

Queensland



Parliamentary Debates
[Hansard]

Legislative Assembly

WEDNESDAY, 16 SEPTEMBER 1959

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Mr. SPEAKER (Hon. A. R. Fletcher, Cunningham) took the chair at 11 a.m.

QUESTIONS

SHORTAGE OF MATERIALS IN STATE SCHOOLS

Mr. DUGGAN (North Toowoomba—Leader of the Opposition) asked the Minister for Education—

“(1) What progress has been made in dealing with the shortage of books, maps, rulers and other materials used in the State schools since he ordered a departmental investigation of the shortages on April 29?”

"(2) Is it a fact that some schools are still experiencing such shortages, and, if so, of what materials?"

Hon. J. C. A. PIZZEY (Isis) replied—

"(1) The Supply and Stores Section has been re-organised, additional staff has been appointed and a greatly increased appropriation for school stock has been made."

"(2) Schools have been instructed to report stock shortages. As requests for additional supplies are received, action is taken to furnish materials at the earliest opportunity."

DESTRUCTION OF HARRISIA CACTUS AND LANTANA BY BIOLOGICAL AGENTS

Mr. DUGGAN (North Toowoomba—Leader of the Opposition) asked the Minister for Public Lands and Irrigation—

"In view of the statement of the Director of the Commonwealth Institute of Biological Control, Mr. D. Simonds, in 'The Sunday Mail' of August 30, in which he grouped lantana with *Harrisia* cactus in naming Queensland's worst plant pests, and the fact that this pest is becoming a real menace to pastoral and agricultural lands,—

"(1) What are the present findings of his department's biological section on the American insect *Catabena*, colonies of which were released in southern Queensland about two years ago, in respect of acclimatization, propagation and field results?"

"(2) What are the prospects for supplying these insects to private landholders?"

"(3) Has he seen the statement of the New South Wales Conservation Minister, Mr. Wetherell, published in 'The Courier Mail' of September 5, that the Forestry Commission is expected to release the lantana-destroying *Syngamia* grub in the Crown forests of Northern New South Wales in October? If so, has his department investigated the potentialities of this parasite, or, alternatively, is it conversant with the results of the New South Wales experiments?"

Hon. A. G. MULLER (Fassifern) replied—

"(1) *Catabena* has been released in many localities in Southern Queensland, but has not been recovered from the field. It could be established in very small numbers in a few areas; however, unless it increased naturally finding it would be a matter of chance. This insect has proved so difficult to rear both in Queensland and in New South Wales that it is considered not to be adapted to Australian conditions. Neither the Biological Section nor the New South Wales Forestry Commission has been able to maintain breeding stocks which have now died out."

"(2) In view of the position as disclosed in (1) landholders cannot be supplied with this insect."

"(3) Yes. This second insect, *Syngamia*, has been introduced from Hawaii and has been reared in numbers without great difficulty. Many liberations have already been made in various parts of Queensland. The insect is known to have become established in two localities in Southern Queensland and in two areas in North Queensland. A year or two, at least, must elapse before the potentialities of this insect can be determined. Meanwhile, the Lands Department will continue to make further liberations. The Lands Department is well aware of the work with this insect proceeding in New South Wales. In fact, the Department supplied the New South Wales Forestry Commission with its breeding stocks."

CHARGES TO SEMI-INTERMEDIATE PATIENTS, BRISBANE GENERAL HOSPITALS

Mr. LLOYD (Kedron) asked the Minister for Health and Home Affairs—

"What scale of medical fees and doctor's fees is being charged patients occupying beds in public wards, designated as 'semi-intermediate,' by the North Brisbane and South Brisbane General Hospitals?"

Hon. H. W. NOBLE (Yeronga) replied—

"Semi-intermediate patients in the Brisbane and South Brisbane Hospitals receive free medical treatment from the full-time and part-time paid medical staffs of the Hospitals. No charge is made for X-rays, pathological tests and other ancillary services. Sub-intermediate accommodation is separate and distinct from public wards."

SEWERAGE SYSTEM, TROUT ROAD HOUSING PROJECT

Mr. LLOYD (Kedron) asked the Treasurer and Minister for Housing—

"(1) In view of the extremely dangerous health menace created by the lack of any drainage of sullage from Queensland Housing Commission homes erected at the Trout Road Project, Stafford, will he advise whether the Government is agreeable to my request, now some months old, that sewerage lines be built connecting houses to the general drainage system of the project, pending the extension of the Brisbane City Council's Kedron sewerage system now in process of construction?"

"(2) As it is understood that the Brisbane City Council is willing to reverse its decision and is now agreeable to the carrying out of this work, which can be made readily convertible to the actual sewerage when it reaches this area, will he ensure that completion of this work is expedited to overcome the high rate of gastro-enteritis and other children's diseases in this closely settled suburb?"

Hon. T. A. HILEY (Coorparoo) replied—

“(1 and 2) At the commencement, let us be clear that the provision of sewerage is the responsibility of the Council. The State gives a generous subsidy of 50 per cent. towards all Council sewerage works. If the State is to accept special burdens for particular sewerage projects there will have to be a corresponding reduction in the subsidy allowed to sewerage projects generally. Proceeding now to the Trout Road project, in December, 1951, the Commission made an offer to the Council to contribute £22,700 towards the installation of reticulation sewers and a sub-main sewer to allow a temporary outfall to Kedron Brook for the disposal of sullage water only from Estate 140. The Council rejected the Commission's offer. In July, 1955, the Council revived the matter in a letter to the Commission proposing the sewerage of the Commission's estate as well as many thousands of houses outside the estate at an estimated cost of £608,900. The Council asked the Government to make a loan and subsidy available for this purpose. The Government, of which the Honourable Gentleman was a member, refused to make this sum available. The Council has now submitted some proposals to provide sewerage to the Trout Road areas. The proposals include a number of unusual requests and the proposals are now under consideration.”

PLACING OF GOVERNMENT ORDERS
IN NORTH QUEENSLAND

Mr. AIKENS (Mundingburra) asked the Premier—

“(1) Has his attention been drawn to an article in ‘The Townsville Daily Bulletin’ of May 19 last, in which the Managing Director of Walpamur Paint Company, Mr. Paul Morawetz, was correctly reported as saying, *inter alia*, at the re-opening of the company's factory at Stuart, Townsville:— ‘North Queensland industries should be given orders for their products by the State Government . . . If it did this, it would encourage industries in the North . . . I have been disappointed at the Government's policy in the past and I hope that this will change . . . Industries in the South, which did not have the overhead that Northern-based concerns had, were being given all the encouragement at present . . . If the Government would support Northern industries by channelling orders to them, the industrial growth would be greatly accelerated?’ ”

“(2) Is he aware that in making his statement Mr. Morawetz expressed the opinion held by all genuine North Queenslanders, irrespective of political beliefs?”

“(3) What steps, if any, are proposed to be taken to have the State Stores Board and other governmental buying authorities

adopt a factual and commonsense method of accepting tenders and quotes for the supply of goods and materials required in the North?”

Hon. G. F. R. NICKLIN (Landsborough) replied—

“(1, 2, and 3) I am surprised at the Honourable Member's asking me on September 16, about a statement reported in a newspaper on May 19. I might equally as well ask him if his attention has been drawn to the ‘London Gazette’ of August, 1714, wherein it was correctly reported that Queen Anne was dead. For his information, I might mention that this matter was brought to my notice by my colleague the Honourable Member for Whitsunday on June 1, 1959, and his representations in regard to railway freights were enquired into immediately by my colleague the Minister for Transport, who informed me that special rates are at present in operation for paint railed from Townsville to Cairns, Stuart to Mackay and Stuart to Rockhampton, and that he had agreed to quote a special rate of freight from Stuart to Mackay and to Rockhampton, of 360s. per ton which is the same rate as from Brisbane to Rockhampton. In my letter to the Honourable Member for Whitsunday dealing with this matter, I stated that, should the representatives of the Walpamur Paint Factory at Townsville desire to avail themselves of such an offer, it has been agreed to apply a rate of 380s. per ton on consignments of paint railed from Townsville to Brisbane. I should like to emphasise that it has been the policy of my Government to give local manufacturers, wherever they may be established in the State, every opportunity for supplying goods for use by Government Departments particularly for goods in their area. Where prices submitted by northern merchants are comparable to other prices received, the northern prices always receive favourable consideration by the State Stores Board. I may add that the State Stores Board has Liaison Officers in Rockhampton, Townsville and Cairns and copies of quotation notices are generally forwarded to these officers for distribution to ensure that any likely suppliers in their particular area will have every opportunity to quote. Unfortunately, past experience has shown, generally, that prices offered by northern suppliers have been considerably higher than prices paid for similar supplies ex Brisbane, after allowing freight charges, &c. I would assure the Honourable Member that all Governmental purchasing authorities exercise full and careful consideration of every aspect and from every angle when accepting tenders and quotations for the supply of goods and materials for Government use in North Queensland, as it is the Government's desire to assist manufacturers in that area as much as possible.”

