Sir Harold Clapp recommended runs through country where the rainfall averages from 12 to 16 inches, where holdings must always remain large because of the lower rainfall, and where there is no scope for increase of settlement. Nor are any coal seams known to exist, as far as my study of the position goes, on the route he recommended. It would be a big drawback, as the hon. member for Toowoomba rightly pointed out, if coal had to be hauled great distances to feed the locomotives that would traverse that far western route. I agree that a railway line running through those districts would give a substantial measure of benefit to the settlers in those localities, but the line would be a poor investment compared with a line routed from Boggabilla through Goondiwindi and northward to Charters Towers. The Goondiwindi-Charters Towers route traverses some of the best pastoral and agricultural country in Australia with rainfall ranging from 25 to 30 inches per annum. In addition it would pass by mountain ranges in the vicinity of the Dawson River that contain the most extensive and best stands of hardwood timber in Australia.

Mr. Macdonald: A scarce commodity.

Mr. MAHER: A very scarce commodity today, yet in the Ghinghinda ranges and other spurs of the Carnarvons in the Dawson River district, through which this railway would pass, are the most extensive stands of hardwood timber to be found untapped in Australia today. In addition, there are known coal deposits not worked at one or two points along this line as well as the great coal deposits at Blair Athol. The route would also cross many beautiful and useful flowing rivers and large creeks. Its future possibilities for settlement and production would be immense. Over the greater part of this area no railway line has ever been constructed and there would be no duplication costs which would be involved by running a 4 ft. 8½ in. gauge line alongside 3 ft. 6 in. line.

There would be no greater loss of trade to the South by the construction of a railway along this route than is occasioned today by the railway connection at Wallangarra

and the standard-gauge line that runs from South Brisbane to Sydney via Casino and Grafton. The capital city of Brisbane is too close, and the railway freightage is most favourable to people who would be producers along that suggested route. Therefore, there would be no chance of losing trade to Sydney except in the case perhaps of cattle, and in this respect cattle go over the border to New South Wales today in large numbers where there is no railway at all.

Mr. Devries: And sheep also.

Mr. MAHER: Sheep also, so the position would be no worse in respect of cattle movements across the border with a railway than it is today without one. New South Wales cattle-buyers operate freely all through that country, buying up fat cattle as well as stores for movement across the border. I do not think anybody would be so narrow in his vision as to try to prevent the cattleman from getting the most favourable price for his stock. New South Wales and Victoria depend to a very great extent upon the store cattle from Queensland to stock up their pastures after good rain has fallen.

Mr. Pie: And for canning, too.

Mr. MAHER: And for canning, but ultimately to meet the demand of the fat market at Flemington in New South Wales and at Melbourne. That movement of cattle has been going on since the foundation of this State. The fact that a railway penetrated across the border at Goondiwindi would not make the position any worse in that respect than it is today. The State could reasonably and justifiably contribute towards the cost of constructing a great developmental line through this territory. No-one has yet been able to convince me logically that military strategy would suffer by the construction of this standard-gauge line through this belt of country. I am unable to see one single point from a military strategic point of view favouring the construction of the line through Bourke, Charleville and Blackall as against a line running a couple of hundred miles east of that but traversing a fertile region and leading to the North in just the same way as the line which Sir Harold Clapp has recommended. This line would therefore serve, first of all, the requirements of military strategy, and secondly help substantially to develop our State.

In 1901 the estimated cost of the unification of the railway lines was set down at £4,000,000; in 1912 the estimate had risen to £12,000,000; in 1921 to £25,000,000; in 1932 to £38,000,000, and in 1944, according to the estimate of Sir Harold Clapp, to £76,000,000.

Mr. Walsh: That is only partial conversion. It is to cost over £200,000,000.

Mr. MAHER: Yes. I mentioned that earlier when I quoted the opinion of Mr. Wills, the Queensland Commissioner for Railways.

Mr. Collins: Is partial conversion any good?

Mr. MAHER: I intend to deal with that aspect of the matter. Sir Harold Clapp's estimate for partial conversion is £76,000,000, but who amongst us can forecast the ultimate and actual cost. I rather doubt whether the whole of the Australian railway system will ever be unified with the world's standard gauge. I most certainly realise the need for a standard-gauge trunk railway line connecting Australia's most vulnerable points with the most densely populated southern areas to facilitate the movements of troops and military equipment in times of war.

We cannot lose sight of the fact that we have, just north of Australia, not only the Japanese, but also hundreds of millions of other Asiatics. History shows us that sometimes we go to war to destroy one monster only to create another. We have defeated Japan, but who knows what other Asiatic country demanding its independence may not become aggressive and over a period of time, say in 50 to 100 years, which is nothing in the life of a nation, renew the attack? These are the risks and it is important that we should concentrate our attention upon the construction of a standard-gauge trunk line from Melbourne to Northern Australia connecting vulnerable points so that there may be rapidity of movements of troops and heavy military equipment and material in time of war. No cost is too high to retain security from the invader. That is the important point to consider.

