

Queensland



Parliamentary Debates
[Hansard]

Legislative Assembly

THURSDAY, 25 SEPTEMBER 1947

Electronic reproduction of original hardcopy

THURSDAY, 25 SEPTEMBER, 1947.

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

QUESTIONS.

QUEENSLAND CANCER TRUST.

Mr. NICKLIN (Murrumba—Leader of the Opposition) asked the Secretary for Health and Home Affairs—

“1. Is it a fact that £26,000 was taken over from the Queensland Cancer Trust for the purposes of the Queensland Radium Institute and, if this is not the correct figure, what amount was taken over?

“2. What was the cost of the deep X-ray therapy plant recently installed at the Mater Cancer Clinic?”

Hon. D. A. GLEDSON (Ipswich—Attorney-General), for **Hon. A. JONES** (Charters Towers), replied—

“1. No. No money was taken over from the Queensland Cancer Trust for the purposes of the Queensland Radium Institute. From its inception to 30 June, 1947, the expenditure by the Queensland

Radium Institute on cancer treatment was £34,519, provided by the Queensland Government from Consolidated Revenue.

"2. A quotation of £4,260 5s. has been accepted by the Queensland Radium Institute for the installation of a deep X-ray therapy plant at the Mater Cancer Clinic to take the place of the obsolete plant taken over by the Queensland Radium Institute from the Queensland Cancer Trust."

THREATENED STRIKE OF NORTHERN RAILWAY MEN.

Mr. AIKENS (Mundingburra), without notice, asked the Minister for Transport—

"1. Has his attention been drawn to a Press statement that a section of northern railway men contemplate holding a 24-hour stoppage on Monday next as a protest against the administration?"

"2. If so, what action do the Government propose to take in the matter?"

Hon. J. E. DUGGAN (Toowoomba) replied—

"The only knowledge I have concerning the strike threatened to commence in the Townsville district at 12 midnight on Monday next has been obtained from the daily Press, but in accordance with the provisions of Section 21A of The Industrial Conciliation and Arbitration Acts, 1932 to 1946, the Registrar of the Industrial Court has been notified of the matter."

PAPER.

The following paper was laid on the table:—

Balance-sheet, &c., of the Public Curator for the year 1946-1947.

SECONDARY INDUSTRY.

Mr. DONALD (Bremer) (11.7 a.m.): I move—

"1. That, in the opinion of this House, the expansion of secondary industry development in this State is a basic element in the successful establishment of Australia's future defence policy.

"2. That, having regard to Queensland's position in the defence of Australia, the co-operation of the Commonwealth Government be sought in every reasonable effort to decentralise secondary industries, by such means as freight subsidies, so as to compensate industry for additional costs that might be incurred in being located at distances from large consuming markets, and by the allocation of larger quotas of building materials essential for factory development.

"3. That a copy of this resolution be forwarded to the Right Honourable the Prime Minister for the Commonwealth Government's consideration."

It will be freely admitted that there are excellent opportunities in Queensland today for the development of secondary industries and that this State is in fact entering upon

an era of great industrial expansion. This expansion is not confined to the establishment of purely local concerns. The unsettled conditions prevailing overseas are turning the attention of European and American business men to Australia as a field of investment. Queensland itself is receiving inquiries from quite a number of oversea industrialists as well as from firms in the Southern States and as a result of these inquiries and the subsequent establishment of many new factories the scope of Queensland's secondary industries is being and will be steadily developed and widened. For instance, the Rocklea munition factory area was purchased by the State Government for peace-time activity and more than half of the leases granted to manufacturers have been for industries new to this State.

In the year 1945-46 we saw in Queensland record employment in factories. The average figure of employees in secondary industries in Queensland for that year reached 65,460 which was 11,340 greater than in the last pre-war year, and it is pleasing to note that this upward trend in factory employment is being maintained. In the same year the value of work done and of goods produced in Queensland factories was £91,201,000.

I have further interesting figures showing the position of secondary industries in Queensland in detail. In 1945-46 we had 2,945 factories employing 65,460 employees, of whom 53,587 were males and 11,873 females, 81.9 per cent. and 18.1 per cent. respectively.

The values associated with secondary industries in this State last year were:—

	£
Lands and buildings	14,331,556
Machinery and plant	18,690,541
Materials used	58,633,079
Power, fuel, light, water and lubricating oil	2,298,019
Value of output	91,200,751
Value of production	30,269,653
Salary and Wages paid—	£
Males	16,177,606
Females	1,834,360
	£18,011,966

If we take the average throughout the year of male employees in secondary industries, we find that each received an annual income of £315, while the average earnings of the females was £156 a year.

The proportion of costs to the total output was:—Materials used, 64.3 per cent.; power, fuel, light, water and lubricating oil, 2.5 per cent.; salaries and wages, 19.7 per cent.; and depreciation, interest, profits and drawings, 13.5 per cent.

While we get some pleasure and satisfaction from these figures, because they represent an expansion and increase in the growth of our secondary industries, it is my honest belief that the growth is not rapid enough nor is the expansion wide enough. Although Queensland firms, through expanding their activities and entering into new undertakings, have been responsible for much of the growth in Queensland factory employment, interstate and overseas industrialists also are giving gratifying

proof of their confidence in this State's future. A British firm has bought land in Toowoomba for the purpose of establishing a large textile factory there. Other British textile firms have arranged or are at the moment negotiating for the purchase of factory sites in Brisbane. A large Victorian paper-making firm has announced its intention of establishing a large modern paper mill in Brisbane. A splendid example of the modern type of plant for secondary industries being installed and operated in Queensland is the Northgate cannery, a co-operative concern controlled by the Committee of Direction of Fruit Marketing. In this plant the most up-to-date machinery and equipment are being used in the canning of fruit and vegetables and in the production of valuable by-products. This plant compares more than favourably with similar types of plant in other parts of the world.

The growing interest in Queensland of industrialists and manufacturers is largely due to the fact that the Queensland Government have long been conscious of the State's industrial potentialities and planned accordingly. Not only have steps been taken to institute a regional system throughout Queensland for the supply of cheap electricity and to bring about industrial development on a State-wide basis, but the Government have set up an organisation for the specific purpose of helping and encouraging secondary industries.

This organisation, the Division of Secondary Industries, has as its general objective the development and decentralisation of secondary industries and the full employment of seasonally employed labour in Queensland. Its further objectives are to attract to Queensland secondary industries from elsewhere and to make Queensland as far as possible independent of outside supplies. The division assists in obtaining building sites and equipment, and also provides technical information and advice.

There is also an Industries Assistance Board, consisting of the Director of the Division of Secondary Industries, and two or more members who have had experience and are at present actively engaged in industry or commerce. The function of the board is to make recommendations as to financial assistance to extend or establish industries. This board has been instrumental in the setting-up of various new enterprises and in the extension of existing ones. I think it is generally recognised that Queensland is indeed a land of opportunities offering rich reward to men of initiative, experience, and energy. The fullest encouragement to the general development of industry can be expected from the Government.

The value of our sugar industry for defence purposes was brought forcibly home to those charged with the defence of Australia during the period when our country was threatened by the Japanese. The sugar mills were used for the manufacture of the implements of war. Roads, wharves, water supply, and other facilities made possible by the sugar industry were used extensively by the military authorities. Tractors, road-working plant,

and other machinery belonging to local bodies and farmers were impressed by the military authorities for the purpose of making aerodromes; and from those aerodromes flew the Flying Fortresses and the fighter planes that went to meet the Japanese during our country's greatest military crisis. This machinery would not have been available had it not been for the existence of the sugar industry.

The 100,000 to 150,000 people who are maintained directly or indirectly by the sugar industry of North Queensland are strengthening not only our national economy but also our national defence; in fact, these people are really garrisoning the northern part of our State, not on behalf of the people of Queensland alone but in the interests of the whole of the people of the Commonwealth. That fact, I feel sure, was recognised very readily during the darkest days of the war; I hope it has not been forgotten and that it will never be forgotten. Had the industry not been a part of the economy of Queensland, which has been developed with roads, railways, and other facilities, I contend that the northern part of our State might well have been invaded and despoiled by the Japanese. When one realises the many great difficulties this primary industry had to face and the fight that had to be waged against the people who contended that it would never succeed if the kanakas were removed, the fact that it has succeeded so well makes it easily conceivable that secondary industries could be established throughout the length and breadth of Queensland, and that their establishment would be a real national defence against attack from without as well as building and strengthening our national economy within.

I feel sure hon. members will agree with this contention but perhaps will feel happier if they are fortified with some concrete evidence of what secondary industries are doing and can do in the State of Queensland. Whilst it is pleasing to know that many old-established firms and industries have been modernised and made more efficient, bringing about greater productivity, even greater pleasure comes from the knowledge that many new firms are being attracted to Queensland and are producing commodities formerly imported from overseas or from other parts of the Commonwealth. This capital has been attracted to Queensland by the State Government's progressive legislation and their practical assistance to secondary as well as to primary industry.

Attention is drawn to the extent of this assistance by Mr. S. F. Cochran in a report submitted to the Premier, Hon. E. M. Hanlon, in September last, on the development of Queensland's secondary industries. At the time the report was completed, 150 different manufacturers or other authorities have made requests for assistance of proposed development to the Committee's executive of which Mr. Cochran is chairman, and since that time 250 established or intending manufacturers have sought aid of one sort or another. Of these, approximately 155 involved assistance to existing industries and 95 were for branches

of industry new to Queensland, many of them involving the manufacture of commodities new to this State. The figures quoted represent the number of manufacturers with whom negotiations have been carried on, or who have sought assistance. The industries assisted have been many and varied, and the commodities they are producing are also many and varied. I will enumerate a few of them to illustrate the point; they include building bricks, concrete blocks and other concrete products, synthetic resin, sulphonated oils, synthetic tannins, paints, electrical appliances of all types, agricultural machinery, motor and bus bodies, engineering equipment, saw-milling and industrial machinery, electric motors, aircraft material, metal products of various sorts, textile goods, skins, leather, boots and shoes, food preserves, peanut products, aerated waters, stock foods, wood and steel furniture, stationery, printing, book-binding, plastics, radios, petrol pumps, ornamental wood products and many other things. The list illustrates the very wide and varied assortment of industries that have been encouraged.

The help given to secondary industries by the State Government has been of great value in enabling them to obtain buildings, machinery, tools, permits for overseas travel, import licenses, &c., and it is my contention that the people of the State, in addition to the many industries that have been assisted, should be very grateful to Mr. Cochran and his colleagues on the commission for the splendid services so efficiently rendered. This service is being maintained at the present time by the Secondary Industries Division of the Department of Labour.

I promised a few moments ago to give the House an indication of what secondary industries have and can do in Queensland, and I can give no better illustration of this than to quote briefly the record of the Ipswich railway workshops during the war, which is an indication of the value that the establishment of secondary industries throughout Queensland would be in the defence of the Commonwealth. Throughout the six years of war these workshops, while engaged on a heavy programme of repairs and construction of rolling stock essential to the successful prosecution of modern warfare, assisted extensively with the manufacture of many of the diverse requirements of a nation at war. This, together with the efficient maintenance of rolling-stock, presented many difficulties to the management and staff, and the way in which these obstacles were overcome reflects great credit on all concerned, from the Chief Mechanical Engineer to the youngest and newest trade apprentice. From personal contact with these people I know they were very pleased and proud to give practical help to their country in its hour of need. They have every justification for being proud of their achievements and their ability to adapt themselves to the change of circumstances occasioned by their new work—the construction of field carriages, artillery trailers, jacking trestles and beams, travelling kitchens, Alder-shot ovens, special trains for recruiting purposes, medical and general office cars. Component parts of 60-pounder guns, heavy

munition presses, which were dispatched to South Australia, petrol tankers, distilling and evaporating machinery for the Navy, 100-ton presses, 500-ton forging presses, machinery for the castings of 1,500-ton presses, crankshafts for aeroplane engines, machines for loading machine-gun belts and massive lathes.

Let me give hon. members some idea of the task involved in manufacturing those lathes alone, for instance. The complete machine tool measured approximately 10 ft. in width and over 78 ft. in length, and weighed 133 tons. They were the largest machines ever to be built in Australia and possibly the largest ever to be built south of the equator. These lathes were sent to the Bendigo Ordnance Factory, Victoria, the Cockatoo Dock and Engineering Company, Sydney, and the Commonwealth Marine Engine Annex at Rocklea.

In addition, 74 special-class wagons were put into traffic for the purpose of conveying tanks and other heavy armoured vehicles. Castings and forgings were constructed for 3,000-h.p. marine engines, D.C. generating plant for navy vessels, 20 locomotives and 165 wagons and vans for South Australia, ambulance and hospital trains were built, the latter being equipped with operating and surgical gear and fitted with all the conveniences of a modern operating theatre. This train was electrically equipped throughout with water-heaters, sterilizers, refrigerators, fans, light, &c. Pumps and machinery for the Royal Navy, for the Navy of the United States of America and our own Navy, plus numerous jobs of varying magnitude for every arm of our fighting services came from the Ipswich railway workshops. This is a truly magnificent performance and proves to the hilt my claim that if secondary industries are established throughout the length and breadth of our State it will be of tremendous value to the defence of the whole of the Commonwealth.

Prior to the establishment at Ipswich railway workshops of a tool and gauge section, the secondary industries of this State suffered a distinct and great disadvantage through having to obtain the greater part of their tool and gauge requirements from overseas or some of the southern States. This resulted very often in long holdups of production and delay in delivery of orders.

The continued absence of tool and gauge manufacturing and accurate measuring facilities in Queensland had a detrimental effect on the growth of secondary industries in our State. As our railways carry a large staff of fully qualified engineers and other trained personnel, it was considered that these facilities could be set up in Ipswich. With the approval of Cabinet the first steps in the direction of providing those facilities for Queensland were undertaken early in 1939. The plans had not materialised when the war clouds of Europe broke. It soon became apparent that Great Britain would not be in a position to supply all the equipment needed for the successful prosecution of the war. Australia offered to turn out large quantities of ammunition, munitions and the

equipment of war. The States were asked to undertake the manufacture of various types of munitions. Part of the task allotted to the railways of Queensland was the production of approximately 50 per cent. of the tool and gauge requirements of a large munition establishment being prepared at that time for the manufacture of small arms, munitions and 60-pounder shell cases.

As the progress of the war fluctuated, so did the demands of this section. With the closing down of various munition establishments, the production of tools for the manufacture of projectiles had to change over to the manufacture of aircraft components and gauges and tools. To the everlasting credit of the management and staff, this transfer was accomplished without any delay and very quickly indeed. In fact, within two weeks of receiving orders for aircraft components substantial deliveries were made and the weekly output quickly developed to give many thousands of parts.