SUMMONSES FOR TRAFFIC BREACHES

Mr. HANLON (Ithaca) asked the Minister for Labour and Industry—

"In view of his recent statement that 3,304 tickets for minor traffic breaches of a standing or stationary nature to which a £1 summary fine applied had been issued in Brisbane from June 1, 1959, until approximately August 27, 1959, can he inform the House of the number of summonses issued arising from the same minor traffic breaches of a standing or stationary nature, committed during the same period of 1958, when the ticket system was not in operation for these breaches?"

Hon. K. J. MORRIS (Mt. Coot-tha) replied—

"It is pointed out that during the latter part of 1957 and the first eight or nine months of 1958 the whole system of police action against 'stationary' breaches was in a state of flux because of the installation of parking meters, and, to enable motorists to become accustomed to the new system and new signs, little punitive police action was taken, notwithstanding the obvious need. Therefore, a comparison such as has been requested by the Honourable Member would be quite misleading and would not justify the time required in its preparation."

DUST NUISANCE AND WASTE EFFLUENT,
OONOOBBA, TOWNSVILLE

Mr. THACKERAY (Keppel), for **Mr. WALLACE** (Cairns), asked the Minister for Health and Home Affairs—

"(1) In view of the apparent serious health menace developing at Oonoonba, Townsville, caused by the dust from the unloading yards and adjacent paddocks and the pollution of the Ross River by waste effluent, and also in view of the negligent and defiant attitude of the Manager of the Queensland Meat Export Co. in relation to complying with instructions of the Local Authority to abate the nuisance, will he call for an immediate and searching investigation into the whole set-up with a view to the speedy elimination of this menace and possible means of harmful aggravation of chest complaints?"

"(2) Can he give an unqualified assurance that dust from polluted areas such as these would not be harmful to the respiratory system?"

Hon. H. W. NOBLE (Yeronga) replied—

"(1) There is no need for an immediate investigation as Officers of my department carry out inspections of the untrucking yards and paddocks at Oonoonba. Should the Queensland Meat Export Company fail to carry out the instructions of the Local Authority to abate the nuisance, the Local Authority has the necessary powers to force the Company to do so."

"(2) The answer to this is 'no' as dust acts as an irritant to the respiratory tract even though it does not cause serious respiratory disease."

FLASHING-LIGHT SYSTEM AT OAKHURST
LEVEL CROSSING, MARYBOROUGH

Mr. DAVIES (Maryborough) asked the Minister for Transport—

"As the Railway Department at Maryborough appears to have completed their section of the work in changing Oakhurst level crossing from a 'gates' to a 'flashing-light' system, will he indicate when he expects the work to be completed?"

Hon. G. W. W. CHALK (Lockyer) replied—

"Completion of the work is awaiting delivery to the Department of the flashing-light equipment from the suppliers thereof. It will be installed immediately it comes to hand."

INDUSTRIAL SITES, BRISBANE AND
MARYBOROUGH

Mr. DAVIES (Maryborough) asked the Minister for Labour and Industry—

"(1) Is it correct that he is establishing a special industrial area between Brisbane and Ipswich?"

"(2) If so (a) what is the exact situation of the site, (b) what sum of money is to be spent on this area before it will be ready for the establishment of industries, (c) what are his reasons for establishing this area so close to Brisbane instead of at Maryborough, where there are ideal sites or some other northern city in order to encourage decentralisation of industry and (d) is it true that influential industrial interests in Brisbane decided the site for him?"

Hon. K. J. MORRIS (Mt. Coot-tha) replied—

"(1) Yes."

"(2) (a) Wacol. (b) By the Government—none. By prospective lessees—the amount is not available. (c) Evidently the Honourable Member chooses to assume that only one Industrial Estate will be established in Queensland. It is regrettable that his vision is so circumscribed but fortunately his restricted outlook is not typical of progressive Queenslanders. (d) It would be desirable that the Honourable Member should reflect on the quotation of the English poet, Matthew Prior, who said:—'Our outward act is prompted from within; And from the sinner's mind proceeds the sin.' In other words, because he conceives himself to be amenable to pressure from various sources, he should not judge others to be as susceptible as he himself. The answer is 'No.'"

CLOSURE OF OBI OBI, KIDAMAN CREEK, AND LOWER KENILWORTH SCHOOLS

Mr. BURROWS (Port Curtis) asked the Minister for Education—

“In respect to the closure of the Obi Obi, Kidaman Creek and Lower Kenilworth Schools, will he advise the House of the daily average attendances at these schools prior to their closure, the reason for their closure, and whether full consideration was given to the inconvenience caused certain parents by their closure?”

Hon. J. C. A. PIZZEY (Isis) replied—

“The daily average attendance of pupils just prior to the closure of the schools was:—Obi Obi, 25.5; Lower Kenilworth, 30.5; Kidaman Creek, 31.2. The schools were closed and centralised at Kenilworth on a request supported strongly by an overwhelming majority of the parents concerned. Before a decision was reached full consideration was given to all aspects of the case. It is the policy of the Government to centralise educational facilities where the great majority of the parents support the closure of the local school and the institution of a transport service to a central school.”

EMERGENCY CORDS IN RAILWAY CARRIAGES

Mr. BURROWS (Port Curtis) asked the Minister for Transport—

“Is he aware of the fact that the alarm or emergency cords in railway carriages are obsolete and ineffectual and will he take steps to install some modern system of communication for use of passengers and others in case of emergency or danger?”

Hon. G. W. W. CHALK (Lockyer) replied—

“The alarm and emergency cords in railway carriages are not considered to be obsolete and ineffectual. Although the chain comprising the cord is taken out and inspected at every overhaul of a carriage and the device is regularly tested, it may happen, on a rare occasion, that a link in the chain may snap. To avoid such a possibility, it is now the practice as cars are overhauled for the chain to be replaced by wire.”

Mr. Burrows interjected.

Mr. SPEAKER: Order! I draw the attention of the hon. member for Port Curtis to the warning I issued some time ago. I will not tolerate loud interjections that drown out the voice of the hon. member who is asking the next question.

Mr. Burrows: I regret the interjection but I was prompted by the fact that the other night I pulled the cord in a carriage and it would not operate.

YEPPON HARBOURAGE AND JETTY SITE

Mr. THACKERAY (Keppel) asked the Treasurer and Minister for Housing—

“In view of the widespread concern in Rockhampton and Yeppoon pertaining to rumours circulating in relation to the proposed Yeppoon Harbourage and Jetty site, will he inform the House if the plans for this project are completed and, if so, when will work commence on this scheme?”

Hon. T. A. HILEY (Coo-paroo) replied—

“Plans for the boat harbour have been completed, but before releasing the work to tender, it is proposed to verify the surveys. For this purpose the survey launch ‘Ferret’ has been instructed to leave Bundaberg this week and to complete final surveys for Yeppoon and Shute Bay. Provision has been made for the total cost of the boat harbour at Yeppoon in this year’s programme of works from the Commonwealth Aid Marine Works Trust Fund.”

CLERICAL WORK IN POLICE DEPARTMENT

Mr. DONALD (Bremer) asked the Minister for Labour and Industry—

“Is it the intention of his Department to employ clerks from the Public Service to do clerical work in the Police Department now being performed by members of the Police Force?”

Hon. K. J. MORRIS (Mt. Coot-tha) replied—

“For many years, the Police Department has employed clerks from the Public Service to do clerical work. I believe in that principle, and intend to extend it where desirable so that officers shall do the work for which they have been trained and are being paid.”

PUBLICITY CAMPAIGN AGAINST CONSUMPTION OF ALCOHOL

Mr. DONALD (Bremer) asked the Minister for Health and Home Affairs—

“In view of his publicity campaign against tobacco smoking based on the highly contentious ground that it is a cause of lung cancer and the fact that immeasurably more damage is being done to individuals and the community by the consumption of alcoholic liquors, which are recognised by eminent medical, ecclesiastical, judicial and social leaders as a major source of disease, physical injury and serious crime, and of moral, physical and economic wastage, will he undertake forthwith a similar State-wide publicity campaign against the consumption of alcoholic beverages, especially directed to children in the schools as has been done in the campaign against tobacco smoking?”

Hon. H. W. NOBLE (Yeronga) replied—

“At my request the Queensland Health Education Council has given consideration to conducting a campaign drawing attention to the dangers of the excessive consumption of alcohol, and the Council has planned a campaign and the requisite material is now being prepared. This campaign will include a section especially directed to school children.”

