

Queensland



Parliamentary Debates
[Hansard]

Legislative Assembly

THURSDAY, 28 SEPTEMBER 1961

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Mr. SPEAKER (Hon. D. E. Nicholson, Murrumba) took the chair at 11 a.m.

ADDRESS IN REPLY

PRESENTATION AND ANSWER

Mr. SPEAKER: I have to inform the House that, accompanied by hon. members, I this day presented to His Excellency the Governor the Address of the Legislative Assembly, adopted by the House on 19 September, in reply to His Excellency's Opening Speech and that His Excellency has been pleased to make the following reply:—

“Government House,

“Brisbane, September 28, 1961.

“MR. SPEAKER AND GENTLEMEN,

“As the Representative of Her Majesty The Queen, I tender to you and the Members of the Parliament of Queensland, my sincere thanks for the Address in Reply to the Speech I had the honour to deliver at the Opening of Parliament on August 22 last.

“It will be my pleasant duty to convey to Her Majesty The Queen the expression of continued loyalty and affection to The Throne and Person of Her Majesty Queen Elizabeth II from the members of the Legislature of Queensland in Parliament assembled.

“The Queen is the unifying centre for the peoples of the British Commonwealth of Nations, and a sign to the world of our faith in freedom.

“I trust that your labours to promote the advancement and prosperity of this great State will meet with success in full measure.

“I pray that the blessings of Almighty God may rest upon your councils.

“HENRY ABEL SMITH,

“Governor.”

QUESTIONS

AMOCO OIL REFINERY ON BULWER ISLAND

Mr. DUGGAN (Toowoomba West—Leader of the Opposition) asked the Treasurer and Minister for Housing—

“(1) Has he any information which would indicate doubts that Amoco will go ahead with the building of an oil refinery on Bulwer Island on the Brisbane River?”

“(2) Would the recent removal of tariff protection of three-farthings a gallon on locally-refined petroleum products make it more economical for Amoco to import petroleum products from the United States than to produce in Queensland without tariff protection?”

"(3) What is the significance of a statement in the Government's 'News Bulletin' of September 18, that as a result of a further survey Amoco had intimated to the Government that the original estimate of 500 acres of reclamation might now be modified?"

"(4) Have the foundations for petroleum tanks on this site been found to be satisfactory? If not, is an alternative site being considered?"

Hon. T. A. HILEY (Chatsworth) replied—

"(1) No."

"(2) I am not aware of the relative economics of local refining and importing of refined products. That is a commercial decision and must be for the Company alone."

"(3 and 4) Certain modifications of the site originally planned may become necessary in light of foundation requirements. The site of tanks for the product terminal has been fixed after exhaustive tests by the Company. This site is in the area described in the Agreement. A site on Bulwer Island for the proposed crude oil storage tanks has also been located after boring tests by the Company. This site is now being tested with soil loading tests to enable a final decision to be made on foundation suitability. This site is a little outside the area prescribed in the Agreement but would, I feel, be acceptable to the Government. In turn, extensive boring by the Company has located on Bulwer Island (but mainly outside the designated area) a site for the Oil Refinery and refinery product storage. My officers are at present examining the possibility of adjusting the area of the proposed lease by adding some acreage outside and retreating from an equal area inside. It is clear that acceptance of these sites will require some modification of the area proposed to be leased but no extension in the total acreage."

COMMONWEALTH FINANCIAL ASSISTANCE FOR THE CONSTRUCTION OF PSYCHIATRIC WARDS

Mr. DUGGAN (Toowoomba West—Leader of the Opposition) asked the Minister for Health and Home Affairs—

"(1) In view of his reported statement that no more new mental hospitals would be built in Queensland in the foreseeable future and his announcement that the Government had approached the Commonwealth with a proposal that £900,000 allocated to Queensland and remaining unspent should be used to provide neuro-psychiatric wards in our general hospitals, when was this proposal made to the Commonwealth and has there been any indication of the Commonwealth's reaction?"

"(2) How many men, women and children were in the mental hospitals of the State as at June 30, 1961?"