Whilst this work constituted the major part of output, many other types of equipment were made for the various arms of the fighting services and in every instance were satisfactorily completed on time. In many cases the work undertaken involved the construction of equipment or some component tool that had been formerly imported from overseas and made of material from the country of origin. In these cases it was necessary to conform with specifications and to substitute a suitable alternative material made in this country. Again the workmen and management of the shops came through with flying colours, turning out jobs in almost every case superior to the imported article—imported from Great Britain and foreign countries. At the present time virtually all the tool and gauge requirements of the railways of this State, covering a very wide range, are manufactured in the tool and gauge section at Ipswich. As the policy of the Government is the giving of assistance to secondary industries this set up within the State is of tremendous value and assistance to private engineering establishments, which in the past have had to rely for high-class gauges and tools on sources outside the State.

I regard the motion I have moved as very important, not only in relation to maintaining the policy of full employment but in relation to the need for increasing the population within this State, particularly in the North. It is also important for the decentralisation of industry in respect of our defence. Neither the courageous act of the Prime Minister in his announcement on behalf of the Federal Government of the intention to nationalise private banks nor the proposals of the National Works Council to carry out a varied and well distributed reserve programme of work to the value of £358,000,000 will in itself guarantee that no further depressions will occur, although they will do much to avoid one. Moreover, except for the character of the works to be undertaken by the National Works Council, the programme will have no direct bearing on improving our defences. The distribution of

our population is vital to the strengthening of our defences. On the present reactionary policy of the Truman Government in U.S.A., that false successor to the progressive Roosevelt Administration, both in home affairs which seems likely to produce the beginnings of a depression; and in world politics, which apparently aims at provoking another world war, it behoves Australia and every other progressive country to devise a far-seeing policy with regard to both economic matters at home and the particular matter of defence.

Further, we must look at General MacArthur's latest policy in Japan as one apparently laid down in response to the demands of the same reactionary vested interests as control the rest of the policy of the Truman Administration, because it seems based upon a determination to revive Japanese industry to enable it to compete with Australia and the rest of the world and is apparently being adopted on the narrow, short-time ground of opening an immediate market for the sale of American machinery and plant. This policy affects Australia in two ways. Firstly, it is a threat to the development of our secondary industries, which will depend on the development of export markets, and secondly it carries a threat of Japanese military revival and the danger of another war.

These things emphasise the national importance of the issue that is at the basis of my motion and the need for the fullest co-operation in all measures to put it into effect particularly as the two things, the development of secondary industries, and the provision of the necessities of national defence, are dovetailed into each other.

I do not believe that it is desirable or possible, even if it were desirable, to make any country entirely self-contained. The U.S.A., with a population of 150,000,000 people, cannot achieve that end, and in fact the evidence now is that that country is running into a recession, if extending world markets are not available. But in defence matters, the highest measure of self-sufficiency is most desirable, and we had this visibly displayed to us during the recent war, when almost frantic efforts had to be made to bring Australian munitions production up to the urgent needs of home defence. I agree with the statement of the Secondary Industries Committee of this State, when it said in this regard—

“(a) Defence.—If the Commonwealth is to play the part of a mature and self-reliant nation in Pacific affairs it is self-evident that she must possess a strong internal economy of primary, secondary and tertiary industries to feed and clothe a growing population and to ensure mobility of movement from one end of the continent to the other, and should be largely self-reliant in industries needed to maintain adequate defence services. Her factories must be well-distributed throughout the continent so that at no single point is there a vulnerable heart to be paralysed by an

enemy in one sharp blow. Strategically, therefore, it is considered to be a National responsibility to ensure that Queensland advances industrially."

Then there is the argument for a balanced economy—primary production and secondary industry both evenly balanced, in relation to possible needs of defence. In this regard the Secondary Industries Committee said—

"(b) Employment.—This is another important consideration. According to Professor A. Samuelson, Assistant Professor of Economics at the Massachusetts Institute of Technology, the volume of agricultural production in the United States continued to expand during the war, despite the withdrawal since 1940 of 2,500,000 workers from the agricultural labour force of 10,500,000. His conclusion is that by concentrating labour on the best land total production can be increased sharply with reduced manpower. The development of primary production in Queensland with increased efficiency, scientific method, greater mechanisation, and irrigation will raise the average output, and hence the national income per capita, but at the same time will only add moderately to the volume of employment in the primary industrial field though it will create many new opportunities for secondary and service industries development. It follows that if our population in this State is to grow and full employment be maintained, a large part of the increasing labour force must be absorbed into the secondary and service industries."

Let me emphasise the concluding part of that statement by repeating it—

"It follows that if our population in this State is to grow and full employment be maintained, a large part of the increasing labour force must be absorbed into the secondary and service industries."

We know, only too well, that Great Britain suffered during the recent war through a lack of sufficient home supplies of primary products, particularly foodstuffs. We know only too well also, that Australia suffered during the early stages of the war from a lack of adequate development of secondary industries to provide the necessary means of defence. She was able by a phenomenal effort to overtake the backlog in the secondary industries, but unfortunately Great Britain was at no time capable of feeding her own people from her own home production.

As an example of a balanced economy let me quote the Ipswich district, part of which I have the honour to represent. I note in the report of the Secondary Industries Committee that 144.3 per thousand of its employees are engaged in secondary industries. The Ipswich district, situated as it is in the midst of a rich agricultural and dairying area, has the highest figure in the State. We have our coalfields; we have our large engineering establishments, including the railway workshops at North Ipswich and quite a number of private-established engineering firms which give efficient service to the nation in peace-time as in war-time; we have our foundries; we have our textile industries, our shirt and clothing factories; we have three

woollen mills producing the best cloth in Australia; we have our brick-yards and our potteries; we have our sawmilling industries, together with allied trades such as joinery works and furniture factories; we have our slaughter-houses, our tallow factories and our soap factories, together with quite a number of other secondary industries. This is what I mean by a balanced economy: in comparison with the rest of the State it is a good example of decentralisation. Not all sons of farmers desire or are able to remain on the land. Not all sons of industrial workers desire to go into secondary industry. With a balanced economy, such as I have illustrated, there are possibilities for all within their respective districts.

The Maryborough district which comes next to Ipswich with 108.5 per thousand of its employees engaged in secondary industries, is another good example of decentralisation. Like Ipswich, Maryborough has its coalfields and its collieries, its large engineering establishments, its great shipbuilding industries, its sugar mills, its flour mills, its timber industries, and its fishing industry, and it is the centre of rich primary industries including agricultural, dairying and fruitgrowing. These provide a balanced economy, a harmonious community, a distribution of population and a distribution of targets, which is important in the event of attack by rocket or atom bombs.

No other State offers a better opportunity for the decentralisation of industry than Queensland, particularly when we have regard to the wise policy that has been adopted in the decentralisation of our railways. In spite of all the adverse criticism that might be levelled at railway administration, and the policy of past and present Governments in the construction of railways into undeveloped areas, this fact must be admitted in their favour—that they provide a basis for the successful decentralisation of our industries, including our secondary industries, and the whole of our economic life.

I contend that so far as possible secondary industries, not merely processing industries, should be placed alongside raw materials. Take for example the great sugar industry of this State. It has been developed for the purpose of maintaining a white population in our tropical North for the benefit of Australia, particularly for the defence of Australia. Surely this was demonstrated clearly enough in the recent war.

The Queensland sugar industry—let me emphasise this—under wise Labour legislation since 1915, is probably subject to more complete and effective social control than any other industry in the Commonwealth—prices at every stage, award rates, and production quotas and allotments as well as the valuable aid of Queensland Government research and other technical officers. Why should there continue to exist as an exerescence on this socially controlled industry, in which the majority of the factories are owned by the farmers or directly by the Government, the anomaly whereby a large proportion of our sugar is taken to Sydney to be handed over to the C.S.R. Coy., one of the greatest

monopolies in the Commonwealth, with direct interests in cheap-labour products competing with Australian producers, when the process of refining could be carried out on the region where the sugar is produced? This to me is another example of what I mean and what I think the Government mean by decentralisation.

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

I thank the hon. member for Maryborough, and the House, for granting me an extension of time.

Every Government, I think—and I know for certain every Labour Government—are keenly interested in the future defence of our fair land, and in the avoidance of any depression. I doubt very much if any Government in power during the lamentable depression years survived the next general election. Everyone knows—in fact it is common knowledge throughout the length and breadth of Australia—that the Queensland Government are anxious about, and have done much to encourage, secondary industry. The hon. member for Windsor was a shining example at one time of what the Queensland Government will do for secondary industry, yet the hon. member and the hon. member for Logan are prepared to travel to South Australia and cry stinking fish about the State in which they have both done so well. The hon. member for Windsor, a southerner, chose Queensland, and with the State Government's assistance he built up an industry of which he is now so proud. He has even recommended—to his credit—that other people should come to our State—even from England. While I do not wish to introduce any political rancour into this debate upon such an important political problem, frankly I did not like the attitude adopted by the hon. member during the last State election—adopted for purely political purposes. To me it seemed too much like biting the hand that fed you.

Personally I should like to see the coal-mining industry of Queensland, and of the Commonwealth for that matter, nationalised and used to co-ordinate the development of Queensland industry under a decentralisation scheme similar to that adopted by the State Electricity Commission. However, there is the problem of Blair Athol. As ex-secretary of the Miners' Union, an organisation that has fought and laboured for years for the nationalisation of industry in order to eliminate the wastage of coal and man-power due to the inefficiency of private enterprise, I firmly believe the Commonwealth-State Government scheme for the development of this field should have gone through.

However, I have accepted the assurance of the Premier that there are special circumstances that prevent this. I realise, Mr. Speaker, that Rome was not built in a day, that the Commonwealth and the State Governments could not, even with their combined resources, carry through the development of this field as rapidly as the private company, which has given an assurance that it will throw the whole of its resources into the development of this field and the task of

doubling Queensland's coal production. This is something of which we must take notice, particularly as we have had for quite a time and are likely to have for much longer a coal-hungry world. This company has guaranteed to fill the coal requirements of this State without displacing a single miner. It has guaranteed to make up the deficiency in Australian coal requirements. As the Southern capitals and many other provincial cities in the South are today suffering from the rationing of electric and gas power for domestic and industrial purposes, this is another factor that must be taken into consideration. In addition this company has an overseas trade of 2,000,000 tons of coal per annum and a fleet of colliers capable of carrying this coal from Queensland to the port of the country where it will be consumed. That is something, I repeat, that we have to take notice of as being an advantage to this State.

Moreover, if there is a company in the position to produce coal at the pithead at Blair Athol for 5s. a ton then there must be the possibility of creating at Blair Athol an industry for the extraction of oil from coal. I have been led to believe that the Blair Athol coal is suitable for this purpose and if we can make ourselves independent of outside sources for fuel oil, we shall have accomplished something of benefit to this State and the nation. If we are able to produce all our fuel-oil requirements from the industry that will be, I hope, set up at Blair Athol for this purpose, if we can make ourselves independent of outside supplies to even a major or minor degree, we shall have achieved something of everlasting benefit to this State and have built an asset as a means for defence in times of war that will be of incalculable value.

In addition to the possibility of establishing a large oil-from-coal industry at Blair Athol from this cheaply produced coal, there must be possibilities of establishing a large plastic industry. Hon. members will know the future in store for plastic industries. Even today we buy and see displayed in our shop windows articles of various sorts made from plastics. In addition to the oil from coal, then, we can make plastic materials. Moreover, the new industries that will be brought into being because of the supply of cheap coal will be of tremendous value. They will confer everlasting benefit on this State and be of immense advantage to the whole of Australia. I believe the cheap coal at Blair Athol must result, too, in a revival of the metalliferous mining industry of Queensland.

I contend that we cannot afford to miss this opportunity. After all, even in Soviet Russia, the most socialised country in the world, concessions were granted to private enterprise until the local capital equipment was sufficient to meet all demands. And so I think the Queensland Government have no apology to offer for developing this field, knowing the possibilities it offers not only to the State but to the Commonwealth as a whole.

Particularly from the point of view of defence I contend that the time has now arrived for the fullest co-operation between

the State and Federal authorities in the development of secondary industry under a system of decentralisation. This will require Federal finance and subsidies to see that freight rates do not put the products of decentralised industry off the market. We have had more than one indication of this. Numerous industrial managers have come to Queensland and either obtained or mapped out sites that would suit them eminently, labour conditions here met with their approval, and everything was in order to set up successful industry, but when it was discovered that Queensland provided a market for only something like 20 per cent. of their products and that 80 per cent. would have to be railed to other parts of the Commonwealth, they decided that they could not establish their industries here because all the advantages that Queensland could offer them were absorbed by the money they would have to expend on freights.

Subsidy to freight rates is a matter of defence, and therefore a matter of national importance. Increased population, more secondary industries, with decentralisation, will serve the needs of defence. Our recent experience in Australia has proved that this is of paramount importance to every Australian. If decentralisation is to be carried out efficiently and in a way calculated really to encourage secondary industries, then the question of interstate rail freights will have to receive some consideration.

Dealing with this subject, the Secondary Industries Committee said—

“The Committee is of the opinion that freights or concessions to offset freights should be so adjusted that they will not, as between States, be a deciding factor in the location of factories and that in any State they will encourage local production for local markets without increasing the cost or preventing a decrease in the cost of the particular commodity concerned.”

Without being an optimist, I feel that the motion I have moved will have the whole-hearted support of every hon. member. Its intention is to create the machinery necessary to put into operation a scheme of decentralisation for the establishment of various industries in our far-flung State. In this respect we can profit from the experience and practice of Sweden where industries are established throughout the length and breadth of the country, and, in the main, consist of many small units. However, in saying this I am not an advocate of, nor do I wish to see, the growth of back-yard factories. Sweden's factories are often erected amid rural surroundings, a principle that could be adopted with advantage in Queensland.

I have already mentioned the aid to decentralisation of our long and spreading railway system. To that must be added our extensive coal deposits to be found round and behind each of our ports. Inland and behind the port of Brisbane, the leading port of our State, we have the West Moreton coalfield, taking in Bundamba, Ipswich, Tivoli, Walloon, and Rosewood. Further inland we have the Darling Downs coalfield. Further west we have

the Maranoa coalfield, and south-west the coalfield of Tannymorel. Adjacent to and inland from the port of Maryborough we have the rich and extensive coalfields of Burrum and Howard. Adjacent to the splendid port of Gladstone we have the extensive Callide Valley coal deposits. Inland from Rockhampton we have the much-talked-of Blair Athol coalfield, the coalfields of the Bluff, the Dawson Valley, and the Byfield and Styx areas. Coal has been mined and is known to exist in that part of the State served by the port of Mackay. The ports further to the north serve the coalfield of Mt. Mulligan.