PAPERS

The following papers were laid on the table:—

Ordinance under the City of Brisbane Acts, 1924 to 1958.

Regulations under the Local Government Acts, 1936 to 1958.

BADGE, ARMS AND FLORAL EMBLEM OF QUEENSLAND BILL

INITIATION

Hon. G. F. R. NICKLIN (Landsborough—Premier): I move—

“That the House will, at its next sitting, resolve itself into a Committee of the Whole to consider of the desirableness of introducing a Bill relating to the Badge, Arms and Floral Emblem of the State of Queensland and to prohibit the unauthorised assumption or use of such badge or arms.”

Motion agreed to.

GOVERNMENT LOAN BILL

INITIATION IN COMMITTEE

(The Chairman of Committees, Mr. Taylor, Clayfield, in the chair.)

Hon. T. A. HILEY (Coorparoo—Treasurer and Minister for Housing) (11.23 a.m.): I move—

“That it is desirable that a Bill be introduced to authorise the making of arrangements by the State of Queensland pursuant to the provisions of the Commonwealth and States Financial Agreement Acts, 1927 to 1944, for the raising of certain sums of money by way of loan by the State and for other purposes.”

The amount of authorisation sought in this Bill is £50,000,000, wholly for works and services.

It is necessary from time to time for Parliament to authorise the Government to raise loans for expenditure upon public works and services which Parliament may subsequently approve.

Under the Bill the Governor in Council is authorised to cause Government stock or inscribed stock to be issued or created and delivered or sold but all such transactions must be in accordance with and in the manner provided in the Financial Agreement.

The procedure can best be summarised in these terms: no State can borrow completely of its own volition. The initial authority to borrow flows, in terms of the Financial Agreement, from the Loan Council. In turn, the borrowing is carried out primarily by the Commonwealth Government on behalf of every State. From the pool of such borrowed moneys, the loan requirements of the Commonwealth and every State are satisfied, and it is in this way that Queensland receives its share. Although the Commonwealth is the primary borrower of the money, the re-lending to the State is not entirely automatic. The State in turn must have the proper statutory authority to borrow, and that statutory authority is given by this Parliament. That is the precise purpose of the Bill which I am now introducing.

When I use the term “re-lending” it should not be construed over-precisely. In some cases it is a specific re-lending; in some cases the re-lending merely takes the form of allocating the proceeds of loans mostly from internal sources, but occasionally from external sources to the several States.

The Bill also provides that loans raised under its authority may be converted or redeemed in accordance with the terms of the Loans Redemption and Conversion Act of 1923.

The appropriation of interest is an important feature of all Loan Acts which provide that the payment of interest and the provision of sinking fund moneys for the redemption of the debt so incurred shall be a charge upon all the revenues of the State in priority to all other demands on such revenues. These expenditures require no further appropriation by Parliament.

The practice of presenting Loan Bills such as this for the approval of Parliament dates back to the earliest days of the Colony of Queensland. The first Loan Bill was passed by Parliament in 1861. Under that Act, authorisation was given to the raising of loans not exceeding £123,800 1s. for various purposes set out in it. Nowadays, the details of proposed expenditure are presented to Parliament in the annual Estimates of the Loan Fund Account.

As this is our Centenary Year, hon. members may be interested to know the nature of the works which our legislative forefathers in the first Parliament had to provide in the earliest days of the Colony. The items covered by the Loan Bill were:—

	£	s.	d.
Steam dredge for harbours	10,500	0	0
Steam dredge—excess of contract over Vote	1,000	0	0
For 3 punts for steam dredge	3,600	0	0
For a steam tug	3,000	0	0
Estimated cost of working dredge for one year	5,000	0	0
Building a Government House	10,000	0	0

Completion of Govern- ment House	7,000	0	0
Completion of gaol	14,000	0	0
Wall round the gaol	7,000	0	0
Electric telegraph to Warwick	16,000	0	0
Roads and bridges generally		1	0
Fitting up and furnishing Legislative Chambers	3,000	0	0
Additions to Legislative Chambers and refresh- ment rooms	2,000	0	0
Lunatic asylum	3,000	0	0
Powder magazine, Ipswich	500	0	0
Post Office, Ipswich	1,500	0	0
Post Office, Brisbane	3,000	0	0
Custom House, Mary- borough	1,000	0	0
Court House, Toowoomba	1,200	0	0
Court House, Warwick	1,300	0	0
Wharf at Gladstone	1,000	0	0
Bridge over Condamine, Warwick	2,200	0	0
Immigration—Conveyance of immigrants	5,000	0	0
Immigration—Assisted, 1862	16,000	0	0
Immigration—Female	6,000	0	0

Mr. Aikens: I will bet that the shilling for roads and bridges was for North Queensland.

Mr. HILEY: As usual, it got everything. (Laughter).

Hon. members may be intrigued by the amount of 1s. provided for "Roads and Bridges Generally". However, it seems that a nominal amount was allocated to preserve the Government's right to borrow for that particular purpose. It was purely a qualifying amount. Obviously, even in those days the provision of 1s. for roads and bridges would be quite purposeless. Incidentally, the Executive Council was authorised to raise the money at a rate not exceeding six per cent. per annum. The loan was to be repaid in 20 years by a sinking fund. The Government were required to pay two per cent. per annum by way of sinking fund payment as compared with the 10s—5s. State and 5s. Commonwealth—now applicable under the Financial Agreement.

Until 1927 Queensland, in line with other States, raised its own loans, both in Australia and overseas and issued and created its own stock. However, with the amendment to the Commonwealth Constitution by the inclusion of Section 105A, and the acceptance by all States of the Financial Agreement, the Commonwealth assumed the responsibility of the States' public debts and the concomitant responsibilities of payment of interest, issue and creation of stock, and the management of sinking funds. This brought uniformity into a sphere where previously the States had competed against each other in availability of loan raisings and the

fixation of interest rates, and obviated the multiplicity of sinking funds for redemption purposes.

The Financial Agreement has not changed the sovereign power of the State to authorise the amount that it considers desirable and necessary to raise by way of loan, nor has it changed the power of the State to expend the moneys so raised as the Parliament sees fit.

I think it is appropriate at this stage that I should express my firm conviction that I regard favourably the effect of the Financial Agreement in organising one single borrowing approach for all governmental loan requirements. A glance at the history of loan-raising prior to the Financial Agreement, which commenced to operate in 1927, shows that there was competition between governmental borrowing authorities, which unquestionably had the effect of lifting not only individual interest rates but I am satisfied, had an adverse effect on borrowing rates generally.

Whatever doubts I might have on the borrowing limits or totals that are fixed by the Loan Council, I think it appropriate and desirable to say that the effect on interest rates has been beneficial to every Government in Australia. Again, although I have indicated clearly my dissatisfaction with Queensland's share of the loan pool, I am bound to say that some properly-organised method of the sharing of available loan funds is infinitely preferable to the old catch-as-catch-can basis, in terms of which one State might have succeeded in commanding an utterly disproportionate share of the pool to the obvious detriment of other States that were not so fortunate.

Mr. Aikens: And the general lifting of interest rates for industry and everyone else.

Mr. HILEY: That is so.

This argument is reinforced in its strength by considering the position of a State like Queensland, which has not the fortune to be placed in the financial hub of Australia. It is not hard to imagine that, on an unregulated basis, the States of Victoria and New South Wales would commence with an advantage as real as the corresponding disadvantage that the remaining States would face.

However, the original contract of partnership in the Australian Loan Council, as created under the Financial Agreement, has been varied somewhat by changing circumstances and the altered financial relationships between the Commonwealth and the States. The dominance of the Commonwealth in the substantial and flexible tax-raising field has enabled that Government, with considerable further financial gain, not only to finance their own capital works from revenue but also to underwrite the States' borrowing programmes.

Thus, for years past, the States' works programmes have been largely influenced by the amount by which the Commonwealth Government have been prepared to underwrite a totally inadequate loan market. This market has, no doubt, been influenced to some extent by other aspects of the Commonwealth's financial policy. I shall enlarge on the results of the current position at a later stage in my remarks.

From the first Loan Act of 1861 till 30 June last, the total authorisation for the raising of loans was £362,101,301. Of this amount £48,347,430 has been cancelled and £10,283,852 remains to be raised. This leaves a public debt figure of £303,4 0,019.