Hon. H. W. NOBLE (Yeronga) replied—

"(1 and 2) The first formal approach was made by the Premier at the Premier's Conference on June 24, 1960. It may be of interest to the Honourable Member and the House to mention that the advisability of the integration of psychiatric services and the General Hospitals had been advanced by this State at Health Ministers' Conferences and Officers' Conferences before that date, but our suggestions had not met with the agreement of the other States. However, at the last Health Ministers' Conference held in Perth at the beginning of this year all States indicated that they had come to agree with our concept. Following on the Premiers' Conference all States were invited to submit their proposals and this was done. Officers of all States were invited to meet the Commonwealth Director-General of Health in conference and this was done on May 15, 1961. All States were agreed that the present Commonwealth scheme should be enlarged to include psychiatric projects outside the Mental Hospitals, and the Commonwealth Director-General requested that detailed statistical data be supplied to him. This has been done, and the matter is still under consideration by the Commonwealth Government. The population of our Mental Hospitals was:—

Date	Men	Women	Children	Total
June 30, 1956	2,262	1,898	224	4,384
June 30, 1961	2,065	1,472	279	3,816

These figures show a decrease of 568 patients since 1956, in spite of increasing general population figures in the State."

It will be found that as the years go by the number of children in these institutions will increase; they are living on antibiotics.

GOLDEN CASSET AGENTS

Mr. HOUSTON (Bulimba) asked the Treasurer and Minister for Housing—

"(1) How many Golden Casket agents are at present selling in (a) Brisbane and (b) the rest of Queensland?"

"(2) How many new agents have been appointed in (a) Brisbane and (b) the rest of Queensland since July 1, 1960?"

"(3) What are the names and addresses of the new agents appointed in Brisbane since July 1, 1960?"

Hon. T. A. HILEY (Chatsworth) replied—

"(1) (a) 165. (b) 272."

"(2) (a) Seventeen of which twelve replace cancelled or surrendered licenses. (b) twenty-three—all or which are additional."

"(3) I table the desired information."

Whereupon the hon. gentleman laid the document on the table.

SUPPLY OF LIQUOR TO COLOURED PERSONS

Mr. TUCKER (Townsville North) asked the Minister for Health and Home Affairs—

"In view of the unfortunate incident at Townsville recently relating to the refusal of an hotelkeeper to supply liquor to a coloured person and in view, too, of the fact that in refusing the person concerned the hotelkeeper was of the opinion that he was complying with the Act as it affects Torres Strait Islanders, will he intimate whether his Department is taking or has taken steps to lay down a definite policy relating to drinking by coloured persons with a view to obviating any repetition of the embarrassment the recent incident caused not only to the National Government and the hotelkeeper, but also to the whole of the citizens of Townsville?"

Hon. H. W. NOBLE (Yeronga) replied—

"The question of drinking in hotels by coloured people is broadly one that comes within the province of my colleague the Honourable the Minister for Justice, who answered a question in relation thereto on Tuesday last. The more restricted matter of the drinking by Queensland Natives is one that has been, and is being, given very careful consideration by my Department. I agree with the Honourable Member that the question of care and protection of our coloured people has become a national matter, and as I informed the House recently, an approach has already been made to the Commonwealth Government in this regard. The question of drinking in hotels is, of course, a facet of this problem. I can assure the House that all problems associated with the care and preservation of our Natives, including the right to consume alcoholic liquor, is under examination and investigation with a view to the necessary amendments of the relevant legislation. However, in view of the approach made to the Commonwealth Government, it would not be wise to proceed at the present time."

READJUSTMENT OF LOCAL AUTHORITY
BOUNDARIES

Mr. AIKENS (Townsville South) asked the Minister for Public Works and Local Government—

"(1) Has the Local Government Association or similar organisation made representations for the establishment of an independent body to decide if and how parts of one Local Authority area are to be excised and transferred to an adjoining Local Authority area?"

"(2) If such an independent body is established, will he or Parliament be vested with any power to question and, if necessary, override any decision of such body and, if not, will this not be a negation of democracy?"

"(3) Will the residents of any area proposed to be excised from a Local Authority be given an opportunity of declaring by vote whether they are agreeable to such excision and, if not, will this not be also a negation of democracy?"

"(4) Will he, if he accedes to this undemocratic request by the Local Government Association, take steps to ensure that residents of areas excised from a Local Authority for incorporation in an adjoining Local Authority are not 'thrown to the wolves' as were the residents of the Bohle area, who after excision from the Thuringowa Shire and incorporation in the Townsville City Council area were for a long time compelled to bury their own nightsoil and garbage and are still buying and carting their own water, despite the payment of hugely increased rates to the Townsville City Council?"

Hon. H. RICHTER (Somerset) replied—

"(1) Yes."

"(2 to 4) Cabinet has refused the request made in the representations."