I have mentioned only the coalfields that have been worked and are being worked, not taking cognisance of the coalfields known to exist that could be harnessed to give us the energy we need to develop secondary industries. As coal is the major fuel used for industry, transport, and domestic purposes throughout the world, the knowledge that it is available in abundance and close to our railway lines that serve each of our large ports should be an important factor in the successful decentralised development of secondary industries within this State.

The motion does not in any way seek to build up Queensland at the expense of the Commonwealth or to the disadvantage or exclusion of any other State in the Commonwealth. Its purpose is to strengthen the Commonwealth, thereby giving greater protection to the whole of the Commonwealth and to the whole of our people. I am perfectly well aware that a part cannot be greater than the whole, and, therefore, I am not stupid enough to endeavour to make Queensland greater than the Commonwealth. I know also that the whole can only be as wholesome and healthy as the parts allow. If any part is unwholesome and weak, then to a corresponding degree the whole must be unfit and sick. I am seeking the assistance of hon. members, as big Queenslanders, big enough to put Australian interests before Queensland interests, in the establishment of a policy that will protect Australia and Australians from enemies within as well as enemies without.

No-one can deny that Queensland, and particularly the northern portion of the State, with its fertile soil and agricultural possibilities and our rich mineral deposits, is a tempting prize for the teeming alien millions to the north of Australia, and to any aggressor nation or imperial power. We cannot expect to hold Australia merely because we have a White Australia policy. It needs more than that. It is not the Monroe Doctrine that keeps America free and builds her greatness; it is the maintenance of her industries, which enables her to attract and maintain ever-increasing population.

Nor can it be argued that Australia's most vulnerable point is not the North, because it is the only direction from which we are likely to be attacked. Whilst it remains unpeopled and undeveloped it remains an open invitation to a potential enemy. The nation calls for a national outlook, and I do not think I need to emphasise or labour that point, as I am sure every hon. member

will agree with me in that contention. I believe that there is no need for the expenditure of vast sums of money on purely defence projects in the north of Queensland or anywhere else. What is needed, and needed urgently, is the development of our rich and enormous resources awaiting exploitation to maintain a greatly increased population, the establishment of new industries with decentralisation, thereby providing facilities for defence if the occasion arises, just as the sugar industry and the Ipswich railway workshops were able to give valuable assistance, as I mentioned earlier, in repelling the Jap invasion. I feel that the Government, the people of Queensland, and in fact the people of the Commonwealth, are justified in seeking the help of the Commonwealth Government in this venture, and the allocation of larger quotas of building material and the payment of freight subsidies are a small price to pay for the security that the building of decentralised secondary industries in Queensland would give to the whole of the Commonwealth.

I have much pleasure in moving the motion and seeking the support of all hon. members who, I sincerely believe, feel that if it is put into operation it will lay the foundation for successful development and the defence of Australia, thereby enabling us to play a major role in world affairs.

Government Members: Hear, hear!

Mr. TURNER (Kelvin Grove) (12.6 p.m.): It is with great pleasure that I rise to second the motion so ably moved by the hon. member for Bremer. When he placed his motion on the business sheet I read it very carefully and I was satisfied that there was a great deal in it, but after having listened to his speech I am more convinced than ever that he had given a great deal of thought to it even before he placed it on the business sheet. I was particularly pleased to hear his closing remarks, his statement that he did not move the motion with the idea of developing this State at the expense of the other States of the Commonwealth. It would not be prudent to do that; it would mean only moving manufactures from one point to another in the Commonwealth. The object of the motion is to develop not only Queensland but the whole of Australia so as to give full-time employment for the people throughout this continent. One of the greatest needs of Australia at the present time is immigrants but there is no use in increasing our population by any means unless there are industries to absorb them and I know of no other State in Australia with greater potentialities and facilities for this purpose than Queensland.

Ever since 1915 the Queensland Government have done everything possible to develop the northern part of Queensland from Gladstone to the Gulf. They have done everything possible to retain Queensland's trade for its natural ports and in this connection we are especially favoured in that we have seven deep-sea ports capable of accommodating the largest ship that comes to this State from overseas, whereas the other States of the Commonwealth have only two such ports each. We are very fortunate in having all

these deep-sea ports and fortunate indeed, too, that they are linked with the inland by railways, which must play an important part in the development of the State. These ports have been able to develop certain industries suitable to their geographical situation and one has only to visit them to see the development that has taken place. As I said before in this Chamber, in order to retain the population at these ports especially at Rockhampton and Townsville, the Government have helped materially. The Government have steadfastly refused to use the Railway Department to attract to it the trade that usually went over the wharves. They preferred to leave that traffic for the shipping companies to handle so that the people would be retained in these ports to carry out the ordinary work associated with water traffic.

The two ports to which I have specially referred, Rockhampton and Townsville, have helped to develop the wool industry—a tremendous quantity of wool is shipped through them. But wool sales should be held in those cities. It is only the financial institutions that are preventing it. For a number of years the wool-buyers from the various countries have run the wool industry. I remember the time when I first became associated with the wool industry and learned that the wool-buyers demanded everything and insisted on getting it, otherwise they would not attend the sales. The sales were held when they wanted them to be held, otherwise they would not have attended, but I hope that the day is not far distant when the people engaged in the wool industry will be able to control it, just as those engaged in the sugar industry now control the sugar industry.

There is no reason at all why wool grown in the central western country should not be sold in Rockhampton and that grown in the north-west sold in Townsville. Dumping plants exist in each of these centres and the wool produced in each could be dumped there and sent overseas to its destination. In the past wool-buyers have refused to attend sales in Rockhampton or Townsville. I sincerely hope that with the development of the wool industry Rockhampton at least will soon become a wool-selling centre and that buyers will go there. If so, it will help to develop not only that part of Queensland but Australia. The only reason offered against wool sales in those centres is that given by the wool-buyers—that time does not permit them to go there. Time can be so arranged as to enable them to attend sales in these two centres. Time can be controlled by men. If men could control the depression as they did in 1929-32, then they can control time, in order to bring about prosperity and spread it throughout the State.

There are plenty of areas and ample scope for the establishment of industries suitable to the present centres of population. Their establishment would attract and absorb millions of people. My experience in the Gulf country has satisfied me that this area, particularly the part on the Gilbert River, can support at least 1,000,000 people. Beautiful soil up to 20 feet in depth is to be had

in that area. If the people could see what can be produced along the Gilbert River without the care that must be exercised in production in the metropolitan area, for instance, they would be absolutely amazed. It makes one wonder what the potentialities of the district could be made to yield if science was used in its development. As I have said in this House on a previous occasion, I saw seven tomatoes produced in that area that weighed 12 lb., and one that weighed just under 3 lb. If one saw such tomatoes in Brisbane one would immediately think that the vines had been specially treated with fertiliser to force the growth of the fruit. These tomatoes, however, were grown under natural conditions. I have seen also in that area papaws and citrus fruits that could not be equalled in any other part of Queensland or Australia. If that area could be developed by closer settlement it would become one of the most famous in the State and would become of immense importance to Australia.

The mover sets out in his motion that the expansion of secondary industries would be of tremendous benefit to Australia, particularly in the matter of defence. If an enemy decided to land in any of the open spaces in the Gulf country he would have very little difficulty in doing so. Once having gained a foothold it would not be very long before he would be able to extend his activities to every part of Australia. Every facility exists there to enable him to do so. The character of the land makes it ideal for landing grounds for aircraft. An enemy could, as he did during the war, very quickly build up airfields and extend his sphere of influence. The establishment of secondary industries in these areas would at once extend our population and that fact alone would deter an enemy from throwing longing eyes at Australia and from using that part of it as a landing ground.

I have mentioned previously my first experience on the Atherton Tableland. When I saw the development that had taken place there in the production of maize I was greatly impressed. They have erected huge silos for storing the grain. I wondered why the Australian Maize Products Organisation did not establish their industry in that part of Queensland rather than put the growers to the expense of buying sacks, which have to be imported from a foreign country, filling them with grain, railing them to port, and transporting them to the south to be manufactured. The manufactured product was then sent back to the area where the raw product originated. Every facility is there to start an industry. They have an abundant water supply—equal to the best in Australia—and they have the cheapest electricity supply it is possible to get. The Government are further developing the electricity industry and that will assure the whole of the North of Queensland of a cheap and plentiful supply of electricity. They have every class of timber they require in that area and they manufacture bricks of the best quality. There is no reason whatever why these people cannot establish industries in the North if they are sincere and want

to see this great nation developed. Wherever you go in the North you see some features waiting and starving for development.

Some people say that the climatic conditions prevent people going there. I can assure them that the climatic conditions are such that they would not deter anyone from going to the North. Recently, thanks to the Secretary for Public Instruction, I had the opportunity of going as far as Mount Garnett and Ravenshoe and at the latter place I found it colder than I ever found it in Brisbane. Ravenshoe is less than 100 miles inland and you get a colder climate than you do in Brisbane; yet people say you cannot live in those parts on account of the climatic conditions. I saw apples and peaches on the trees in Ravenshoe in July. If the fruit industry was developed, instead of the growers having to send apples and pears into cold storage in order to spread their distribution over the whole of the year, the seasons would be so co-ordinated that we would have fresh apples, peaches, and pears in July, which would keep us going until the fresh Stanthorpe and other district fruits were available. That would be a tremendous advantage to the people generally, and it would obviate the high price they now have to pay for apples, which have often deteriorated in cold storage to such an extent that they are not fit for human consumption. I was amazed to learn that such fruits of high quality could be produced so successfully. I was assured that this fruit was equal to any grown in any other part of Queensland.

I will not deal extensively with the development of mining at Mount Garnett because the Minister enlarged on it on a previous occasion. I wish to support the statements about the possibilities of that area and the ingenuity of the people in those parts of the State.

I inspected with tremendous interest and amazement a complete set of dentures made by a tin gouger from the tin he had himself got. The Secretary for Public Instruction referred to these when speaking on the Address in Reply. The set is not merely pieces of tin bound together anyhow but is properly formed and can compare favourably with the false teeth made by any dentist. The miner used them for 15 years with very little deterioration. The present owner has them displayed in glass showcases, with many other beautiful specimens of mineral. His mineral showcases, I should say, are second only to those in the Department of Mines. The amateur dentist is now dead and I suggested that the teeth be given to me to bring south for display in the Dental Hospital, where they would be of great value to the dental profession and to the students of that profession as an object lesson of what can be done in the way of making dentures even without the modern appliances that are now in use in dental clinics. I was not successful in getting them for a dental museum but I hope that the man in possession of them will eventually change his mind.

The timber industry offers possibilities for tremendous development. I had the opportunity of seeing the timber mills of the north

in full operation. It was with horror that I found no consideration had been given by the settlers who had felled the timbers on their properties to replacing them. I saw great possibilities for the establishment of the paper industry, which the hon. member for Bremer stressed this morning. The timber expert with whom I talked in Cairns was quite satisfied that numerous timbers in the forests of the Tableland could be successfully used in making paper of the finest quality.

I have said previously and I repeat now that for the benefit of Queensland and Australia I should like this House to pass a Bill providing that every producer in the dairying or other industry on the Tableland be compelled to plant rows of trees round his property. These would not only protect the property from winds and storms but would prove to be of tremendous benefit to Queensland. It would ensure to the people of Queensland a continued supply of beautiful timbers for many years to come.

At 12.25 p.m.,

Mr. DUNSTAN (Gympie) relieved Mr. Speaker in the chair.

Mr. TURNER: At Malanda I was privileged to visit the home of the sawmill manager, where I was shown dozens of samples of timber that had been selected by him during his milling operations and polished in their natural colours. He had great faith in the possibilities of many of these timbers, and I am confident that some of the timbers now regarded as unsatisfactory as fancy timbers would be snapped up eagerly by manufacturers in the South. Silky oak, maple and walnut are in greatest demand but that is only because they are the three chief timbers that have been brought before the notice of the people. To my mind, there are many other timbers in the North of equal value.

I was shown a spot from which a tree was taken some years ago and sold to Beales, the piano-manufacturers, for £1,100. I was told that the log was so big that it had to be split before it could be taken through the railway tunnels to Cairns. If we continue to allow people to cut timber without doing any reforestation, the time is not far distant when we shall have to import timbers of some other kind or use what we now look upon as rubbish.

The plywood industry has been developed considerably by Cairns timber mills, but I see no reason why similar industries could not be established inland. For instance, at Malanda there is an abundant supply of water and timber, in the centre of an excellent dairying area.

There are tremendous possibilities for the development of the dairying industry also in the North. One sees on the Tableland grasses a foot high growing on ridges of the same formation as those to be found within 100 miles of Brisbane, but the latter are virtually bare of grass and consequently during heavy rainstorms the topsoil is washed down to the gullies. In the North, even on the steepest of embankments, one sees abundance of

grasses suitable for dairying. There is a beautiful butter factory at Malanda, and I am looking forward with interest to the day when the production side of the dairying industry will have reached the same high technical standard as that now achieved on the selling side. I can say without fear of contradiction that the butter supplied to the people of Brisbane through our Butter Board is without equal, and this only because of the application of technical knowledge and modern methods in the preparation of the commodity. If these same high standards could be achieved in the North there is a tremendous possibility of development. One of the needs is population for the sale of the already waiting supply. There are big wagons running about supplying pasteurised milk. If we had more population in those parts and other industries were developed to carry that population the dairying industry there would, I feel sure, be the greatest in the Commonwealth of Australia.

Manufacturers with experience in other States have asserted that the efficiency of Queensland labour is equal to any in the Commonwealth. They have eulogised Queensland from time to time for the absence of industrial disputes here, the number being fewer than in southern States. If we have the facilities and the country and we can get the population and the people live up to their already high reputation, there is nothing in the world to prevent secondary industries from developing successfully in the north of Queensland.