The balance of authorisations available for loan raisings comprises—

	£	£
Carry-over from the Government Loan Act of 1931—		
For deficit purposes ..		479,691
Carry-over from the Government Loan Act of 1956—		
For Works and Services ..	4,804,161	
For deficit purposes ..	5,000,000	9,804,161
Total carry-over		£10,283,852

The provision for deficit purposes was prudent in that, if the State were forced to finance a deficit in the Consolidated Revenue Fund, it could do so by the utilisation of loan funds, which must be authorised for the purpose. Recourse to this form of finance has not been necessary since the early thirties and I hope it may never be so again. I assure the Committee that in my philosophy it should be used only as the last resort. Such loan expenditure, that is, deficit loan expenditure, attracts a high rate of Sinking Fund contribution payable only by the State—no Commonwealth share—and absorbs funds which would otherwise be used for developmental purposes. In addition, the expenditure cannot be taken into consideration for formula purposes under the financial agreement and we would lose future loan entitlement.

Honourable members will recall that last year we took steps to liquidate the accumulated debit balance of the Consolidated Revenue Fund as at 30 June, 1958 by transfers of reserves from certain Trust and Special Funds. Later, in the presentation of the Budget, I will propose to the Assembly that the deficit in the Consolidated Revenue Fund for the year 1958-59 be liquidated, too. This will exhaust all our reserves and means that it will be absolutely necessary to live within our income.

At the Australian Loan Council in June last, the Works and Housing programme agreed to was £220,000,000. Queensland's share of this amount is £22,750,00 for Works and £3,480,000 for Housing, making £26,230,000 in all.

Loans raised under the Commonwealth Savings Bank Agreement in accordance with the provisions of The Commonwealth Bank Agreement Ratification and State Advances Act of 1920 and under the Commonwealth-State Housing Agreement do not come within the provisions of the Bill.

The current annual requirement, for which authority to raise is now sought, is to the order of just over £20,000,000. Thus, the authorisation of £50,000,000 sought under this Bill, with the carry-over of £4.8 million for works and services authorised by the Government Loan Act of 1956 should be sufficient only for 1959-60, 1960-61, and part of 1961-62, in which year it is expected a new Loan Bill will require submission and approval. In offering that estimate of the period of time that this £50,000,000 will cover, I have not allowed anything for a Mt. Isa loan should it come, for the reason that, if such a loan came, I should think special enabling legislation would have to be submitted to the Parliament to give authority to borrow the money for the project. I want hon. members to be clear that I am not making any allowance whatever for Mt. Isa. When that comes, if it comes, it will be the subject of a special Bill.

Mr. Duggan: You give an assurance that that will be presented whatever the state of the funds?

Mr. HILEY: I should think that would be so. It would depend on the form of it actually whether such would be necessary. All I can say is that if it should come in a form that requires no special legislative sanction the hon. member can rest assured that there will be an abundant presentation of the circumstances for all hon. members to examine.

Hon. members will no doubt be interested to review just what is the relative position of the Public Debts of the Commonwealth and the States. I will quote the total figures of each of the States but that will not give as clear a picture as will the figure of debt per head of population. The total of the Public Debts of each of the States at 30 June last were—

	£
New South Wales ..	832,366,986
Victoria ..	555,011,819
Queensland ..	303,470,019
South Australia ..	314,828,243
Western Australia ..	232,118,579
Tasmania ..	153,824,753

From this it will be observed that Queensland, although the third State in population, is only fourth in the size of its Public Debt, being surpassed by South Australia which has considerably less population than has

this State. This is best illustrated by now referring to the debt per head of population. Stated in order of amount the debt per capita at 30 June last was—

	£	s.	d.
Tasmania	448	12	0
South Australia .. .	342	9	4
Western Australia ..	322	18	6
New South Wales .. .	221	11	3
Queensland	210	13	5
Victoria	197	3	10

From these figures it will be seen that Queensland is, against the Australian average, a relatively low debt State. That this is so is largely due to the low formula of entitlement over recent years in sharing the loan pool through the Loan Council. It is also necessary to say, somewhat tartly, that the highest debts are found in those States which, for years, had the benefit of assistance through the Commonwealth Grants Commission. It can therefore be appreciated that these States were doubly benefited—they not only had the help of proportionately high loan assistance but, through the functioning of the Grants Commission, the debt service burden was transferred from the citizens of those States to the shoulders of the Commonwealth taxpayer generally. There can be no gainsaying the fact that Queensland taxpayers have been asked to make a very real contribution to aid development and services in South Australia, Western Australia and Tasmania.

It is further interesting to note that this trend has not ended. In the revised formula of income tax reimbursements which was adopted in June of this year, the South Australian base entitlement is £30 4s. 2d. per capita in comparison with Queensland's £25 2s. 3d. per capita. Quite a considerable proportion of this differential represents the added interest burden so that to this extent the argument that the rest of Australia is being called upon to subsidise capital development in South Australia is an enduring feature of our national finance. In the cases of Western Australia and Tasmania, both these states are still permitted access to the Commonwealth Grants Commission and unquestionably the same argument will be a fully continuing one.

The average rate of interest payable on State debts is not uniform. It is obviously affected by the extension of borrowings which were made before the Financial Agreement came into force and even since that agreement commenced to operate, some States have privileged access to certain borrowing fields. In the case of Queensland, having elected to cease our own State Savings Bank activities, we receive, as part of the contract, access to a proportion of the increased deposits in the Commonwealth Savings Bank in its Queensland branches and that money, whilst counting against our loan entitlement reaches us at a rate of interest lower than that which the Commonwealth pay on public bond issues. The result is

that Queensland is in the fortunate position of having the lowest rate of interest on State Public Debts.

Mr. Hilton: How much did we receive from Commonwealth Savings Bank resources last year?

Mr. HILEY: I shall reply to that in a moment. The interest figures are—

	Per cent.		
	£	s.	d.
Victoria	4	2	5
Tasmania	4	1	6
South Australia .. .	4	0	5
New South Wales .. .	4	0	0
Western Australia ..	3	17	10
Queensland	3	17	5

The hon. member for Carnarvon asked me how much did we receive from Commonwealth Savings Bank resources last year. I have not the figures in my head, but I shall have them taken out and give them later.

This low interest is a good feature but it would be quite wrong to present this as the only aspect of the question. By ceasing to conduct our own separate savings bank, we thereby lose power to direct or influence the avenues of investment of all of such deposits. In Queensland, therefore, with the increase in deposits we are entitled to 70 per cent. of the increase at the concessional rate of interest. But it comes against our Loan Council borrowing approval. In South Australia, where a State savings bank is still functioning, they have no right to borrow from its deposits at a concessional rate, but they do retain their full borrowing approval as fixed by the Loan Council from time to time and, on top of that, they are able to channel the investment by the State Savings Bank of South Australia into a number of fields which assist public responsibility. If they miss a small concession on interest rates, they do command the benefit of a very great increase in total investable funds. In South Australia housing is one direction where the funds of the State Savings Bank have been used as a very powerful aid in their performance.

One of the consequences of the peculiar arrangement in relation to savings banks' operations in Queensland is that this State succeeds in what is styled "domestic raising" to a far greater extent than any other State. Indeed, there have been occasions when the domestic raisings in Queensland, which impose no raising burden on the Loan Council, have been greater than the domestic raisings of every other State in Australia combined.

I recite these facts as something that should be known and appreciated by all hon. members, but I must confess that it seems to me that it savours only of repining after the horse has escaped from the stable. It does, however, help to give background strength to the very real sense of dissatisfaction with which every member of the Queensland

Parliament regards the position where Queensland in fact receives the lowest such allocation per capita of any State in Australia.

I should like to take this opportunity, which I think is the most appropriate one, to have something to say on the relative position of the public debt of the Commonwealth and the States.

During the discussion on the First Appropriation Bill for 1959-1960, the hon. member for Bundaberg requested a statement relative to the public debts of the Commonwealth and the States. I undertook to supply the desired information to Parliament at some time during the session so that it would be available. The current debate appears an appropriate time, particularly as it is not practicable to state precisely the position in tabulated form. As previously pointed out, the Government are fully alive to the trend relative to the respective public debts, particularly since the conclusion of the Second World War.

The matter was covered, at some length, by Queensland's representatives, the Premier and myself, at the conference of Commonwealth and State Ministers held in Canberra on 4 and 5 March last on Commonwealth-States financial relations. Attention was drawn to the fact that, should the present trend continue, the Commonwealth, within the next decade, will, instead of being a net debtor on its public debt, be a net creditor, whilst the States will have towering public debts. It was submitted that the position was such as to warrant a review of Commonwealth-States financial relationships.

The Prime Minister undertook to examine the arguments advanced by Queensland.

Reference to the Commonwealth budget papers for 1959-1960 shows that the public debt of the Commonwealth at 30 June last was £1,649 million, compared with an amount of £1,926 million three years previously, and £1,809 million at 30 June, 1946. These figures are the gross debt figures and no deduction has yet been made for moneys re-lent to the States. I shall deal with this aspect later.