ACQUISITION AND SALE OF CATTLE AFTER
COURT HEARING AT BOULIA

Mr. AIKENS (Townsville South) asked the Minister for Labour and Industry—

"(1) Were cattle seized by the Crown after a court hearing at Boulia and was any public auction subsequently held to dispose of these cattle? If not, why not?"

"(2) Is it a fact that Sergeant A. E. Fawkes, officer in charge of police at Boulia, acquired these cattle and, if so, what form did such acquisition take?"

"(3) Is it a fact that these cattle were later agisted on Marion Downs Station by Sergeant Fawkes?"

"(4) Were these cattle still later sold at Garbutt, Townsville, on April 28, in the name of A. E. Fawkes of Boulia?"

"(5) If so, are police officers permitted to trade in property seized by the Crown and, if so, what safeguards exist to ensure scrupulous honesty on the part of the police and give a reasonable opportunity to ordinary citizens to participate in such trading?"

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

"(1) At this present stage, I do not know."

"(2 to 5) If, as suggested by the Honourable Member, such transactions have taken place, then an extremely serious view will be taken. The Honourable Member may rest assured that the whole matter will be immediately and thoroughly investigated. If he can give me any information to assist in such an investigation I urge him to do so."

NEEDLES USED FOR DRINK-DRIVING BLOOD TESTS

Mr. COBURN (Burdekin), for **Mr. HOUGHTON** (Redcliffe), asked the Minister for Labour and Industry—

“(1) Has he read the report in ‘The Courier-Mail’ of September 27, 1961, in which Dr. I. D. Thelander, Government Medical Officer at Redcliffe, stated in the Police Court that (a) police needles used for drink-driving blood tests had broken off three times in the arm of a paraplegic, (b) needles gave way and (c) equipment failed to exert a vacuum?”

“(2) If so, will he take action immediately to ensure that the equipment supplied to the police for the taking of blood tests is new and efficient?”

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

“(1 and 2) I am advised that the doctor mentioned is not the Government Medical Officer at Redcliffe. I am advised also that the needles used at Redcliffe in relation to drink-driving blood tests are not supplied by this Department.”

PERSONS UNDER THE INFLUENCE OF LIQUOR OR DRUGS IN CHARGE OF MOTOR VEHICLES

Mr. COBURN (Burdekin) asked the Minister for Labour and Industry—

“How many people during the last financial year were arrested for and convicted of being in charge of a motor vehicle while under the influence of alcoholic liquor or a drug (a) after they had been involved in a traffic incident or collision at the time of their arrest and (b) without having been involved in a traffic incident or collision at the time of their arrest?”

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

“Unfortunately, these statistics are not at this stage available. Every effort is, however, being made to assemble statistics in relation to all facets of drinking drivers, but, it will not ever be possible to have an exact record for various reasons. Therefore such statistics will be principally for internal administration.”

GOVERNMENT FINANCIAL ASSISTANCE TO COMBAT BEACH EROSION

Mr. ADAIR (Cook) asked the Premier—

“(1) In view of the fact that serious beach erosion has already endangered at least twelve houses at Machan's Beach and caused some of the occupants to leave their dwellings and in view of the great probability that if this erosion is allowed to continue further homes will be endangered and eventually many more residences may also be endangered, will he give consideration to granting some form of special financial assistance to the Mulgrave Shire

Council so that the safety and welfare of the people concerned may be fully protected?”

“(2) Will he consider establishing such proposed assistance on the same basis as that now given in respect of cyclone damage where violent acts of nature destroy and endanger the property of people in areas subject to cyclone visitation?”

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

“(1 and 2) As has been pointed out to the Honourable Member in answer to previous questions on the subject of erosion at Machan's Beach, work of this nature is the responsibility of the Local Authority and is eligible for loan and subsidy. If the Mulgrave Shire Council submits a proposal to deal with the problem on this basis, I will be happy to have the proposal examined as a matter of urgency.”

DISMISSALS FROM IRRIGATION DEPARTMENT AT MAREEBA

Mr. ADAIR (Cook) asked the Minister for Public Lands and Irrigation—

“(1) Is he aware that in recent weeks several men with long service in the Irrigation Department at Mareeba have been dismissed and many more working at Walkamin and Mutchilba expect dismissal notices this week?”

“(2) Will he have this matter investigated with a view to having these men employed on other irrigation projects in Queensland?”