Speaking the day before yesterday in connection with the introduction of a 40-hour working week, I mentioned my experience in the manufacturing industries, and I said that 25 years ago I had something to do with the introduction of the five-day week in industry, which helped considerably to improve production in the industries that adopted it at that time. I am happy to stand in this House and say that I was partly responsible—perhaps to a greater degree than most people—for the extension of the food-manufacturing industry to Maryborough and Rockhampton. Supporting what the hon. member for Bremer said about other industries, I can say that Warrys Pty. Ltd. is competing successfully today on the Brisbane market with well-established firms. Denham Bros., of Rockhampton, is doing the same thing. To assist that firm to extend its business successfully a conference was held with a Mr. Hansen, its industrial chemist, and we agreed to extend the proportion of juniors to female labour to one more junior than the award allowed. We agreed that a small amendment to the award would enable Denham Bros. to establish its business in Rockhampton, and that firm today is sending manufactured goods as far north as Cairns. If these people can do these things successfully in the face of the keenest possible competition and with the low margin of profit obtainable on many of the commodities sold, I am satisfied that the possibilities of developing secondary industries in the North are tremendous.

Let me mention another commodity. Ginger is grown at Buderim Mountain on the North Coast line—some 60 or 70 miles from here—and Warrys Pty. Ltd. is buying as much as it can and processing it. Its product is second to none in any part of Australia. There is a tremendous demand for this ginger, and that fact should encourage rural people to develop production of raw ginger still further.

It is thought in some quarters that costs of manufacture will be inordinately increased by establishing an industry too far from densely populated areas, thus making it impossible for the industry to survive. But I do not agree. As I have pointed out before in this Chamber, when the Cadbury-Fry-Pascall organisation, an English company, decided to establish its industry in Australia it did not do so in a densely populated district. After making a careful survey it decided to set up its business at Claremont, between Launceston and Hobart in Tasmania. It has not even a deep-sea port, but it has established its industry successfully, and is apparently satisfied because it is continuing to produce its goods and sell them in competition with similar industries on the mainland. What this company has done successfully can also be done by other companies in other lines of business. I think it is well known that cocoa and chocolate are subject to very severe deterioration under adverse circumstances, but if this company can establish its business as successfully as it has, in a district removed from a densely populated centre, other industries producing goods not subject to the same severe deterioration should be able to do so even more successfully.

I come now to a consideration of the sugar industry, and to mention particularly that a new type of wax, one of tremendous importance to Australia, is being produced from sugar-cane in the Nambour area, and the man responsible for its discovery is developing the industry as rapidly as he possibly can under existing circumstances. If that can be done in a comparatively small sugar area such as the Nambour district, one can imagine how important the industry could become if it were extended to the larger sugar-growing areas of Gordonvale, Babinda and other districts in North Queensland. There is an urgent demand for this new wax today in Australia.

I propose now to touch somewhat lightly on the manufacture of maize products, and I have in mind in particular a small manufacturer in the metropolis who has to struggle more often than not to get his supplies. I have unchallengeable proof in my possession that he is able to manufacture a product superior to any produced in any other part of Australia. This is how I obtained the proof: I obtained three samples of this product, two from southern firms and one from the local manufacturer, which I placed in different paper bags, marking them 1, 2 and 3, No. 2 being the sample of the local product. I then submitted them for an analytical test, and his report was that the

No. 2 package was superior by far to the other two. The local man is endeavouring to expand his industry, and is giving serious consideration to a proposal to move it from Brisbane to the Atherton Tableland, where I am satisfied he will be able to produce an almost unlimited number of maize products. At the moment he is making only cornflour, and at times a little starch. When he began to make starch southern interests some time ago put a sprag into his wheel. In 1943 it was not possible to get any starch in any part of Queensland, and on my asking the local man if he could make starch in Queensland, he replied that he could make the starch if he could get the maize.

I approached the then Secretary for Agriculture and Stock and he made maize available to him. He used the part required to make cornflour for the troops and with the balance produced some starch. He made 2 cwt. of starch in all. It became known that he had submitted samples of this starch to certain industries and southern manufacturers shipped 149 tons of starch to Brisbane the following week. That was conclusive proof that southern manufacturers were withholding starch supplies from Queensland. As a result of this action, Queensland was inundated for a time with starch supplies and the demand for the product dwindled. The local manufacturer gave away as samples what he manufactured to various organisations. Its quality was tested and he received the very highest commendation respecting it. The principal can make glucose, cornflakes and any by-product of maize. If he goes to North Queensland, to the Tableland, as I have recommended him to do, and establish a factory near the maize silos at Atherton, he will effect a tremendous saving in railage, which will enable him to market his by-products locally with success. One by-product has been proved to increase the yield of milk from cows. Unfortunately, the small quantity he is able to manufacture is so small that it is insufficient for even local demands and dairymen are eagerly awaiting supplies for use in and around Brisbane.

We can produce most goods that are consumed in this State, whether they be jam, confectionery, shoes or clothing material. The hon. member for Bremer told us that the Ipswich woollen mills manufacture the finest flannel produced in any part of the world. Boot and shoe manufacturers here make boots and shoes equal in quality to those produced anywhere else in Australia. We have seen and heard the hon. member for Windsor in this Chamber taking advantage of every opportunity to advocate the development and encouragement of secondary industries in Queensland. I ask: is there one man sitting on the Opposition benches who could hold his feet up and say that he is wearing a pair of Queensland-made shoes or boots? I doubt whether one of them could say, "The shoes I am wearing have been made in Queensland by Queenslanders." I have done my utmost to encourage the development of secondary industries in Queensland, but we cannot achieve that

development if we have people who only talk about their development and do not put their theory into practical effect.

We have been endeavouring to develop the soap industry here. What do we find? When the local manufacturers tried to develop a market southern manufacturers altered the shape of their bar, reducing its weight in order to compete successfully against the Queensland article. I had to bring that matter under the notice of the then Premier, Mr. W. Forgan Smith, who immediately got the department concerned to work. The weight of the bar of soap was fixed. The then Government took similar action regarding the weight of a tin of jam. When our jam manufacturers showed that they could compete successfully against the southern products, what did the southern manufacturers do? They altered the shape of their container in order to deceive the housewife. I again brought the matter before Mr. W. Forgan Smith and a shipment of 5,000 cases waiting in the South to come to Queensland was stopped on account of the action taken by the then Minister, and diverted to other parts of the Commonwealth.

The hon. member for Bremer touched on a number of important points. He detailed the quantities of materials used in the manufacture of goods. He gave the amount of fuel, power, lighting, water and oil, and the proportion of salaries and wages, and of depreciation and interest, &c. It will interest every hon. member who is seriously concerned in the development of secondary industries to note the small margin of profit that is allowed to the manufacturer of any goods in Queensland, whereas when we look at the selling side we find that a tremendous margin is allowed to the seller. Hon. members may have noticed only recently in the Press that the authorities reduced the selling cost on furniture by a small percentage. The retailer was allowed to charge up to 56 per cent. profit on the goods he sold.

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

I thank the hon. member for Buranda and members of the House for giving me the privilege of an extended period for speaking.

It is only recently that the margin of profit on furniture was reduced below 50 per cent. Why is it that the manufacturer, who has to find the materials and take all the risk associated with his industry, such as labour problems and bad debts, is not in as good a position as the seller? Very often the retailer merely telephones the manufacturer to deliver certain furniture and he gets up to 50 per cent. profit on his buying price. The goods are carted from the manufacturer to the consumer. All the retailer does is to ring up and tell the manufacturer that he wants a certain article or a quantity of articles delivered to such-and-such an address, and he is allowed an enormous margin of profit, and the manufacturer is allowed a small one.

The Butter Board has so organised its section of the dairying industry that it has fixed the margin of profit to the retailer. That is what must be done if industries are

going to develop to the extent necessary, and if we are to make provision for the settlement of increased population in Queensland and in the Commonwealth of Australia. We have to see that the man who establishes a secondary industry receives a fair price for the goods he produces and in doing so we have to continue the onslaught—as we do now through the Department of Labour and Industry—on the unscrupulous man who takes every opportunity to defeat the law and deprive the workers of their just rights.

I am happy to be able to say from personal experience that today the average employer in Queensland particularly is a decent citizen. He believes in paying good wages and giving good working conditions to his employees, but when he is subjected to competition by unscrupulous employers who take advantage of dubious methods of cheapening cost and thereby cutting price, we must see to it that he is fully protected from that type of competitor. I am satisfied that with co-operation of the employers and the employees this sort of thing can be combated successfully.

I have with me two articles made in Australia from by-products of coal—the hon. member for Bremer touched on this matter briefly this morning. These are two parts of an aeroplane, which have been made from the by-products of coal reinforced with a little cotton. They are one-tenth of the weight and of 25 times greater strength than similar articles made of steel.

Mr. Kerr: What is that?

Mr. TURNER: This is a pulley for lifting the under-carriage of a plane, a very important part of the aircraft. I have also an oil-shuttle control wheel. It is contended that nothing better can be made in any part of the world. It works efficiently, is more silent, and gives considerably greater wear than similar articles made of steel. The same people have developed ball bearings made of similar material, which are 40 per cent. more efficient and last considerably longer than those in use formerly. No oiling, as is required in a steel ball-bearing, is necessary. With the use of these bearings machinery runs more smoothly and noise is diminished, which is a very important thing in industry. Only a few days ago I mentioned in this Chamber the tremendous noise in a canister factory. In fact, I do not understand how the employees stand up to it, and anything that will lessen noise in factories should be developed to the fullest extent.

The same manufacturers are making tooth brushes. In England, in 1943, by a similar process, one firm manufactured 25,000,000 tooth brushes, and as the hon. member for Bremer stated, there has been a tremendous development in these articles since then. One could, with advantage, visit the plastic works established at Mayne Junction. I am sure a visitor will be amazed. The durability of the new plastic materials is greater than steel, the beauty is equal to that of crystal-ware, and efficiency is equal to that of former types. I am sure that the Government will

do everything in their power to encourage manufacturers to establish their industries in this State.

The hon. member for Bremer has referred to the development of our coalfields. There is an abundance of coal in many parts of Queensland and although some deposits may seem to be too small for development for supplying coal to other industries, they could be utilised by gasification and the by-products could be used for the manufacture of such articles as those I have shown hon. members. By this means we could establish a number of industries that would give employment to the increased population that we hope to attract here, and a ready market could be found both locally and throughout the British Empire for their products. We all know how keen Britain is at all times to help her Dominions in trade.

I have often wondered why the wheat industry has not been developed to a greater extent than it has, why we still send grain overseas instead of processing it and shipping the flour. In this way the industry would be saved expense in freight and extra remuneration could be had from the sale of the by-products to the dairying and other industries. For some unknown reason the wheat industry has been allowed simply to stagger along, the farmers concerning themselves more with quantity than quality.

Some years ago when I complained about the poor quality of bread I consulted an expert in the Department of Agriculture and Stock. He expressed bitter disappointment at the fact that our wheat farmers had sacrificed quality for quantity, despite the fact that the board had agreed to pay an extra 3d. a bushel for quality wheat. If we could develop quality with a guaranteed increased price then our bakers would be able to give the people better bread. In addition, the careless baker would be deprived of the excuse that the flour is the sole cause of the poor bread he is producing. I hope that the people interested in the wheat industry will get on with their job and develop their industry to the high standard achieved by both dairying and sugar industries.

There are wonderful possibilities of taking advantage of the market available in the Pacific islands that I visited two years ago, only eight days' sail from Queensland. Despite the fact that the people now controlling those islands have not yet traded with us I feel that by producing a good article and emphasising the advantage to be had in obtaining supplies quickly from such a short distance we shall capture this trade and so have a little more to help develop Australia into the nation that we all hope she will be in the very near future.

At 2.15 p.m.,

Mr. SPEAKER resumed the chair.

In accordance with Sessional Order, the House proceeded with Government business.

1947—T

SUPPLY.

COMMITTEE—FINANCIAL STATEMENT— RESUMPTION OF DEBATE.

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

Debate resumed from 18 September (see p. 479) on Mr. Larcombe's motion—

“That there be granted to His Majesty, for the service of the year 1947-48, a sum not exceeding £500 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.): In listening to the Treasurer deliver his Budget speech the other day, Mr. Mann, the one thing that struck me particularly forcibly was that he did not seem to be in his usual form; he did not seem to be as convincing as he usually is in presenting that statement. In looking for the reason I can only come to one conclusion, namely, that he was making a very brave attempt to paint a pretty picture to show that everything in the garden of this State was lovely. At the same time as he was endeavouring to paint that pretty picture, he was trying to keep up his courage, knowing full well that he as Treasurer of this State was overshadowed by two very disturbing facts. The facts and circumstances that have come to pass might mean that this was the last State Budget that the Treasurer would present to this Parliament, not because he was going to resign or for any cause like that, but because it is probably the last State Budget any State Treasurer may have the opportunity of presenting to a Legislative Assembly in this State.

The two reasons that overshadow the Treasurer in the presenting of his Budget statement are, firstly, the fact that the States at the present time are bound hand and foot by the Commonwealth Government—by the power that Government now hold over the taxable resources of the Commonwealth—and, secondly, that not content with that all-embracing power, the Commonwealth wants complete power to centralise all activities at Canberra, and complete power to bring about the entire socialisation of Australia by the nationalisation of the private banking system of this Commonwealth.

Let us examine those two reasons. The command now held by the Commonwealth Government over all the major taxable resources of the Commonwealth makes it impossible for the States to go far without consultation with, and without permission from, the Commonwealth Government. That is the point, Mr. Mann—without permission from the Commonwealth Government. Instead of being a sovereign State, have we now to be subservient to Canberra and the Commonwealth Government? In truth, the States have already been reduced to very little more than provincial bodies. They depend on the good will of the Commonwealth Government for more than half their revenue, and for all their loan funds on the Loan Council, which

in turn is dominated by Commonwealth influence and policy. The consequence is that in matters in which the States are presumed to be sovereign, the Commonwealth has to be consulted and its approval obtained, and in some cases Commonwealth direction accepted. That must have been very disturbing to the Treasurer when he was presenting his Financial Statement.

To people who think that efficiency consists in centralisation this system has a particularly strong appeal but one must admit that the present Commonwealth Government and those who back them would like to have their god—centralisation and the centralisation of power—in Canberra, to the detriment of the far-flung parts of the Commonwealth. Those who think that efficiency can be brought about by centralisation have only to look round and think again when they will have it brought home to them that centralisation seldom if ever leads to efficiency and often ends in decay. The Treasurer does not require me to remind him of the fight that he and the Premier had to put up at a recent Premiers' Conference in order to get a square deal for Queensland and the other States of the Commonwealth. He remembers only too well the way in which the representatives of the States had to fight to get the Commonwealth Treasurer, Mr. Chifley, to give them an additional £5,000,000, increasing the allowances of the States to £45,000,000, and to give Queensland an additional £825,000, which was urgently required for many of the services of this State. That is one reason why I say that when the Treasurer was delivering his Budget statement he was not happy. Anybody could see that and he had reason not to be happy when one considers the overbearing and overshadowing influence that Canberra and the Central Government there now have over the States.