On the other hand, the State's public debt has increased from £905 million at 30 June, 1946, to £1,962 million at 30 June, 1956 and £2,391 million at 30 June last.

Thus, since 1946 the gross public debt of the Commonwealth has reduced by £160 million, or 9 per cent., while that of the State Governments has increased £1,486 million—164 per cent. One is going down, while the other is going up sharply.

Whereas the total interest on account of the gross Commonwealth debt has remained fairly static over the period under review at approximately £50 million a year, the interest on the debts of the States has risen in the same period from £30.6 million to £95.9 million, or 213 per cent.

However, there are other aspects not clearly reflected in the foregoing figures.

The first I shall refer to is Commonwealth lending to the States. As hon. members are aware, during the past eight years the Commonwealth had underwritten the governmental borrowing programme, which necessitated the provision of approximately £700 million as special loans from Commonwealth sources. A major portion of such loans was originally derived from surplus revenue.

The portion provided for the States' works programme, £465 million, is included in the States' public debts—we owe it, pay interest on it, and have to pay sinking fund charges on it—but the portion of such loans retained by the Commonwealth for lending to the States under the Commonwealth-States housing agreements and the War Service Land Settlement Scheme is not included in the States' debt but in that of the Commonwealth.

Loans to the States for housing since 1945 aggregate £342 million. Although they have included their housing loans in the gross debt, £342 million has been re-loaned to the States, which is completely recoverable.

Mr. Power: A great portion raised by taxation within the States.

Mr. HILEY: Exactly.

The second aspect to which I refer is repayable moneys from Consolidated Revenue Fund. Apart from the decided benefits of financing its capital works from revenue, the Commonwealth Government reaps other financial gains.

The sum of £35 million is provided annually for War Service Homes from Consolidated Revenue Fund. Repayments of such loans do not go to Consolidated Revenue, but to the Commonwealth Debt Sinking Fund in reduction of its indebtedness. In fact, they are stacking away £35 million a year in capital in respect of War Service Homes alone.

Repayments by the States under the Commonwealth-States Housing agreement and War Service Land Settlement Scheme are similarly repaid to the sinking fund, irrespective of the original source of the funds—more fat being tucked away.

Moneys provided solely from revenue for some State capital works are repayable. I refer particularly to—

Railway Standardisation:
South Australia 30 per cent.

Albury-Melbourne:
New South Wales 15 per cent.
Victoria . . . 15 per cent.

Mr. Aikens: If the directors of a public company did what the Commonwealth Government are doing they would finish up in gaol.

Mr. HILEY: They would find the same difficulty as the Adelaide Steamship Company ran into the other day.

Mr. Hanlon: How does the Commonwealth Government treat the money when it comes back?

Mr. HILEY: It goes into the Debt Sinking Fund Account and is not disclosed in revenue at all. I must correct that by saying that in the case of War Service Home loans the amounts go into the Debt Sinking Fund Account, but in the case of Railway Standardisation loans the repayments as well as interest are placed in the Consolidated Revenue Fund. These repayments, as well as interest, are paid to the Consolidated Revenue Fund. However, the Commonwealth allows South Australia annually, a rebate of the equivalent of its Sinking Fund contribution to the indebtedness.

Snowy Mountains: Capital Cost (provided from revenue) is repayable from electricity charges. Both interest and repayment of cost go to the Consolidated Revenue Fund. The amounts involved in these railway standardisation projects and in the Snowy Mountains, together amount to a substantial total. In the case of the Snowy Mountains, expenditure amounted to £134.4 million by 30 June last and is steadily increasing by more than £25,000,000 a year. In the case of the railway standardisation, 70 per cent. of the expenditure is a direct Commonwealth grant, only 30 per cent. being recoverable of which the sinking fund in South Australia is borne approximately half by that State and half by the Commonwealth. The recoverable amount under railway standardisation is not high but is mounting.

Now, I find it impossible to give any precise measure of the net Commonwealth indebtedness. I am unable to do so because I cannot detect all the directions in which the Commonwealth have been able to recover expenditures which are included in the gross debt figure to which I have referred. The Commonwealth Government however does publish a White Paper on National Income and Expenditure and that document includes a table which leaves no possible doubt concerning the substantial decrease in the net indebtedness of the Commonwealth. The figures (which include Commonwealth semi-governmental authorities) are as follows:—

	£
1948-49	73,000,000
1949-50	42,000,000
1950-51	64,000,000
1951-52	186,000,000
1952-53	82,000,000
1953-54	133,000,000
1954-55	125,000,000
1955-56	114,000,000
1956-57	179,000,000
1957-58	192,000,000
1958-59	83,000,000
	<hr/>
	£1,273,000,000

On the information available to us, it can safely be asserted that the net Commonwealth indebtedness today is no more than £1,000,000,000—it is probably less—and, on the Commonwealth's own published figures, is reducing at an average rate of £137,000,000 per annum.

Mr. Hilton: When it is completely extinguished, as it will be, they might say, "We will do away with uniform taxation."

Mr. HILEY: It is not without significance that the new arrangement that the Commonwealth Government have made with the States has a tenure of six years. I have a sneaking notion that we hit the button on the mark when we said that the Commonwealth Government would have a clean sheet in six years. When they are completely clear of their net indebtedness, the way will be open either for much more liberal treatment of the States or for a fantastic reduction in taxation. The Commonwealth Government cannot keep on taking it away at the rate that they have been over the last few years.

From it all, unless there is a major change in the present trend, there can be little doubt that possibly in six years, and certainly in no more than 10 years, the Commonwealth will have no net public debt; and that in the same time the States, individually and collectively, will be groaning under the burden of a high and growing public debt figure.

I mention this as a very real illustration of the disbalance in the resources and comfort of the conduct of public finance in Australia. The financial position of the Commonwealth in unbelievably stable, and is inevitably growing from strength to greater strength. In spite of the very real improvements that are acknowledged as taking place at the conference in June last, the States—and the States alone—have the real burden of servicing the public debt of the nation.

The position is serious enough when viewed only in the light of the need to borrow and to service these growing public debts, but another facet of equal importance is the ability of the Commonwealth to carry out its public works from Consolidated Revenue, something that no State can afford. So that hon. members may follow the particulars of my argument, I set out details of this expenditure, which, including defence, has been as follows—

Year	£m.
1950-51	173
1951-52	155
1952-53	145
1953-54	121
1954-55	127
1955-56	140
1956-57	146
1957-58	153
1958-59	167 (37.3m. Treasury Bills)
1959-60 (proposed)	178 (37m. Treasury Bills)

Mr. Power: Is that out of revenue?

Mr. HILEY: They will have to rely on Treasury Bills to the extent of £37,000,000.

This expenditure from revenue benefits the Commonwealth and its business undertakings very substantially. Firstly, it has no interest bill to meet; secondly, it has no amortisation or redemption to face up to; and thirdly, there is no Loan Council control over capital expenditure that is made out of revenue. The Loan Council exercises control over the loan expenditure of all the States and says, "This is the total level that the nation can afford." But there is no Loan Council control over the Commonwealth Government when they say, "We can spend £178,000,000 this year on capital works out of our revenue."

Mr. Hanlon: Including the £17,500,000 that they contributed to the International Monetary Fund this year.

Mr. HILEY: That is a recoverable item. It is not my purpose this morning to attempt to examine the controversial question of post office charges—

Mr. Duggan: You are very wise in that.

Mr. HILEY: No, I will say something about it, but I do observe that those people who study the public accounts of the post office and of the Commonwealth Railways should be very careful in the conclusions they draw from those public documents. It is quite true, for example, that the post office does in its accounts now show an annual surplus, while the Commonwealth Government Railways have shown repeated annual surpluses; but it is equally true that both the post office and the Commonwealth Railways receive the whole of their capital requirements, which are very substantial, not as a borrowing that has to be serviced, but as a free gift from Consolidated Revenue. I have said it elsewhere, and I have no hesitation in repeating it here, that were the post office and the Commonwealth Railways to be called upon to face up to the responsibility of servicing the amount of expenditure on their capital requirements, the reported profits would quickly disappear and substantial losses would emerge. This question must obviously be settled in another place, but, as I see it, it resolves itself into this: should the same people, the taxpayers, pay twice, once by taxation and again by increased postal charges? It is not a matter for decision here, but I think that is clearly the implication that flows from it. I do not see that you can eat your cake and have it too. If you elect to use money that flows from the people generally to provide, free of cost, certain capital services, you cannot bolster up an argument by saying that the amortisation of those really is lifting the costs of conduct of the post office. You should pay for a thing only once. That is my philosophy on it and I have probably gone further than many of you would imagine I would in making an oblique comment on it.

Mr. Aikens: So that, in plain terms, you think the raising of the postal charges is a political confidence trick?