Some people argue that the railways are finished. I listened to the very interesting speech by the hon. member for Windsor when this subject was debated last week. The question arises: is there a need for railways in the post-war period? There are those who say that air transport and motor transport outmode the railways, but experience in other countries is right against those who say so. Aeroplanes and motor vehicles plus good roads have not endangered the railway system in Great Britain. In Europe the same thing is true. The U.S.A. is the best example that I can offer for the consideration of the Committee. Great motor highways and good roads intersect the whole of the U.S.A. Even with cheap gasoline and cheap motor-trucks the great railways of the U.S.A. pay dividends and continue to prosper.

Mr. Nicklin: And pay heavy taxes to the U.S. Treasury.

Mr. MAHER: That is so.

Mr. Aikens: They have also improved their tractive units such as the turbine locomotives and the diesel-electric locomotives.

Mr. MAHER: I agree that there is scope for tremendous improvement in this country in tractive power in railway transport. There is scope for tremendous improvement in our lines to permit faster and heavier traffic. There we have those outstanding factors—in the U.S.A., which is the home of cheap gasoline and the home of cheap motor vehicles, where there are those gigantic trucks that we saw when the U.S.A. Army came to Queensland, the U.S. railways continue to

succeed in competition with all these other big forms of transport. I read in an American magazine the other day that if the railways feeding the city of New York, with its dense population of 8,000,000 to 10,000,000, suddenly ceased to operate the city would starve because no other form of transport could bring in the enormous tonnage required to feed the vast population of that great city. So I feel that the railways will continue to have uses for many years to come and that no development in road or air can fully and finally take away the usefulness of the railway system, particularly in a big country like Australia.

Australia is geographically large; there are large areas to traverse, and many years will elapse before good roads can be carried throughout the black-soil and other classes of country. It is important for military purposes that we should have a uniform gauge, but it is also important, in order to reduce costs from the commercial and primary-production angles, that the break of gauge should be overcome. It hampers mobility both in times of peace and, particularly, in times of war. Railways are absolutely essential for military purposes, especially where the deployment and rapid movement of men and material are required. During this war our military commanders in North Africa had to build railways behind them as they advanced in order to bring up their supplies. Military necessity during the present war caused the British Army to set about constructing a railway from Cairo to Beirut, from Egypt right across Palestine to Syria, despite the risk of air attacks by the Luftwaffe, which was then at its peak. That is the important point. It was said by the hon. member for Windsor that bombers would destroy all railway transport.

Mr. Pie: They did in Europe.

Mr. MAHER: Yet when the Luftwaffe was at its peak in the Mediterranean this railroad was constructed from Cairo to Beirut by order of the British commanders, showing that railway transport is necessary for the exigencies of war. Intensive bombing can certainly disrupt railways but it can disrupt roadways also. Bombing can disrupt aerodromes. So when it comes to the damage that can be inflicted by bombing the danger of destruction is no less to aerodromes, or aeroplanes on the ground, or roadways, than it is to railways. After all, what happened in Europe showed that railways could be rapidly built overnight by large bodies of men, whereas when roads and road junctions were bombed the results were huge craters which became very boggy in wet weather. Modern military practice has shown that railways are highly essential for war. Australia depends on the importation of motor spirit and if supplies were cut off in war our road transport system would be of little value.

Mr. Aikens: And the importation of rubber.

Mr. MAHER: And the importation of rubber as the hon. member for Mundingburra suggests, although that may be overcome in the immediate post-war years by

developments that are taking place in the manufacture of synthetic rubber. Nevertheless petrol is a big consideration. There is an abundance of coal in Australia and our railways can still operate if petrol supplies are cut off by military action.

In conclusion, let me remind hon. members that none of us can bar the road to progress. The construction of the great national railroad on the standard gauge through the Middle West from Goondiwindi northwards would certainly give a tremendous stimulus to closer settlement and improvement in the country en route, which would very soon lead to increased production. It would also make a valuable contribution to defence, but above all it would serve the great producing interests of this State to a greater extent than the Bourke-Charleville-Blackall route. Finally, the Committee will agree that where the expenditure of millions is involved the best possible value must be got for the outlay of public funds. The route recommended by Sir Harold Clapp would impose a constant drain on the taxpayer to meet the losses from year to year. It would traverse a sparsely populated area. I agree that a loss is inevitable on the Goondiwindi-Charters Towers route, but as settlement expanded production would increase and the revenue from the line should be progressive and on the up-grade over the years. I therefore feel that when the Minister for Transport attends the conference that has been arranged for the further discussion of this problem he will stand fast on the principle that if this State is to contribute substantially to the construction of the standard-gauge railway running through Queensland to North Australia we must get the best value for our money and that the factor of State development must be taken into account in common with the needs of military strategy.

Progress reported.

The House adjourned at 5.23 p.m.