Let me turn to the other fact that no doubt influenced the Treasurer in showing a lack of enthusiasm, that is, that the Commonwealth Government, not content with the all-embracing power that they have over the financial affairs of the States at the present time, want to go even further, in order to obtain the complete power that they desire to bring about the complete socialisation of Australia, that is, to nationalise the banks. Can anyone blame the Treasurer for being rather unhappy in presenting his Financial Statement when he has those two things hanging over his head like a cloud? Those are the reasons for the lack of enthusiasm and the unhappy demeanour of the Treasurer in presenting his Financial Statement.

Let me deal in particular with the nationalisation of the banks and the effect it is likely to have not only on this State Government and this State but also on all the people of Queensland and Australia.

Mr. Aikens: What effect will it have on the shareholders of the private banks?

Mr. NICKLIN: None at all, because they will be amply compensated for their shareholding interests in those banks.

To give some idea of what effect this policy of the Federal Government will have, I propose to quote an erstwhile friend of hon. members opposite, Mr. Jack Lang, the only man who has closed a State bank in Australia up to the present time. Let us see what he has to say about this proposal. He said—

“The Chifley Government has dramatically abandoned the policy of gradualism in favour of a revolutionary changeover. It proposes a complete Government bank monopoly. Prime Minister Chifley believes that if he has complete control of banking he will be able to regiment the nation into the acceptance of his own personal ideas of economic organisation. Before he can enforce industrial conscription in peacetime he must have absolute control of banking. By that means he hopes to obtain the economic powers that he has been denied by the people through referendum.”

That very clearly and very concisely sums up the objectives of Mr. Chifley and his Government in Canberra. Hon. members opposite must accept the responsibility of backing Mr. Chifley. They are closely associated with Mr. Chifley and his Government in this proposal to nationalise the banks. Why, when Mr. Chifley made his first surprise announcement, the Premier applauded his decision. He said that the action taken by Mr. Chifley would mean something great for Australia.

Mr. Larcombe: Hear, hear!

Mr. NICKLIN: At the same time he knew very well that it would mean something very detrimental, not only for the State of which he has the honour to be Premier but for the people of this State. I venture to say that he was speaking with his tongue in his cheek when he applauded that move of Mr. Chifley's because he knows the inevitable effect it is going to have. Unfortunately, hon. members opposite must sink their private inclinations and dance to the tune that is called by their masters. They must accept full responsibility for this move by the Prime Minister and his Government because they have backed his Government and their own leader in this Parliament, the Premier, has praised the move made by Mr. Chifley.

It is interesting to look at the development of this latest move of the political party hon. members opposite support. Up to the present they have been preaching the gospel of democratic socialism. What in the name of goodness is democratic socialism? I do not know because the two words are the opposites one of the other. It is only an attempt to delude the people of the Commonwealth and this State as to their real objective by saying that they are not real Socialists, not Socialists as the hon. member for Bowen says he and his party are, but that they are going to bring about this socialism by means of democratic socialism. There is no such thing as democratic socialism. One can say that they have been pale pink socialists by endeavouring to convince the people that their real objectives and aims are harmless

Unfortunately, many people have believed it. Many people thought that this objective of the socialisation of all means of production, distribution, and exchange was only something to be trotted out at each triennial convention in order to stave off some of the redder elements of the party. If that is not so then the real members of the Labour Party were not game to put this objective in the forefront of their party's policy. To keep on deluding the people they argued that this socialism could be introduced by constitutional means.

One of the chiefs of the Labour Party who endeavoured to give this impression to the public of the Commonwealth was the Prime Minister, who sat there quietly smoking his pipe and saying "Why, a poor, inoffensive man like me could not think of bringing about socialism by the socialisation of banking." That smokescreen which Mr. Chifley has kept up to hide his real intentions has now vanished. He stands—and so do all hon. members opposite who back him—not as a pale pink Socialist, but a vivid Red Socialist (Laughter), who is prepared to go the limit to bring about the objective of them all. There is no doubt that their full objective—and what they are aiming for—has been revealed to the light of day. I say very advisedly that by their actions up to the present time they have deceived the people of the Commonwealth into giving them a Parliamentary majority that enables them to put this drastic policy into effect.

Let us cast our minds back and trace the history of the development of this thing and see whether I am not correct when I say that hon. members of the party opposite have deliberately deceived the people of the Commonwealth, so that they would be able at what in their opinion was the appropriate time to put into operation at one fell swoop the plank of their platform that provides for the complete nationalisation and socialisation of the means of production, distribution, and exchange. Let us go back to 1934, when the hon. Mr. Scullin was Prime Minister. He went before the people of Australia with banking proposals, and what was the result? The people of Australia dismissed him and his banking proposals to the cool shades of Opposition. In 1937 Mr. Curtin refurbished the banking proposals and again went before the people of Australia, with exactly the same results—the people of Australia would have nothing to do with him.

The 1940 election was a war-time election fought on war issues only. In 1943 Mr. Curtin went before the people and appealed to them on war-time issues only; no mention was made of any banking proposals or any interference with the banking system. After the unfortunate passing of Mr. Curtin Mr. Chifley took over the reins of office, and in 1945 passed a Bill that incorporated the powers over banking which the people of Australia had rejected on two separate occasions. On two separate occasions they rejected them, but he put them into effect then. At the 1946 election—and that is not so very long ago—was there any mention by Mr.

Chifley or any of his cohorts of any interference with the banking system? No, sir! No mention at all.

It is very significant to notice also that prior to that election no attempt—not even the slightest—was made to use any of the powers that had been included in the 1945 Act. Immediately the elections were over, however, Mr. Chifley, in his wisdom thought it was time to put into effect some of the provisions of the 1945 Act. He took action to make municipal councils and local authorities generally transfer their accounts from the banks with which they were banking to the Commonwealth Bank; but when a decision on this power was sought constitutionally, the High Court ruled that there was no power to compel local authorities to do what Mr. Chifley desired. The Constitution, which is the great protection of the people of Australia, barred this first very timid step towards complete socialisation in this country.

After that reverse in the High Court Mr. Chifley came out in his true colours. He showed the true colours of himself and his party when he said that now they would take the step advocated time and again by leaders of the Labour Party, the nationalisation of the banks of Australia, in order to bring about complete nationalisation and socialisation of everything we have in this Commonwealth.

Mr. Aikens: Thirty-seven years too late.

Mr. NICKLIN: That may be the opinion of the hon. member, but I am certain that if the people of Australia get the opportunity now to express their opinion on it it will be very different. To justify bringing in this drastic power, if he can, Mr. Chifley states that he and his Government want it to carry out their economic programme, which they say they have to save Australia from the recession of which Mr. Chifley has been talking so much lately. It is rather amusing to hear the new words coined by hon. members opposite and other members of their party. Mr. Chifley does not say straight out "depression" but says "recession," in like manner to the Minister for Transport, who when he increases fares and freights on the railways says that he "restores" the fares and freights. It is a choice of words used in an attempt to deceive the people. Whatever truth there might be behind these alleged excuses of Mr. Chifley there is a fundamental principle at stake.

Let me first of all examine the alleged economic programme that the Prime Minister states that he and his Government propose to carry out and examine the excuses he makes that he needs greater power over the banks of Australia to permit him to carry out that economic programme.

No Government in the world today outside Russia has greater power over money and credit than have the Commonwealth under the powers given them by the Act of 1945 and it is only pure humbug for Mr. Chifley to say that he needs these extra powers in an endeavour to save Australia from the inevitable recession. It is, as the hon. mem-

ber for Fassifern reminds me, absolute hypocrisy. It is a very poor attempt to conceal the real objective behind Mr. Chifley's move in getting power over the banking system. As I have said, whatever may be behind these excuses, there is a fundamental principle at stake. No Government, whether they be State or Commonwealth, who claim to be representative and not dictatorial have any right to introduce drastic legislation to alter economic and social conditions fundamentally without the approval of the people. That is the whole basis of our democratic system—that before any drastic legislation fundamentally altering the economic and social conditions of our community is passed it should meet with their approval. Unfortunately, as I have pointed out, the Commonwealth Government did not at the last election, held but recently, make one mention of their intention to take this first and principal step towards introducing that plank of their platform, the nationalisation and socialisation of industries.

The introduction of drastic legislation to alter these conditions fundamentally should not be done in the way in which it is to be attempted now: it should be done in either of two ways. It should be done by appealing to the people by way of a general election or a referendum. Why are the Government evading submitting this question to the decision of the people? It is because they know very well that if they did their proposal would be rejected. In February of next year the Federal Government propose holding a referendum in an endeavour to obtain power over prices control. Why not submit this question, which is vital to each and every person, to the people at the same time for their decision?

Mr. Aikens: Be fair. You know that in one case it means an alteration of the Constitution, and in this case it does not.

Mr. NICKLIN: Be fair! What a remark to come from the hon. member for Mundingburra! Let me remind him, since he claims to be a true Labour man, who even dissociates himself from hon. members of the Government, who says he is right above them—

Mr. Aikens: Right out in the lead.

Mr. NICKLIN: Let me remind him that at the time when the Rt. Hon. W. M. Hughes was Prime Minister of the Commonwealth, and there was a vital issue to be decided, an issue that he, with his majority in Parliament, could have decided if he wished—the conscription issue—he did the right thing. He carried out the platform of the Labour Party. He referred the matter to the people of the Commonwealth.

Why are hon. members opposite and their party afraid to trust the people now? They are not the same Labour Party of the past that trusted the people by referring matters to them. As the hon. member for Mundingburra is so far in advance of his colleagues, let me ask him: what is his objection to this fundamental principle of Labour's policy of referring this vital matter to the people for their decision? That is the only democratic

way. If they fail to give the people a chance to express their opinion, the only conclusion that we and the people can come to is that the Government and hon. members opposite are afraid to trust the people to give a decision on this vital matter, and they intend to implement, without the people's consent, complete socialisation.

Mr. Crowley: The sooner the better.

Mr. NICKLIN: At least the hon. member for Cairns is honest enough to state his opinion here, and I hope he will go back to his people in Cairns and tell them that the sooner the Government bring about complete nationalisation by introducing nationalisation of banking, the better it will be. I hope he will do that, because with banking nationalised there is nothing in the wide world to stop his party and their confreres in the Federal Government from putting into effect that plank of theirs for the complete socialisation of everything in the Commonwealth. The Labour Party knows it. Its leaders have always said so. I could quote dozens of them, but there is no need to do that, because hon. members on the Government side know it only too well.

There are other aspects to this very vital question so far as it affects the people and the State. One is that the personal liberties of the people are involved, and the question that many people are asking at present is, "Are we going to be free men or serfs dictated to by the Government of the same colour as the hon. members opposite?" If nationalisation of banking comes about there will be one bank and people will have no choice in regard to their banking but will be subject to the bureaucratic direction and mismanagement we have suffered for years and years during war-time. Our freedom will be gone. Even today, before the legislation is introduced, if a person wants to withdraw any more than a nominal sum from the Commonwealth Bank he is asked, "What are you going to do with the money?" What people are going to do with their own money—

Mr. Graham: It is only propaganda.

Mr. NICKLIN: It is true. If that is happening now, before the Commonwealth Government have complete power, what is going to happen when they have that power? (Government interjections.) It hurts hon. members opposite because they know it is true.

Having considered all these things, can you wonder, Mr. Mann, why the Treasurer did not put any enthusiasm into the presentation of his Budget Speech in this House? I make no apologies for dealing with that important question in the opening part of my speech on the Budget for the simple reason that the whole question overshadows everything so far as the State's finances are concerned, as well as the finances of the individual. I repeat—if the people, knowing the intentions of that Government, do not get their opportunity to stop this move by the Commonwealth Government—this could quite easily be the last State Budget we in this Chamber might ever have the oppor-

tunity of considering. The Treasurer knows full well the fight he had to put up to Canberra at the last Premiers' Conference, where it was a case of all in—boots and all—in an endeavour to get some justice for the States. That is a serious matter about which any hon. member who represents people in this State might well be concerned. In the light of the present trend of affairs it makes one wonder what is going to happen to this great State if these powers are given to a central Government in Canberra who at all times have shown that we in Queensland can take what is left, and that is mighty little.

Now let us turn to an examination of the Budget, and I say that after reading it very carefully and after hearing the unenthusiastic story which the Treasurer told us, one can only come to one conclusion—that the Budget story is built up on the unsound foundations of inflated currency and inflated prices. That is apparent. One sees that on merely looking at the Treasurer's Budget. When you see the astronomical figures quoted in many instances we have reason to be rather astounded, but on analysing the matter and realising that the Treasurer is dealing in paper money, which is becoming less and less a true measure of values, we realise the reason for some of the astronomical figures contained in the document.

Since the beginning of the war the issue of paper currency in the hands of the Australian public has increased from £34,000,000 to £185,000,000. Most of the figures on which the Treasurer has relied in painting his picture of prosperity are fictitious and misleading. It is highly dangerous for this Parliament to mislead itself and to attempt to mislead the people by such methods. The real living standards of a large majority of the people, including that important section, the wage-earners and primary producers, have for some years been on a slippery slide to which the 40-hour week, the proposal to nationalise the trading banks, the failure of the Commonwealth Government to give adequate tax reductions, and a system of prices control that has become profit control, will add a considerable amount of grease. The downward slide that is taking place, and will continue, in the real living standards of the people, and especially the really useful people of the community—to borrow the phrase of the hon. member for Bowen—will be accelerated.

Let me exemplify what I mean by the present alarming fall in the real standard of living of the people. I take one example, one with which we are all concerned. I refer to the case of the tens of thousands of young men who for a number of years played their part nobly in the fighting forces of the nation and who now come back, want to build homes and settle down with their families in the community. What a problem these young men have to face in getting a home and the necessary furniture.

Mr. Moore: And being robbed.

Mr. NICKLIN: Yes. The hon. member for Merthyr says that most of them are being robbed.

Mr. Moore: And robbed by the builders.

Mr. NICKLIN: I shall give the hon. member instances later on of where some unfortunate returned men who are endeavouring to obtain homes have been robbed.

Mr. Moore: By private enterprise.

Mr. NICKLIN: Not by private enterprise but by sharks and crooks with criminal records. The Attorney-General knows what I refer to, because he has the matter in hand now. It is a tragedy that such a thing should happen in a community like ours and that the offenders should be able to get away with it. I hope that before the session closes the Attorney-General will tighten up the loopholes in our legislation that enable these things to happen so that these crooks and sharks will no longer be able to rob our ex-service men. Even the comparatively small number of ex-service men who have been able to get homes have had to shoulder a burden of debt that is far too heavy in comparison with their present and potential earnings. If any hon. member can show me that it is possible for any of these young men in their lifetime to pay the price of a home today he will have to be very convincing in his argument.