Mr. HILEY: It is another illustration of the incessantly cautious and prudent and saving complex that I think characterises the Commonwealth Treasury. I think the Commonwealth Treasury are hag-ridden with the fear that they will run out of money and they do not know just how wealthy they are and how strong their finances. Every time I go to a Loan Council meeting I spend all my time and ingenuity trying to show them just where they have their money hidden away and how rich they are.

Mr. Aikens: Let me put it to you this way: if you were the Federal Treasurer, under those circumstances would you have increased postal and telephone charges?

Mr. HILEY: The hon. member got into trouble with me this morning when he opened his mouth too wide. I am not saying anything more on that.

Mr. Aikens: It is not very often you hedge.

Mr. HILEY: I repeat, this is not the place nor the time to develop this argument in all its implications. The question that has been put to me invites some comment on the relationships of the public debts of the Commonwealth and the States. I mention this question of capital expenditure by the Commonwealth from revenue sources merely to accentuate the point that I made earlier and that is that the present trend is one that enables the Commonwealth repeatedly to improve its position, so much so that it will quite quickly finish a net creditor on its Public Account with all the States (with Queensland a little slower than the average because of its small allocation from Loan Council) drifting into a position where they and they alone are called upon to service the entire public debt of the Australian nation.

That, I think, is a fairly full reply to the question posed by the hon. member for Bundaberg. It is not the entire story. There are a number of other facets of added strength in the Commonwealth's position, including such items as the treatment of the interest on the re-lent moneys, the account for interest and repayments on war service homes, all of which still further add relatively to the Commonwealth's resources. However, the presentation of these would have to be lengthy, and, whilst I briefly mention them to ensure that any hon. member who is interested may make his own inquiries and discover the full implications of a very tortuous piece of accounting, I propose to leave my examination of the relative public debt trends at this point.

The hon. member for Carnarvon asked what amounts have been available to the Government under the Commonwealth Savings Bank agreement for the latest year. The amount available for 1958-1959 was £2,018,000 to the Treasury and £500,000 to

the Agricultural Bank. I think I would be right in saying that £2,500,000 did flow to us in that way.

Mr. Hilton interjected.

Mr. HILEY: It is a tiny decrease. The previous year it was £2,164,000 and £500,000 for the Agricultural Bank.

Mr. Lloyd: Nothing for the Housing Commission?

Mr. HILEY: No. The hon. member's Government never—

Mr. Lloyd: Yes, several amounts of £100,000.

Mr. HILEY: Not according to this schedule which is a full review running back to 1946-1947. I cannot see any trace of it.

I have not dealt with the matter raised by the hon. member for Fortitude Valley, but if he cares to see me later I will show him where he can find the figure for servicing the Public Debt in the Estimates. He can then check on his arithmetic.

Mr. DUGGAN (North Toowoomba—Leader of the Opposition) (12.12 p.m.): I want to say at the outset that we approve of the introduction of the Bill. I must confess that because of the method of presentation adopted by the Treasurer the Opposition find themselves in a rather difficult position. If we liked to capitalise on a party-political basis there is much in the material he used that we could criticise with party advantage. After all, if we liked to adopt a purely debating attitude we could drive some wedges between the Treasurer's declarations of financial policy on behalf of the States and those of his Liberal colleagues in Canberra, even within the Cabinet itself. Despite the fact that I have been criticised a few times in the past for doing so I again give the Treasurer the credit that on an occasion like this he does demonstrate his Parliamentary prowess in dealing with a subject with which he is familiar by reason of his former professional training. He takes full advantage of the opportunity he now has for access to information, and utilises trained officers to secure information in support of a particular point of view. Today he has introduced an argument on at least non-State party lines and I pay tribute to him for that. For that reason I do not want to engage in a purely party-political blitz, if I could use that term. Again for that reason I say that we approve of the Bill. But at the same time there is abundant evidence, of course, that the Treasurer's own attitude indicates that the Financial Agreement has failed and failed dismally. The fact that there has been uniform agreement on a revision of a formula that operated for six years shows that there is recognition by all State Parliaments and the Commonwealth Parliament themselves that the Financial Agreement as promulgated in 1927 or 1928 is deemed to be inadequate today.

Mr. Hiley: They are two different fields. The Financial Agreement deals only with loans.

Mr. DUGGAN: I know.

Mr. Hiley: The new agreement concerns revenue.

Mr. DUGGAN: I realise that, nevertheless I say that has been outmoded as the tax formula has been outmoded. Unfortunately 25 minutes does not enable me to elaborate as the Treasurer has done. If I had the time I would point out that because of the increasing dominance of the Commonwealth by reason of its two votes to one against individual States, with a primary vote of one plus a casting vote, and the principle of keeping in perpetuity two claimant States, they can persistently over the years dictate financial policy for the States. Their control of the Commonwealth Bank further enables them to dictate financial policy, giving them very much stronger powers as each year goes by.

I find myself tempted to score a point. It is rarely that we hear a Liberal cabinet Minister, occupying the position of Treasurer, indicting the Commonwealth Government so strongly in regard to their financial obligations to the States. The Leader of the Government of this State, when the Federal Budget was announced, said it was a good Budget despite the fact that it included £178 million for Capital works, and Post Office charges of a most savage and rapacious nature. The increased costs of the postal services imposed by the Commonwealth has not yet been determined by the State Government. I wonder why that determination has not been made. Mr. Cahill in New South Wales has made it, and it will cost £250,000 in that State. No doubt the Premier has as much knowledge about the charges as the Prime Minister had when he endorsed the increase of postal charges in the Commonwealth, namely, that he was "somewhat in the dark." There has been a widespread revolt against this action of the Commonwealth which was expressed in the recent by-election, and it will be reflected in other decisions made by the electors in due course.

The Treasurer gave a very interesting summary of financial development, and dealt with it in chronological sequence from the time Queensland became a Sovereign State. Today we are faced with the problem of determining what authority or Government or number of Governments can best utilise the funds available for developing the potential of Australia. It is easy enough to indict the Commonwealth Government. I should be the last one to place myself in the position of defender of the Menzies Administration; but we must be objective in these things. By the progressive reduction of the national debt we avoid the necessity of increased taxation to finance works or we delay or make impossible the reduction of existing rates of taxation.

Mr. Hiley: I did not suggest that I was quarrelling with the question of a reduction. My quarrel was that theirs was going down while ours were rising.

Mr. DUGGAN: I have the latest report of the Conference of Commonwealth and State Ministers which came this morning. I read it from half-past 9 till ten to 11, but I did not see the hon. gentleman's name there. No doubt, however, the hon. Premier's brief was prepared by him. He asked that the financial deficit be met and when that was refused he asked for £300,000 more this year, and that request was declined too. Sir Thomas Playford of South Australia got his extra £1,000,000, Mr. Cahill got £1,000,000 and Victoria improved her position considerably. Some personalities dominated the conference. On page 7 of the Report Mr. Harold Holt said, "It will not eliminate South Australia entirely. We could not do that while Sir Thomas Playford is here."

They are not game to tackle Sir Thomas Playford because he resisted the formula that reduced the overall moneys by approximately £1,000,000, and he was able to get this £1,000,000 by adopting the new formula here. I agree with the Treasurer on his approach to this matter. I am not trying to score a political point. As a private member, when I took a small interest, I considered that we had a wrong approach in the presentation to the Loan Council of our requirements. Going back to the time of Mr. Forgan Smith they argued it was best to have an honest presentation. That may be the honourable course to take, but in actual fact we have been placed at a disadvantage because other Governments of various political affiliations have loaded their applications to the Loan Council and have been permitted over the years to get themselves in a favourable position compared with Queensland.

I spoke on this subject as a Minister and as a private member. I do not care two pence whether Queensland is referred to as a claimant State or not, as long as we get more funds for development.

We find from this report that Mr. Cahill spoke not against what Queensland should get or what Western Australia should get, but what he should get in relation to Victoria, the per capita allocation under the new formula and its relation to the amount received by Victoria. The disparity in the amounts has been reduced. New South Wales originally had a greater per capita margin over Victoria. That has now been reduced.

Mr. Cahill then pointed out that more has to be spent on social services in a sparsely populated State. That is true. A school-teacher in a remote area may cater for only nine or 10 children. In four such areas with 36 children four teachers would be required, whereas in a more populous State one teacher could cater for 36 or 40 children and there would thus be a saving of the salaries of three teachers. That is the position in this State.

After Mr. Cahill had introduced that argument, Mr. Rylah spoke of the difficulties encountered in a State through density of population. He said the State would require more traffic policemen, more sewerage, and so on, and that something extra was required because of concentration of population. That automatically negated the argument that costs are higher in a large State with scattered population.