Mr. Roberts: Give the boy a chance.

Mr. NICKLIN: Yes, give the boy a chance by placing a millstone of debt round his neck that he will never be able to rid himself of.

But hon. members opposite do not care too hoots about that. All they are concerned with is such things as the nationalisation of banks and the socialisation of this, that, and the other. They are not prepared to get down to really fundamental things—the getting of our people into homes and at a price that they are able to pay, so that we may have a happy and contented people in this State.

This test I have applied to a young man is the test we must apply to all the claims by the Treasurer and the Premier as to present prosperity and rosy prospects of the future. The Treasurer talked glibly about these prospects. Only those will agree with him who are deceived by the abundance of paper money, which they regard as evidence of real wealth. Unfortunately too many are deceived by the fact that we have an abundance of paper money and take that as a measure by which to gauge our prosperity. We should gauge it by the actual conditions, not the amount of money we have, but what that money will buy. If we use that measure, if we put that acid test on affairs today we shall not be in a very happy position. If this State fails to pass this test I have mentioned, namely, the ability of a young man to buy a house and furniture, to set up a home for his wife, family, and himself at prices and conditions he can meet, then the future of the State is not so rosy; it is dismal and gloomy. Hon. members opposite will admit that it is not possible for such a man to do that today. Therefore the sooner we tackle that problem and get down to

a condition of affairs that will enable us to do so, the better it will be for the future of this State and those young men who are endeavouring to set themselves up in homes.

What is the position in this State today? On 31 August last the Prime Minister is reported to have said—

“Australia is facing a period of austerity worse than in any period of the war.” Yet on 18 September, when the Treasurer introduced his Budget here, he indicated in that document that Queensland was facing a period of increasing wealth production and unexampled prosperity. Increasing wealth production and unexampled prosperity! But the Treasurer of the Commonwealth said that we are approaching a period of austerity worse than in any period of the war. Can we reconcile these two statements? I cannot.

Let us go on a bit further. One day after the Treasurer delivered his Budget Speech, the Acting Secretary for Public Works and Housing, Mr. Bruce, was reported as saying that in order to overcome the housing difficulties the size of houses would have to be cut down to 600 square feet, and all “unnecessary decorations, passages, and hallways would be eliminated.” He further said that the cost would drop from £950 to £750. In this period of tremendous prosperity the size of the houses we are building at such exorbitant cost is to be reduced by 50 per cent., yet the cost will be reduced by only 20 per cent.! Surely to goodness the houses that the Minister is building now at such exorbitant prices are not the standard we should like to see, but he says we have to cut them down. We have to build dog-boxes and fowl-houses and call them houses instead of standard dwellings. If conditions are so prosperous, surely to goodness we should be able to build a house of a decent standard for those who want them?

Just a few days after this Acting Minister made this statement the Premier went on the air on the subject of the new legislation that was to be brought down in this session of Parliament. In his broadcast he indicated a wonderful era of progress for Queensland and no more depressions. A wonderful era of progress and no more depressions! The Prime Minister had said just previously that we were facing a period of austerity worse than any period of the war.

At 3 p.m.,

Mr. HILTON (Carnarvon) relieved the Chairman in the chair.

Now, Mr. Hilton, can you wonder that people are confused when we have the Prime Minister making one statement, the Acting Minister for Housing making another, the Treasurer of the Commonwealth making another, and the Premier making another, each in conflict with the rest? We have the Premier and the Treasurer making the statements I have quoted and at the same time the Acting Secretary for Public Works and Housing telling us to build packing-case houses. One can only come to the conclusion, with that rough analysis of the Budget, that we seem to be travelling

very fast from Mr. Chifley's golden era of a little while ago to the Secretary for Public Works's packing-case era in this State.

Let us examine some parts of the Budget and put them to the acid test—this rather important matter of the wealth production of this State, for instance. After all, the wealth production of this State should be gauged on our prosperity and our future capability to develop this State adequately. On page 25 of his Budget Speech the Treasurer makes reference to increasing wealth production; in fact, it was referred to in quite a few places in the Budget. Measured in terms of depreciated currency there have been large increases, not only in Queensland but throughout Australia, yet we find that Queensland, although it is a large producer of wool (where the price rise has been greatest of all and we have had a fair share of those high prices) is lagging behind the other States.

The latest Queensland Year Book, at page 79, shows that the Queensland proportion of the total wealth production of Australia was 16.09 per cent. for the three years ended 30 June, 1933—the period that the Treasurer is always so glad to get back to; the period of the depression—but only 13.63 per cent. for the year ended 30 June, 1945. So, instead of increasing wealth production in this State, we find that over the 12 years Queensland wealth production has dropped by virtually 3 per cent. That is the latest year for which the comparative statistics are available.

For the three years ended 30 June, 1945, the Queensland proportion was 13.70 per cent., a drop of nearly 2½ per cent. compared with the depression period. By this test, which is the only true one, Queensland's record is very unsatisfactory compared with the other States. The increase was substantially less than for any other State except Western Australia, which was by far the greatest sufferer from the restrictions placed upon gold production during the war years, as well as the restrictions upon the production of wheat. Hon. members may remember that Western Australia was prevented from growing wheat, and paid for that policy.

That is the acid test we should put on this State to determine its prosperity, whether real wealth production shows any increase.

When we examine these figures we find there has been a falling-off of 2½ per cent. in the real wealth production of this State, comparing the three depression years ending June, 1933, with the three years ending June, 1945. Queensland has nothing to throw up her hat about. There is no reason for going into paeans of praise, as did the Treasurer when presenting his Budget a week ago.

To gauge the prosperity of the State still further, let us examine another index, the employment statistics. The Treasurer was equally unsound when he contrasted the present position of virtually full employment with the position obtaining 14 years ago. It is rather amusing to notice how the Treasurer

always goes back 14 years to get figures that he thinks prove his case. The hon. gentleman should remember that at the present time, although we are in a period of almost full employment, we find that almost 50 per cent. of the total unemployed in the Commonwealth are in Queensland, and this at a time when in all parts of the State men cannot be found to do work. We read in the Press today that it will probably not be possible to harvest the sugar crop because of an insufficient number of cane-cutters. What is wrong? Something is wrong when Queensland has almost 50 per cent. of the total unemployed of the Commonwealth, but there are so many jobs that cannot be filled.

Mr. Foley: That does not fit in with the statement made by you yesterday.

Mr. NICKLIN: It does. I am using the Treasurer's figures. In 1933, the period quoted by the Treasurer in his Budget Speech, unemployment is shown by the Commonwealth Year Book as follows—

	Unemployed Percentage.
New South Wales	.. 28.9
Victoria 22.3
Queensland 15.3
South Australia 29.9
Western Australia	.. 24.8
Tasmania 19.1

Those figures show that in the terrible three years that the Treasurer is so fond of quoting, and which he referred to even in his Budget, Queensland had the lowest percentage of unemployment of any State in the Commonwealth. What do we find today? Almost 50 per cent. of the total unemployed in the Commonwealth are to be found in Queensland. Nevertheless the Treasurer, in this Chamber, quotes these employment statistics and attempts to take credit for his Government by making a contrast with the depression years. To describe this method in Parliamentary language would be fairly difficult, but it is mighty rotten propaganda to endeavour to build up one's case, and a poor one at that, by returning to these particular statistics when we know that at that time conditions were bad in Queensland as well as in the remainder of Australia. We had the lowest percentage of unemployment of any State of the Commonwealth in the period which the Treasurer recalled, and at the present time we have almost 50 per cent. of the total unemployed of the Commonwealth.

Why did the Treasurer go back only to the end of the depression years? Why did he not go back another four years, to the beginning of the depression, when Labour was thrown out on its pink ear by the electors of this State, because of the widespread unemployment that existed at that time? Returns published at that time by the then Secretary for Labour and Industry—Mr. Gledson—and the hon. gentleman seems to be always getting into trouble one way or another; he was in trouble yesterday and he

is in trouble again today—showed unemployment at 30 September, 1928, as—

Totally unemployed ..	46,512
Partly unemployed ..	69,664
Total	116,176

At that time, under Labour Government, 29.5 per cent. of wage-earners were affected by total or partial unemployment.

Why did not the Treasurer go back another four years, why did he not jump over those years that he is so fond of quoting and get back to the period when conditions were so bad that his own Secretary for Labour and Employment had to issue those figures? That question is particularly hard to answer. Answering it will give the Treasurer an opportunity to use that dexterity of his at juggling figures. Unfortunately for him the figures that he did use have rebounded and shown that by comparison with other States the position concerning the percentage of employment in this State is not as good as it was in those depression years. Why did he not go back to those four years and quote figures of a position that was brought about by his own Government?

When we put the acid test on the Budget on the ability of a young man to get a home at reasonable cost, on the real wealth production of this State and on the real employment position, I do not think the Treasurer can justify many of the statements he has made.

Mr. Macdonald: He should resign.

Mr. NICKLIN: There is no need for him to resign; he is most likely gone now. If his friends in Canberra get their way he and the rest of us will be sacked; we, too, shall be unemployed.

One of the most disturbing features of the Budget position is the downward trend in the Railway Department. Now that the Commonwealth military traffic has virtually disappeared, the position has been reversed from a net credit to Consolidated Revenue of £4,325,746, after paying interest, for the peak year 1942-43, to a net deficit of £845,895 for 1946-47. This does not take into account interest on the £28,000,000 that has been written off the railway capital indebtedness, amounting to approximately £1,000,000 per annum. If we add this interest the real charge of the Railway Department on Consolidated Revenue for 1946-47 was about £1,845,000.

The capital indebtedness of the Railway Department is now £42,703,000, compared with £35,550,000 at 30 June, 1932, after the writing-off of £28,000,000. There has thus been an increase of £7,153,000 in the past 15 years, whereas the length of line open to traffic has increased by only 8 miles. The reason for the increase in capital indebtedness is the unsound practice of charging renewals and replacements to Loan Fund, a practice that would quickly bankrupt any private business or industry. Instead of charging to revenue the cost of renewals and replacements, which should be a first charge on a facility of this kind, we have, in order

to build up the budgetary position in the department, been charging the cost of renewals and replacements to Loan Fund and increasing the capital indebtedness of the railways in this State to an unwarranted extent. The railway finance position is not a happy one in Queensland. It is something to which we must give anxious consideration.

Although the Treasurer has made provision in his Budget for the cost of the 40-hour week, the Minister for Transport, judging by a statement he made the other day in answer to a question, expects that he will not have to raise fares and freights during the present financial year. I say that there is a grave doubt as to whether the Department will be able to carry on with the present rates of fares and freights when the 40-hour week comes about. It looks as if the Minister for Transport would have to make some more "restorations" of fares and freights.

I am rather interested in the "restorations" that the Minister talked about. It is a new word for increased fares and freights, because that will be the fact. We look back over the years and we find that 1932-33 was the first occasion when the present Government, on being elected, brought about a "restoration" of rail fares and freights in this State. They "restored" 7½ per cent. of the fares and freights that the Moore Government cut off or reduced. It must not be forgotten that the Moore Government reduced fares and freights by 10 per cent., and it was a good business move on their part at that time. It resulted in a fillip being given to railway revenue and reduced any possible loss there might have been.

Mr. Crowley interjected.

Mr. NICKLIN. The hon. member for Cairns says that the Moore Government introduced superannuation.

Mr. Crowley: Soup kitchens.

Mr. NICKLIN: What a pity the scheme is not running now! Many of the railway men are very sorry indeed that the present Government, for political reasons, saw fit to wipe out that superannuation scheme to the detriment of members of the railway service.

But, as I was saying, in 1932-33 the present Government increased railway fares and freights by 7½ per cent.—all except suburban fares—a very unfair thing to country people. The country people could have their fares and freights "restored" by 7½ per cent. but the suburban people, where the votes were, no. In 1938-39 the present Government made a further increase of 5 per cent. on fares and freights, and in 1941-42 up she goes again another 5 per cent. In all there was a 17½ per cent. increase in fares and freights over those 10 years.

In 1942-43, when the Railway Department had record revenues and returned big surpluses after meeting all charges, the Government reduced fares and freights by 5 per cent. and again in 1943-44 reduced them by 5 per cent. in order to restore their popularity with the country people of the State. However, during the current year the Government

have "restored" these two cuts of 5 per cent., and as I said before, it is very likely that they will have to make further "restorations" in railway freights and fares before the current financial year is out.

The Treasurer estimates that there will be an increase of £1,297,150 in railway revenue this year, after taking into account the present "restoration" in railway fares and freights of 10 per cent. This estimate seems to be rather optimistic, while his estimate of an increase of only £906,954 in expenditure appears to be on the conservative side, especially in view of the heavy cost of the 40-hour week in the Railway Department for the last half of the present financial year. The Treasurer well knows how hard it was for him to get that £5,000,000 for the States out of the Prime Minister of the Commonwealth who told them at the time that they would have to make their public undertakings pay. So I can well imagine that before very long we shall have the Treasurer telling the Minister for Transport that he will have to make his undertaking pay by further "restorations" of fares and freights, otherwise the budgetary position will be worse than he expects.

When we realise these things we realise why the Treasurer was not as optimistic in the delivery of his Budget as he usually is. As I said at the outset, he knew the position facing Australia today and that there is evidence at the moment that should the central Government at Canberra get their way it will mean the abolition of the States and the abolition of State Parliaments. So we can well understand the Treasurer's lack of enthusiasm in introducing the Budget. All I can hope so far as this State is concerned is that the people of Australia will prevent the Prime Minister from getting these powers (which will bring about socialisation and the ruin of one of the best countries in the world) so that we may have the opportunity of developing this State and of carrying out some of the things that the Treasurer has envisaged in his Budget, although judging from the record of hon. members opposite they are not always put into effect. Nevertheless, I am sure that hon. members hope that we shall have the opportunity of putting into effect some of the development schemes set out in the Budget, but there is grave doubt whether we shall get that chance. However, let us hope that democratic principles will prevail in the Commonwealth, and that we shall be able to continue to develop Queensland as a State and to govern the people as a democratic community.

Opposition Members: Hear, hear!

Mr. HILEY (Logan) (3.25 p.m.): One of the most signal features of a State Budget of today is its different character in comparison with what must have been the Budget of pre-war days.