I have been through this and previous reports, and from all of them it can be seen that every Premier has been able to advance specious arguments as to why his particular State should get more from the pool. It makes me sick to see the pictures that appear in our newspapers of parliamentary leaders on their return from these conferences. We have seen one of Mr. Hiley coming back with a bulging bag and £4,500,000 additional money. He is depicted by the sympathetic Press as having succeeded in influencing the Loan Council, and it is then thought generally that he was the most dominating personality at that meeting. In the "Sydney Morning Herald" we can see a picture of Mr. Cahill getting off the plane, smiling happily. In every State of the Commonwealth it will be found that every metropolitan paper publicises the fact that the particular representatives of that State were able to get more money from the Loan Council. In their own States, the parliamentary representatives are depicted as Messiahs.

Fortunately, because of rapid transport services, the more serious-minded people are able to deduce that the meeting was a political dogfight, and that the representatives at that meeting carved up the duck or the proceeds in such a way that they would encounter the least opposition or squealing from those who are entitled to participate in the carving up of the duck.

I am in complete agreement with the Treasurer in regard to the loss of return from the State savings bank. I have here the policy speech which I was privileged to deliver on behalf of the A.L.P. in 1956, wherein I mentioned that it was our desire to investigate the possibility of re-establishing the State savings bank. It is ironical that in a State with sovereign powers the position should be so. Despite the fact that the State surrendered the right to re-establish such a bank some years ago and will not have the opportunity unless proper constitutional authority is given, the possibility of establishing such a bank should be investigated. Private trading banks have come into the field and under their charter are able to operate in each State of the Commonwealth. They have been able to attract something like £210,000,000 of savings bank deposits in Australia, compared with £300,000,000 in the Commonwealth savings bank at the present time. This has been accomplished in the matter of a few years. Why could not the State do that sort of thing?

My chief complaint about all these things is that we become rather too parochial in our outlook. Recently we found we could not get money for a national project, the reconstruction of the Mt. Isa railway line, despite the evidence submitted to the effect that our overseas earnings would be approximately £30,000,000 a year more in increased exports from the area. In one year we would have enough additional capital to pay the whole cost of that project. While that loan was refused by the International Bank we find that others were able to get an International Bank loan, I think, of 65,000,000 dollars in 1956 and 1957, ratified recently, for the modernisation of the Qantas air fleet. That amount of 51,000,000 dollars represents import commodities. More Australians travel by Qantas than by rival international lines and so there is no injection of fresh capital, but in the case of exports from Mt. Isa the whole of the money would be surplus coming into Australia. It is to be regretted that there is no proper recognition by those in authority at Canberra of the requirements of Australia. Under the financial measures introduced from time to time each State is obliged to put up a public works programme which in turn is scrutinised very keenly by the Co-ordinator-General of Public Works at Canberra, or whatever his title may be, and it is also screened by the States. On that scrutiny and screening it is decided what volume of work can be proceeded with. I should like to say that a lot of the agitation for new States would diminish if there could be a planning of national development and exploitation of our resources in a national way. Perhaps this will cut across the objectives of some bodies. It would be a good thing if we could make economic use of our funds by determining the projects to be undertaken, such, for example, as the reconstruction of the Mt. Isa line and the construction of the Snowy River scheme and other developmental schemes. The South Australian Premier had to impose higher wheat freights in order to get assistance from Commonwealth grants. The application of Labour's policy might have been construed as being beneficial to a particular electorate or in accordance with the philosophy of the Party. We cannot get away from such things, but I think that if we could reach unanimity and agreement so far as some of the larger projects are concerned and if we could approach the matter in a national manner rather than in a sectional Party parochial point of view there would be much to be gained.

I am grateful to the Treasurer for his recital of information today; he has given much that will be of value. He has given a succinct account and the information will be valuable to us who have not perhaps the means of ascertaining what has been supplied today. He has given us a succinct and concise presentation of financial arrangements, per capita arrangements and we can utilise the information at quick notice from time to time.

I repeat that I am indebted to the Treasurer for the information available. I do hope, however, that there will be a realisation on the part of the Federal authorities that there must be some lessening of the rigid attitude in regard to the continuance of the inflationary policy in Australia. I think that this inflationary policy has impeded our economy to a considerable extent. I think also it is fair to say that it applied over the years starting with the Chifley Government. I do not want to particularise but he was regarded as a great financial brain, by no less an authority than Sir Roland Wilson. He was regarded as one of the greatest financial brains in the Federal sphere. And I include the late Mr. Theodore for whom I personally had a high regard. I think it can be said that through their policies they established international solvency so far as Australia was concerned. Because of the state of our finances we were and are regarded throughout the world as a nation with a future and as a safe place into which to channel funds. Because of their financial policy, it must be admitted that the Commonwealth Government have engendered confidence in Australia in many overseas countries, with the result that a good deal of money has been channelled here from international sources for the development of this country.

This is really a fascinating subject and I would enjoy nothing more than a full-scale debate on it. Whilst I do not want to enter into any unnecessary party-political propaganda, we as an Opposition—and particularly a Labour Opposition—are entitled not only to join with the Treasurer in protesting against the treatment that Queensland is receiving from the Commonwealth Government, but to go further and assert that they are adopting an extreme anti-Queensland attitude. Not one important project has been started in Queensland by the Commonwealth Government, and over a period of years they have refused to face up to their responsibilities to this State. When so much depends on the development of North Australia, decisive steps should be taken to strengthen our ability to repel any attack that might be directed at that part of the country. There has been a grave reluctance by the Commonwealth authorities to do anything about building up population and industry in the northern parts of this State. It even took them a long while to acknowledge the wisdom of establishing Air Force squadrons at Amberley and Townsville. Despite the tactical requirements of having aircraft formations back from initial attack points, I do not think that there would be any violation of recognised principles in having more of those facilities in Queensland than has been the case. It also took the Federal authorities a long while to recognise the value of giving the Army training in jungle-fighting tactics at Canungra.

We indict the Federal Government because of their failure to face up to their responsibility to aid the development of this State.

It was nothing short of pitiful to read Mr. Menzies' excuse for his failure to go any further with the negotiations for the reconstruction of the Mt. Isa railway line. Of course, that is something that needs a full discussion and no doubt we will have that opportunity when the Treasurer brings down an enabling Bill.

There must be something tremendously wrong with the financial competence of a country like Australia, which was in no way physically damaged by war, when we have to seek money from Western Germany, which was bombed incessantly by our Allies. The Volkswagen works were almost completely destroyed by bombs, as were also the heavy industries of the Ruhr Valley. The Krupp empire, too, for which it was hard to get bidders after World War II., has pyramided to such an extent that in 10 years it has built up assets valued at more than £200,000,000. The German people have been able to evolve an internal financial policy that has raised them from a defeated nation to one that is lending money to almost every other country in the world. On the other hand, Australia, with abundant mineral resources, great primary industries, and rapidly-increasing secondary industry development, has to go cap in hand begging a miserable £30,000,000.

Other nations that were defeated in the war can also show tremendous development. I refer particularly to Japan, where every aspect of human activity is reflected in the spending of huge sums of money. The same remarks apply to both Italy and Holland, the latter country having almost completely rebuilt its railway system and other facilities in 10 years. In this country, however, we find great difficulty in making funds available for development.

Mr. Aikens: It reminds me of a cartoon in "Punch" depicting an unemployed British ex-service man saying, "I hope we lose the next war."

Mr. DUGGAN: There was something very real and very true in that cartoon.

I have developed my speech along somewhat different lines from those that I intended to adopt when I started. In deference to the very fair way in which the Treasurer introduced the Bill I have refrained from making an approach on a purely party-political basis. The Opposition is in accord with the desire to see that a better financial deal is given the people of Queensland.

Hon. V. C. GAIR (South Brisbane) (12.35 p.m.): The Bill is, of course, a formal one and the Party I lead naturally approves of it. I was very interested in certain phases of the Treasurer's speech. It is always very interesting to study history as it affects Governments or any other aspect of community life. The figures quoted by the Treasurer, comparing the expenditure by the Government in 1861 or thereabouts with the expenditure on providing and maintaining

essential works and amenities in 1959 were certainly illuminating. He went on to point out that in the years up to 1927, when the Commonwealth-States Financial Agreement was brought into being, the States had their power and authority to borrow on their own account. While there was great competition between the States on the money market, which had the effect in some cases of increasing the rate of interest on moneys that had to be borrowed, the States appear to have managed all right. We cannot overlook the fact that a great measure of credit is due to the vision, determination and enterprise of those early Parliamentarians who were prepared to do as much as they did against the odds then existing at a time when the population of the State was about 500,000, or just a little more as the years went by. One cannot overlook the fact that they were imbued with a desire to do things and they laid down the railway tracks from the ports to the central parts of the State and even, to bring it to more recent times, in the days of the early Labour Governments from 1915 on, linked Cairns with Brisbane by rail.

In the days before the Commonwealth-States Financial Agreement, Treasurer Theodore, a young man in a Labour Government, who went overseas to negotiate a loan to enable certain works to be completed, was faced with a barren market merely because it had been prejudiced for party-political reasons. History will reveal that a delegation went from Queensland to cruel the market for him. The Cowley-Philp-Walsh mission that went abroad deliberately, merely for party-political reasons, cruelled the market and Theodore was compelled to go to America for money to develop the State. That is merely a piece of history. I never travel north by rail without remembering with some measure of gratitude the courage, the enterprise and the vision of those who were in charge of the Governments of that time. Can any one of us imagine just how much their efforts contributed to the development that has taken place? Can any one of us imagine what the position would have been today had that work not been carried out? These people were prepared to carry on in spite of obstacles. At that time it was always maintained that it was wrong to borrow money and expend it on the development of Queensland. As the Treasurer himself has said this morning, that is the attitude that permeates the financial outlook of the Commonwealth Government at the present time and has been for some years past. In the course of his remarks the Treasurer said how cautiously and how carefully the financial advisers in Canberra work. That is true. His expressions were similar to those of his predecessors in this Chamber, hon. gentlemen with whom he did not agree when he sat on this side. It is true that the timidity of the Federal Treasury boys, as we term them, is pathetic. They have

always failed to recognise the necessity to develop Australia, particularly this northern outpost.

They cannot see the necessity for peopling it; they cannot see the necessity for making money available. I would agree that the Commonwealth Financial Agreement is an excellent arrangement in theory. It provides for the orderly raising of money which is distributed amongst the States. But that would be all right if the experience of Queensland, in common with other States, was a fair distribution of the available money having regard to all the factors that should influence a central borrowing authority in the distribution of loan money. Of course, as already stated this morning, in a State the size of Queensland with 670,500 square miles, and a distributed population of about 1,300,000 costs inevitably must be greater than in a State like Victoria with a more densely settled population and with a railway system extending over about 3,000 miles as compared with Queensland's 6,500 miles. But all the advocacy in the world, whether smooth or violent, will not disturb the people at Canberra in their apathetic and indifferent attitude towards Queensland. I am basing my statements on my own experience and the experience of my predecessor, and his predecessors, too. Unfortunately, I am compelled to say that it does not matter what brand of Government is in Canberra, Queensland has always received somewhat the shame shabby treatment. I have heard my colleague, the late Hon. E. M. Hanlon, complaining about the attitude of the Chifley Government towards Queensland's claims, not only in the matter of loan money but in the matter of expenditure of Commonwealth money, particularly during the war years. The bureaucratic attitude of Canberra is against Queensland. I heard it said that the Commonwealth authorities were opposed to spending any money here on munitions or anything associated with the war because it was considered that Queensland had no tradesmen, that Queensland had no toolmakers, and that Queensland had no artisans sufficiently qualified to do the job. Their outlook is centred on the two bigger States with South Australia running a good third. It has been repeatedly said that irrespective of whether Chifley or Menzies was Prime Minister those States could get more of the duckling carved than Queensland.

Some reference was made to the matter of the presentation of the Loan programme of works to the Loan Council. We have always believed in presenting a realistic programme of works to the Loan Council. We have always opposed the bolstering up of any programme because we believed that would be dishonest and unfair and, to some extent, plain silly; because when the Commonwealth Co-ordinator-General went into it, he would be able to ascertain whether it was possible to carry it out. During the years following

the war when there was a shortage of materials and labour it would not be possible to carry out a programme that had been bolstered up. Every programme we submitted to Canberra during my time—and no doubt during the time of my predecessors, too—was realistic and did not include anything that could be classified as a luxury. It merely provided for essential works for the development of the State and for community requirements. We found, notwithstanding the careful preparation by Sir John Kemp and his successor, Mr. Holt, and the revision by Mr. Price, the Commonwealth Co-ordinator-General of Public Works who advised that it was capable of fulfilment provided we got the money, the Federal authorities would decide against our programme of works.

The Treasurer said that we had our right as a sovereign State to say how the money should be expended, but evidently we have no rights, as a sovereign State to say how much we should borrow. That has a retarding influence. I have always been resentful of the attitude of the Commonwealth authorities, particularly the Commonwealth Treasurer who, from time to time, when speaking of Loan money, conveyed the impression that it was a hand-out—that it was a gift from the Commonwealth to the States. I was glad that the Treasurer dealt to some extent with the ramifications of borrowing and sinking fund payments. The information is very valuable, especially to new members. When we went to Canberra, and when the present Premier and Treasurer went to Canberra and begged for the necessary loan money for schools and hospitals and all the other things for which State Governments are responsible and for which people in all parts of the State clamour, we had to pay it back with interest. So these loan moneys are not gifts from the Commonwealth Government at all. They merely raise it for us. While we are required to pay back all loan moneys plus interest, the Commonwealth Government are reaping, and have been reaping for years, all the surplus taxation and surplus revenue.

As the Treasurer rightly said, in consequence the public debt of the States is increasing while the public debt of the Commonwealth is diminishing. The Treasurer expects that within a matter of six years the public debt of the Commonwealth will disappear entirely. Is that a fair basis or a fair financial set-up in a Commonwealth such as Australia? Surely when the Commonwealth-States agreement was inaugurated it was never intended that might should be right, or that the big Commonwealth Government should be able to adopt the stand-over attitude they adopt towards the States. The Commonwealth have an equal responsibility in the development of Queensland with the Queensland Government. Apart from the aspect of national importance we must pay regard to the proper defence of Queensland, and we can adequately defend the State and this country through this State only by populating the northern areas and

developing not only North Queensland, but also northern Australia, and by the expenditure of money on things that are inseparable or indispensable from national development. No Government except an irresponsible one will throw money down the drain on unnecessary and useless things, but there is so much that could be done for the development of Queensland and northern Australia generally. Evidently the Commonwealth Government are more desirous of pouring money into projects that are less advantageous, fruitful and propitious.

I have always pointed out these things. At times hon. members may have thought that the hon. member for Bundaberg and I were overstating the case when we came back from the Premiers' conferences and Loan Council meetings and wailed and cried at the treatment of Queensland by the Commonwealth Government. Sometimes I was a little self-conscious, and even wondered whether I was suffering from hallucinations in regard to this discrimination, but I did not wonder for long, because the position was too real and the evidence was indisputable. I do not get any pleasure out of saying this, but now we find that the Treasurer and the Premier are forced to complain of the poor treatment they have received from their Party colleagues in Canberra.

Mr. Aikens: They told you you should have used a more honeyed approach.

Mr. GAIR: We used all types of approach. I was very honeyed in my approach at an early stage, but I found I was getting nowhere and I was forced to adopt some other attitude.

I found that Sir Roland Wilson and the other boys who advise the Prime Minister and the Federal Treasurer were immovable. They would sit there like the Sphinx, with not a twitch of a muscle in their faces. They had made up their minds before the Premiers and Treasurers arrived on the amount of tax reimbursements, allowing a little margin that they would surrender under pressure. They took the same attitude in regard to loan money.

Irrespective of the majority decisions of Premiers and Treasurers, they would say, "This is as much as the market will yield and that is as much as you are going to get." What authority they had for saying how much the market would yield, except experience, I do not know. As a matter of fact, I have always maintained that the market was greatly disturbed by the anxiety of the Commonwealth to vary the rates of interest. The people who answered the call of the nation, and put their life savings into Commonwealth bonds found they were placed at a disadvantage, because after having taken that course the rate of interest was increased a short time later. And so it went on repeatedly, all of which had a disturbing influence on the market for Commonwealth bonds and loans. These things have all been

detrimental and of a disadvantage to Queensland. Whilst the Commonwealth-States Financial Agreement might be a very good one—and I could argue in favour of it from many angles—the experience of this State up till now, particularly after hearing the Treasurer this morning, shows that Queensland has not been favourably advantaged by the existence of it. As the Treasurer wants to get the Bill through this morning I shall conclude by saying that in theory the agreement is all right. It provides for the borrowing of money in an orderly fashion, by one authority, and the elimination of the competition that existed between the States, but in practice it has not worked to our advantage, no doubt because of the antipathy, designed or inadvertent, towards the State by the Commonwealth Government, and the sooner they recognise that the future of Australia nationally and from the point of view of defence rests on the proper development of this State, the better. Until that day comes no Government, whether Liberal, Country Party or Labour, can hope to carry out a progressive loan programme.

Progress reported.

The House adjourned at 12.59 p.m.