Then the introduction of the Budget by the Treasurer found the whole community in a state of delicious uncertainty, wondering what was going to happen to the rates of taxation, wondering whether the Treasurer,

facing perhaps a drought, or, alternatively, passing through a period of high production with good prices, would on the one hand conceive some new instrument for raising revenue for the Crown or on the other hand, with a lordly gesture pass over some concession appreciated by the people.

I might describe the position today by using a musical metaphor. It impresses me as one in which we have exchanged a majestic full symphony supported by a complete orchestra, for a solo by the Commonwealth Treasurer to the dull monotone of the wailing from a half-starved Public Service, accompanied by derisive laughter from distant Canberra that made the Treasurer realise that no longer was he a free Treasurer but simply a marionette who danced at the end of a string.

One of the extreme results from this situation is that no longer is the season in Queensland of any marked significance to the Treasurer of this State. Compare that with a few years back. The Treasurer would very properly come to this Chamber a different Treasurer according to whether a drought was prevailing or the State was going through a period of good seasons.

Again, world's prices, which previously would have meant infinite things to the Treasurer, today have been stripped of their real significance. The Treasurer is living in a world of unreality, a world of figures conceived elsewhere, divorced from either seasonal conditions in this State or employment conditions of this State, and perhaps most important of all, divorced entirely from the effects of world's prices. This nation and this State can live only as well as, firstly, we produce, and, secondly, as the prices we can command for our exportable surpluses.

It is quite true that the State's financial position is influenced by how much we make and consume internally, but the effect of that is not absolute in degree. The Treasurer is living in an unreal world. The people of Queensland, and Australia, will have to face bitter realities when world's prices—we will say of wool, for instance—have collapsed. When that happens not all the devices of uniform taxation or anything else that at present is making the position one remote from the Treasurer of Queensland, will enable him to escape the consequences of that fall in wool prices and its consequences to the people of this community.

When you consider the significance of that approach to the Budget, the fact that the Treasurer produced a surplus last year and expects a surplus this year is of relatively little significance. To me it ceased to be a triumph of arranging the economy of this State in some relation to the seasons and world prices. It is merely a book-keeping flourish and accounted for to the extent to which funds are charged against the Treasurer's revenue, as doled out by the Federal Treasurer for the use of this State. When you come to examine the details of this Budget, I think in spite of the surpluses disclosed there is very real evidence that the Treasurer is beginning to feel some very real strain.

Mr. Foley: Nine surpluses.

Mr. HILEY: I am discussing the Estimates of this year.

Mr. Foley: Nine surpluses in succession.

Mr. HILEY: That is so. The previous ones were proper, the more recent, bookkeeping flourishes.

You will find one of the evidences of which I speak in the fact that the Treasurer this year has ceased to charge to Consolidated Revenue certain items it has been his habit to charge for several years to that fund. On page 45, for instance, under the heading of "Contingencies," you will find an item that previously involved Consolidated Revenue Fund in an expenditure of slightly over £100,000, under the heading "Developmental Works and Services," containing such items as "Prospecting Assistance, Assistance to Cotton growers" and so on. For the year that lies ahead not one penny is proposed to be charged to the Consolidated Revenue Fund under those headings.

Mr. Larcombe: Why should it be?

Mr. HILEY: That is not my argument. I am showing the Committee that the Estimates the Treasurer has put before us, which appear to indicate a surplus, show evidence in many directions that the Treasurer's resources were strained in compiling those Estimates. Last year he was able to charge over £100,000 for developmental works and services against the Consolidated Revenue Fund and still show a book-keeping surplus, but this year he has not one shilling under that heading.

Then you go along to page 110 of his Estimates and you find that this year he proposes to expend in loans and subsidies to local bodies, including harbour boards, over £2,380,000. There is no indication of how much of that is loan and how much subsidy. If it follows what has been the trend in such matters over recent years, the common experience is that the £1 loan balances the £1 subsidy. Looking back over the history of such things, if half that composite item can fairly be regarded as subsidy, I draw this distinction: that where the Loan Fund employs this money to advance to a local authority something that is recoverable, then I concede you have quite clearly an appropriate subject for a loan appropriation—something has been lent, something will be repaid. When it comes to subsidies, however, I think you have an entirely different category. The subsidies are often employed for capital works in the local authority, it is true, but as far as the Treasurer is concerned it represents a complete loss and outgoing. It is something given to the local authority to carry out some purpose or other within the local authority; and, unlike the loan, it is not recoverable.

Mr. Larcombe: Capital cost.

Mr. HILEY: Within the local authority, I will concede that. As far as the Treasurer is concerned, it is a complete loss in outgoing in comparison with the loan to the

local authority, which is recoverable. It seems to me the colossal increase in what is provided this year, £2,380,000 compared with an actual expenditure of £400,000 last year, suggests the subsidies proposed to be given in this year will be immeasurably greater than last year. There can be little doubt about that.

A Government Member: You are not against that?

Mr. HILEY: On the contrary. What I do point out is that there you have further evidence of strain. The whole of these subsidies is a loss to the State. I fully concede the Treasurer's point; it is probably represented by some asset in some other section such as Local Authority finance. But the whole is charged against Loan Fund and not one penny does he put on the Consolidated Revenue expenditure for this year.

Mr. Foley: It may improve the revenue later on.

Mr. HILEY: That is hard to see. If the Minister reflects, he will realise that not much local-authority revenue is directly reproductive of revenue back to the State. Where loans are made the money comes back. But in the majority of those schemes, the local authorities desire to render service to the community rather than to undertake reproductive works.

For example, as to loans to electricity regional boards I should concede the hon. gentleman's point but I do not think much of that is likely to be included in this item unless the Treasurer later tells us that "Loans and Subsidies to Local Bodies" include loans and subsidies to regional electricity boards. If that is so, there is some merit in the interjection of the Secretary for Public Lands.

Mr. Larcombe: The payments to the local authorities are very heavy, seeing that the investment is reproductive.

Mr. HILEY: That is in regard to the loan; there is no repayment as regards the subsidy.

Mr. Larcombe: There is a relationship because both the assets are increased and the power of repaying is greater.

Mr. HILEY: I have yet to discover that the Brisbane City Council can pay any more because it has a £1,000,000 Town Hall although I concede it would be greater if it built new tramway extensions or things of that kind.

Mr. Burrows: There is no distinction.

Mr. HILEY: The hon. member would not see it.

The next matter that excites my interest is the extent to which drought relief extended during 1946-47 was charged against Loan Fund. This is another direction in which I suggest that the Budget is well away from reality. It is quite true that the ravages of drought in that year imposed an abnormally high demand on the Treasurer for relief. That

was recognised by the approval of an expenditure of £400,000, but the whole of that came from the Loan Fund and is a charge on future generations. The Treasurer would have been strained in the year of drought to meet the demands for subsidies of that kind if he did not charge it all to posterity.

Under these three headings I suggest there is evidence on which this Committee will have no difficulty in assuming that the Treasurer's surplus does show signs of a somewhat severe strain in its compilation.

That evidence is added to when one comes to examine the expenditure from the Post-war Reconstruction and Development Trust Fund. I would remind the Committee of the figures. In the year 1945 the amount first drawn from this fund is just under one-third of a million pounds; in the year just concluded one and a third millions was withdrawn but for the year which we are just entering no less a sum than two and a half millions is proposed to be expended. Whilst that might and no doubt does recognise the physical possibilities of now getting certain works done, the opportunity for which was previously impossible, it also suggests to me evidence that the Treasurer is finding it increasingly necessary to go to these reserves he so fortunately and prudently built up during the war period and eat into them at a faster rate.

Look at the position of the State. Wool prices have a tremendous influence on the real prosperity of this State and here we are looking at a background of superlative prices. As to beef, butter and sugar, whereas our quantities are down our export prices are generally as favourable as anything in our history. With that background and in spite of the proportionately high ratio of unemployment referred to by the Leader of the Opposition, employment in Queensland is generally at a high level. With such a background—superlative wool prices, good export prices for many of our primary products and employment high—the Treasurer, instead of having to strain in any way to produce his surplus, should be sitting on one of the most comfortable seats—if he were not in a position of being divorced from the reality of the economy of this State and being made simply a marionette permitted to spend the annual fixed figure that is compiled for that purpose.

One of the greatest weaknesses of this scheme that makes him dependent on Commonwealth grants is the extent to which he is limited in giving effect to the doctrine of compensatory finance. I regard compensatory finance as one of the real lessons of the depression. That lesson is that in times of commercial prosperity you should borrow low but keep your taxation revenue high, but as soon as the business index and commercial activity move the other way, the proper thing to do is to increase your rate of borrowing and lessen your rate of tax. I prefer to believe that the wise implementation of compensatory finance is one of the superb lessons of the last depression and one of the ways in which every Government in Australia can contribute to avoiding the mistake that I

believe every Government in Australia made last time. In the last depression, as soon as the impact of the depression came, every Government raised their rates of taxation and reduced their borrowing.

Mr. Burrows: The banks would not let them borrow.

Mr. HILEY: I have yet to discover that the banks were in a position to prevent the Treasurers of Australia from floating any loans.

What do we find in compensatory finance today? First of all, we find that the elasticity that should properly be preserved in a taxation system to meet the requirements of the State is exchanged for a figure that is fixed, and the Treasurer of the State at least is deprived of taking full advantage of the opportunity of playing an important part in lessening the effect of

Mr. Larcombe: We have not decreased borrowing. We have an increase of £600,000.

Mr. HILEY: The Treasurer has a formula that varies according to wage levels, population, and the distribution of population against a fixed basis.

Mr. Larcombe: We are in excess of our formula.

Mr. HILEY: Unless I miss my guess, the Treasurer will need something more again next year, and it will be only a matter of time before the whole scheme will break down because every State will then have had an experience comparable with what our Treasurer's has been and will continue to be.

In introducing his Budget the other day, the Commonwealth Treasurer sounded a continual note of warning about the danger of some recession next year, and not without reason. He pointed to the dollar difficulties and England's plight, and expressed a view, with which I think most people will agree, that such difficulties could not fail to have repercussions here. What does he do? If there is in fact a danger of recession next year, will he explain in terms of the lesson of last depression, the reduction of 25 per cent. in the loan budget of this and every other State in the Commonwealth? If in fact there is to be a recession in trade activity, then it is not a good compensatory-finance principle to reduce loan expenditure now.

Mr. Larcombe: It is not being reduced.

Mr. HILEY: The Treasurer is being chopped by 25 per cent., and he has to go back later in the year if he cannot carry on.

Mr. Larcombe: It is only proper that we should restrict our loan borrowing as much as possible, but if we do need more money it will be available.

Mr. HILEY: That is not the impression I gathered from reading the Treasurer's speech. His speech left me with the feeling that his loan programme, in common with that of every other State in Australia, was reduced by 25 per cent., although the programme was approved.

Mr. Larcombe: Reduced temporarily.

Mr. HILEY: I do not think that practice has been followed for many years.

Mr. Larcombe: We did the same thing last year.

Mr. HILEY: If that is so, then it was not reported with the prominence that that is. The way in which it is reported this year left me with the impression that the whole of the Commonwealth Treasurer's loan expenditure was to be reduced in face of the coming recession. I say that if Mr. Chifley feels there will be a recession in Australia next year the last thing in the world to do is reduce loan expenditure. To reduce loan expenditure is to turn his back on the lessons of last depression.

Mr. Larcombe: It was not Mr. Chifley; it was the Loan Council, which is comprised of representatives of all the States.

Mr. HILEY: Is the Treasurer trying to tell us it was done against Mr. Chifley's suggestions?

Mr. Larcombe: The States agreed that they should limit loan expenditure as much as possible.

Mr. HILEY: Will the hon. gentleman tell us at whose suggestion it was?

Mr. Larcombe: The Loan Council.

Mr. HILEY: A body of seven. Did any particular State make the suggestion or was it the Commonwealth Treasurer's suggestion?

Mr. Larcombe: I think it was a mutual agreement amongst the Ministers.

Mr. HILEY: Very well, we will let it go at that. I have tried to convey that it seems to be illogical that the Prime Minister, fearful of a depression, or recession as he calls it, should do anything by way of reducing loan expenditure. I was interested to read the Press statement by the Premier the other day, in which he put an entirely different view of the position, to the extent of saying that he could see nothing but prosperity ahead of us. He left me with a feeling that his impression was that no matter what happened to the price of wool, for example, Queensland's prosperity would go on unchanged.

Mr. Larcombe interjected.

Mr. HILEY: With that I agree, but I cannot for the life of me see how the extreme view conveyed in the Premier's published statement was warranted, although I was glad to see that it was in contrast to what I hold was over-pessimism on the part of the Prime Minister. I think the sensible viewpoint is somewhere between the two, because we must recognise that Australia's economy is developing more and more towards self-sufficiency and to that extent we are less prone to disturbance by world prices than we were in 1930.

Mr. Aikens: Provided the internal economy is adjusted to meet the new order.

Mr. HILEY: But only a fool would imagine that a collapse in wool prices could fail to have most serious repercussions to the continent of Australia and the people of Queensland.

Now, with the time remaining at my disposal, I would say that I should be glad if the Treasurer would supply me with information on several points dealt with in his Budget. Firstly, under the heading of transport revenue, I noticed with some interest the statement made by Mr. McCracken when giving evidence in the 40-hour week case in Melbourne as to how Queensland would finance the additional cost of the 40-hour week. The Treasurer will recollect that he said that it appeared to him that the only remaining avenue wholly within the province of the State to catch up the additional revenue was in the field of transport. That was noted at the time, and repeated on the floor of this Chamber when the State Transport Facilities Bill was before Parliament in the closing stages of last session. I personally, in the light of the discussion that took place on the taxing clauses of the Bill, had no doubt that it was in the mind of the Government to employ this right to impose some new taxation on transport facilities within the State, and they intended it to be one of the factors that would enable Queensland to command some extra revenue as a matter of right. That thought was confirmed quite recently. The Minister for Transport published a statement in which he made it clear that the Government intended from 1 November next to impose a tax upon air transport in this State.

With those two factors in mind—Mr. McCracken's statement, confirmed by the Minister during the course of the debate on the State Transport Facilities Bill, and the statement by the new Minister for Transport concerning taxing air transport—I expected that when we came to examine the probable ways and means we should find the Treasurer expecting a considerable increase in revenue under the State Transport Facilities Act. What do we find? We find that the application of that Act produced £216,000 last financial year, and this year, when the new tax on air transport is to be added—I assume it will mean many thousands of pounds—we find the Treasurer expects the operations of the Act to produce less in the new financial year than in the last financial year.

To me this is one of the conundrums of the Budget and I should like the Treasurer later to take the Committee into his confidence—I am sure he will—and tell us just how it is he expects less revenue to be derived from the operations of the State Transport Facilities Act this year than in fact was produced last year.

While he is on the job, I feel certain he will tell us also something about the probabilities of the tax on air transport—what it is likely to produce and, above everything else, how it is going to be applied, because there are many hon. members in this Chamber and many people throughout the State who

cannot for the life of them see, apart from some act of utter generosity on the part of the Commonwealth Treasurer, how this State can make any tax on transport stick so far as Trans-Australia Airlines are concerned.

It is not my purpose to discuss the general question of taxing air transport, but I am profoundly interested in knowing whether the Treasurer himself has any doubt about his ability to tax all air operators on an equal basis, whether they are private operators or the Government concern.

When I study the Estimate of Ways and Means and find that the Treasurer himself expects to receive less revenue from transport facilities this year than he did last year I suggest there is real food for thought in it. It is something concerning which the Committee would appreciate a clear indication from the Treasurer.

It is inevitable that railway finances will provide a good deal of the discussion in the course of this debate. As the Leader of the Opposition pointed out, the loss sustained last year amounted to £845,000-odd, and, unless my estimates are sadly out, it seems to me that this year there will be a gross surplus or an anticipated gross surplus of just over £1,000,000 before providing for interest charges. If the interest charges are approximately the same as last year, then the Treasurer expects a net loss on the railways this year of something in the neighbourhood of £450,000.

That figure—the Treasurer will correct me if I am wrong to any degree—I think is the absolute answer to any criticism that may have been levelled by any section of the community at the recent restoration of rail charges. I have no doubt that the restoration that took place was logical in conception and proper in degree. My only doubt is that which the Leader of the Opposition already has expressed, whether by the time the full effect of the additional costs of the 40-hour week become apparent the Treasurer and the Minister for Transport will be able to avoid a fairly early further addition to rail charges.

We on this side of the Committee share the view frequently expressed from the Government benches that the railways should not be assessed purely on the basis of revenue, but that some regard should be paid to the fact that the railways have a national work to do and that service to the State sometimes must be measured in terms other than the £ s. d. of their product. While we accept that view, again it becomes a matter of degree as to how far that view should be permitted to influence the imposition of a burden on the Treasurer that may become intolerable. It seems to me that directly railway losses in any year creep up to over the half-million pounds mark, any Treasurer, no matter from which side of the House he may come, will be compelled as a matter of prudence to consider revising rail charges to lessen that loss.

On the estimates I have made it would seem to suggest that the loss on the railways this year will be in the neighbourhood of £450,000,

and I think any further factor that adds to that loss must inevitably force the Treasurer to seek a further revision of rail charges.

Having regard to the general inflation of prices in the community, I suggest that we are not unfortunate in the matter of railway charges. Today, generally speaking, our railway charges are what they were in 1939. That is so, Mr. Treasurer?

Mr. Larcombe: Yes.

Mr. HILEY: The restorations merely balance the concessions that took place. The rates are now back to what they were in 1939. Having regard to the very considerable inflation of prices, no reasonable person in the community is entitled to feel that in general terms we are badly off now in paying 1939 railway rates. And it is almost certain that the Treasurer will have to consider some further correction in these rates.

I want the Treasurer to give some information with respect to hospital expenditure. I am always impressed with the absurdity of the vast publication placed before us in the Estimates of the Probable Ways and Means of Expenditure. If you turn to page 14 of these Estimates you will find an item of expenditure—

“Cost of railway fares granted to next-of-kin to meet returning prisoners of war and to visit invalided service men . . . £10.”

There is an item stated separately of £10, but when you turn to page 22 of the Estimates you will find an item—

“Hospitals Generally, £1,250,000.”

It strikes me as being one of the glorious inconsistencies that in the presentation of this document some of the terms should be so particular, while others in our vast expenditure should be so completely sweeping and general. No-one is able to judge from this estimate of £1,250,000 for hospitals generally as to the staff or the rates of salary paid to key employees and other matters.

Mr. Larcombe: That will be very properly given on the Estimate stage.

Mr. HILEY: This document is the Estimates. The only information that I have of the expenditure of this £1,250,000, unless the Treasurer in his kindness gives the details to this Committee, is the statement “Hospitals Generally.” Yet you can go back a few pages and see an item for a small amount detailed. The Minister is usually very good in furnishing this Chamber with information. I do suggest that in the preparation of these Estimates there should be a better plan, that some trifling figures could be swept into general items and that other general items should be itemised so that hon. members could have the added opportunity of reviewing the details that go to make up those figures.

The Committee will observe there is a very vast requirement from the Consolidated Revenue Fund for hospitals generally. On page 22 of the Estimates the amount required

for hospitals generally last year was £549,000. The requirements this year have risen to £1,250,000. The Treasurer, in his Budget Speech, told us that the amount required last year for hospitals generally from Consolidated Revenue was £549,000, and that just over £1,000,000 was provided from Trust Funds. This year Consolidated Revenue will provide £1,250,000, while only £800,000 will be provided from Trust Funds.

The total grew from £1,600,000 up to £2,000,000. I suggest that hospitals expenditure has become, apart from the railways, the biggest single factor in influencing the budgetary position in this State and I think the Treasurer will agree. This Committee is entitled in the presentation of this document to have a much more informative statement that the generalisation of totals before us on this occasion. I do not doubt that the Treasurer will follow his previous habit—the matter having been raised, he will furnish all the information the Committee can wish. That is his habit and I am sure he will not change it. I suggest that it is important when presenting such important matters to us in future years. This matter should not be left to be dealt with as an afterthought, but the method of presenting the statement should be enlarged so that the biggest single item of expenditure, except the railways, should come before us in a form other than the sum total of the two sources from which the money is found.

One other point that calls for comment is the extent to which the repatriation of English loans has proceeded. On page 13 he has furnished the Committee not only with details of the repatriation that took place during the year but he has also set out some historical tables showing the trend over a period. It is not only perfectly clear, but I should say an exceedingly satisfactory thing, that over this period we have succeeded in repatriating such a big percentage of internal loans and exchanged our external creditors for internal lenders.

Earlier, on the resolution for interim Supply, I made some reference to what I called England's difficulty in regard to block sterling balances. This is a matter that has been dealt with at considerable length throughout the Press and the financial Press of London. The position is that almost every one of the Dominions has built up balances in English currency, and those balances are becoming embarrassing to England in her present plight. When England was able to command a sufficient body of exports to keep exports going to the Colonies and Dominions in fair proportion to meet our exports those balances presented no difficulty. Today with high export prices and the accumulation of balances over the war, there has arisen a real problem as to how these balances can be dealt with. I do not doubt that what has happened is the correct course of exercising rights arising during the year.

What the Treasurer told us did take place in London conversions this year will follow from year to year. I believe that inescapably the Treasurer will have to give thought to the

question whether some of Australia's block sterling balances in London cannot be used immediately to repatriate in advance some of the loans we still have in the city of London. I believe the English Government will be forced to consider that course. That is one of the measures employed to get them out of the difficulty of block sterling balances. That is something we should be willing to do to help the Old Country—to employ some of our block sterling balances for such purposes, subject to only one thing, that the Treasurer should not do anything definite until the question of exchange as between Australia and England, has been decided; a matter that is causing a great number of people acute concern. The primary producer, whose mind goes back to the period when with inadequate low-level prices the premium of exchange saved him from being starved, naturally views any interference with the rate of exchange with real trepidation.

On the other hand, those who study the purchasing power of the Australian £ compared with the purchasing power of the English £ have the greatest difficulty in persuading themselves that our currencies should be other than on an equality and think that if there should be any variation that variation should be in favour of the Australian £ and against the £ sterling.

Such a problem is too important an issue to be shirked. It is too important in its reaction on the State Treasury to be disregarded. For example, I raise the wisdom of the repatriation in advance of any of these loans. If the rate of exchange is likely to be dealt with shortly, obviously the prudent thing is for the Treasurer, irrespective of how much he may desire to contribute on a general Australian basis to relieving England's block sterling balances, is to wait until the exchange adjustments are made. I am sure the Treasurer has too lively a recollection of having to take into account the present adverse exchange on some of these conversions not to have regard to what I have said. I should be exceedingly grateful, and I am sure many of the people of Queensland would be grateful, if the Treasurer at some stage in this debate made observations touching on firstly the repatriation of Australian loans, particularly related to block sterling balances of Australia, and secondly, any discussions that may have taken place in which, in his capacity as Treasurer, he learned information that he feels could be profitably made available to the Committee—information that touches on the prospective alteration in the rate of exchange. It is something in which we know he as State Treasurer has an immense interest and which I know every primary producer in the State has a very real interest. The price level of imported articles is of real interest to the whole community.

In conclusion, I wish to say a few words about the Public Service of this State and to observe that in the Budget before us there is no indication that the Government propose to recognise what they have already expressed

as an obligation in relation to better pensions for public servants. On previous occasions they suggested they could not be dealt with because of the conflict between Commonwealth social-service benefits, to which a means test applies, and a new State obligation at a time when State revenues were controlled by the Commonwealth Government.

Until now I have had some sympathy for the Government in their dilemma on this matter but much as I sympathise with them in the Treasurer's dilemma as to increasing the contributions to a Public Service Superannuation Fund from a Consolidated Revenue that is paid by the Commonwealth Government, and in the process—because of the effect of the means test—lifting the burden from the Commonwealth Treasurer (he is getting it both ways) I suggest the time has been reached when there can be no further delay of the examination and correction of the intolerable injustice of the present position on the Public Service Superannuation Fund to the public servants of Queensland.

For a moment let us look at the arithmetic of the matter. In an earlier debate I said I intended in this debate to bring forward details of arithmetic as to what the State Treasurer is doing in the way of contribution to the State Public Service Superannuation Fund. Dealing with the 1946 position, the report shows that at 30 June, 1946, the balance of the fund in round figures amounted to three and one-third millions. The Committee has been told quite clearly by the Treasurer that the Treasury adopts as one form of contribution to the Public Service Superannuation Fund the crediting of interest at the sweetened rate of 5 per cent. on the monthly balances of the fund. The interest, calculated on that basis, for the year ended 30 June amounted to £161,464.

I have attempted to measure the extent to which that interest rate is sweetened above what the fund could have expected to gather in had it been denied the interest rate of 5 per cent.

Mr. Macdonald: Is it not the statutory rate?

Mr. HILEY: It was, until 30 June last. The Act was for a 10-year period, but that expired on 30 June, 1947. I should like some indication from the Treasurer as to what the Government intend to do with regard to extending the period of that sweetened rate.

If the Board administering the Public Service Superannuation Fund had invested its £3½ million at the highest rate on Commonwealth securities offering, that is 3¼ per cent., instead of getting £161,000 that the Treasurer gives it, it would have received £108,000; so that the measure of the Treasurer's extra gift under the heading of interest to the Public Service Superannuation Fund was £53,464. In addition to that, the Treasurer pays the cost of management of the fund. That amounts to the princely sum of £2,638 a year. In addition to that, by direct subsidy, in terms of the Act, he pays £4,000 a year, out of which certain long-standing obligations

that arose prior to the inception of the Public Service Superannuation Fund have to be provided for. I have not deducted anything for them, although they amount to something in every year. Giving the Treasurer the benefit of every possible penny that he gives to the Public Service Superannuation Fund, I find that by way of increased interest rates, he gives £53,464, for cost of management he gives £2,638, and by direct subsidy £4,000, a total of £60,102.

Now we pass to the accounts of the fund to ascertain what the contributors pay into this fund during the year. During that same year on which I base my calculations, the contributors paid in £126,481, so that in round terms, giving the Treasurer full credit for the sweetened interest and everything else, he pays something less than 10s. for every pound paid in by the contributor. In the ever-increasing number of superannuation funds or retirement funds, call them what you like, that are in operation amongst private employers in this State—and there has been a colossal growth of them over recent years—pound for pound is regarded as the minimum. Several funds that I have had the opportunity of seeing provide as much as £2 10s. for every £1.

Mr. Brown: To save income tax.

Mr. HILEY: Whatever the motive may be, the plain fact of the matter is that the employees are getting it. We can always hear the cheap snarl, "To save income tax," but the plain fact of the matter is that many of the funds are based on a contractual obligation to pay whether the company makes profits or not.

Measuring the modern conception of superannuation funds, and the fair obligation of the employer, the Treasurer can no longer be satisfied with the position so far as it concerns the great mass of public servants of this State; and there are countless other Crown employees who get nothing at all. He cannot be satisfied with a position where the gross contribution by the Crown, measured with everything thrown in, comes to less than 10s. for every £1 contributed by the employee. If this State wants to say it has a Public Service Superannuation Fund that endeavours to do the fair thing for its employees, then this State Government must be prepared to accept the obligation of contributing something that brings the contribution by the State up to a figure at least equal to that contributed by the employee, and preferably go even beyond that. I do press that point for consideration.

Mr. Aikens: Have you considered that such increases would still further relieve the Commonwealth Government of any payments they would have to make to those retired employees?

Mr. HILEY: To that I suggest the Government should not content themselves by accepting the conclusion that they will be affected by it. I believe that the Government should go to the Commonwealth Government and say, "We are relieving you of an obligation that would otherwise fall on your

shoulders." There is the clearest possible case for a special grant from the Commonwealth Government.

At 4.16 p.m.,

The CHAIRMAN resumed the chair.

Mr. Aikens: You believe that anything extra granted by this Government should go to the employees and not to the Commonwealth Government?

Mr. HILEY: Certainly. Not only should it go to the employee, but I think the time is ripe for a revision of the income tax on annuities payable to the contributor by the fund, where the man himself has provided a big proportion of it—in the case of this fund two-thirds of the money coming back—and God only knows he gets little enough back when he finally retires, and he still has to run the gauntlet of taxation. That is something I think is in need of positive revision.

I am afraid, I repeat, that I cannot attach to these recurring surpluses the significance that I should attach to a surplus produced by a free Treasurer reflecting the free economy of the country. I should expect a free Treasurer to produce a deficit periodically. In a year in which the State was prostrated with, for instance, drought, what Treasurer could hope to escape a deficit? I repeat that the Treasurer's job is a book-keeping one rather than a real financial manager's job. That he does succeed in producing a nicely-arranged surplus each year is a tribute to his bookkeeping skill, and to that extent I pay him a compliment.

I look forward to what he is able to tell us in the full manner we expect of him regarding the matters I have raised.

Progress reported.

The House adjourned at 4.19 p.m.