Hon. G. F. R. NICKLIN (Landsborough—Premier), for **Hon. A. R. FLETCHER** (Cunningham), replied—

“(1) Yes. Day labour employment by the Irrigation and Water Supply Commission on the Mareeba-Dimbulah Project at June 30, 1961, was approximately 240 and this number had been reduced to about 170 at September 13. Although the anticipated allocation for the Mareeba-Dimbulah Project for 1961-1962 will approximate the allocation for 1960-1961, the materials component of the expenditure—principally on concrete and steel pipes—will represent a much larger proportion than previously. This is due to the fact that pipe lines are now being constructed for the water reticulation, instead of the open channels previously required. A contract has also been let for some construction work on the East Barron line and it is anticipated that the contractor will absorb a number of the dismissed employees. Supply of the pipes and expenditure on this contract are estimated to require approximately 80 per cent. of this year's allocation. It is therefore, not possible to retain the previous level of direct employment by the Irrigation and Water Supply Commission and further reduction in employees is likely.”

"(2) This matter has been examined and there is no prospect of employing dismissed men from the Mareeba-Dimbulah Project on other irrigation projects in Queensland. A contract has recently been let for the construction of Borumba Dam and the contractor has in this case taken over practically all employees of the Commission at that site. The only other major work anticipated in this year's Works Programme is Leslie Dam and only limited funds will be available for this project during 1961-1962."

NEW SCHOOL AT BLOOMFIELD

Mr. ADAIR (Cook) asked the Minister for Education and Migration—

"Owing to the dilapidated condition of the building now in use as a school at Bloomfield and the inconvenience experienced by pupils and teaching staff, will he have the construction of the proposed new school commenced as early as possible?"

Hon. J. C. A. PIZZEY (Isis) replied—

"As the need for the urgent replacement of the temporary School building at Bloomfield River is fully realised, the classroom and other accommodation requirements have already been outlined for the Department of Public Works so that planning can be completed and approval given for construction to be commenced as soon as the site is secure to the State. The site has already been surveyed."

STRENGTH OF POLICE FORCE IN IPSWICH

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

"(1) Has his attention been drawn to the statement appearing in 'The Courier-Mail' of Wednesday, September 27, 1961, in which the General Secretary, Queensland Police Union, claims that Ipswich could do with at least another ten or twelve policemen?"

"(2) Will he give favourable consideration to the appointment of additional policemen in Ipswich to bring the force to the strength Mr. M. J. Callaghan claims is necessary?"

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

"(1) Yes and also to the statement in 'The Courier-Mail' of even date. The office of Secretary of such a union is a very important post and as Secretary he is in a position to be of great assistance to the members of his union and the public who depend on the Police Force for preservation of law and order. His usefulness, however, is gravely reduced if he proves himself to be irresponsible in statements he makes. I would question his reliability in determining desirable Police strength. It will be remembered that in 1958 the strength was

raised to 2,543 and was never questioned or suggested as being inadequate. In another statement a union spokesman stated that desirable strength should be re-determined every five years. Notwithstanding the 1958 figure, Mr. Callaghan now, three years later, states that the force is 220 under strength and therefore denies his union's argument. When it is remembered that in those three years, many police officers have been relieved of points duty; others of motor mechanic's work; others again of ordinary clerical duties and are now available for routine police work; and also that the force is more mobile than in 1958, now having sixty-three extra motor vehicles and twenty-three more motorcycles, all of which are or should be in first-class condition; that the cost per head of population for the police force is greater in Queensland than in any other State, it would seem that Mr. Callaghan's statement of grave understaffing is, to say the least, most unreliable."

"(2) As I do not accept Mr. Callaghan as a reliable judge of this matter, certainly not. It is the considered opinion of the Commissioner of Police after investigation that the strength of the Ipswich Station should be increased by three men. Approval has been given for the appointment of two additional Traffic Constables at Ipswich and arrangements are being made for the gazettal of these vacancies. The Commissioner does not consider that an additional ten or twelve men are required at Ipswich, and the matter of any further increase in strength at that station will be considered in conjunction with the claims of other stations for increases in strength."

AMENDMENT OF THE LIQUOR ACTS

Mr. DEWAR (Wavell), without notice, asked the Minister for Justice—

"(1) Has the Minister's attention been drawn to a protest meeting which was held in the City Hall last night at which it is reported that approximately 2,300 people, including 15 State parliamentarians attended, and at which the following two resolutions were passed:—

(i) That whereas alcohol has become a menace to our national life, as witness the fact that it is largely responsible for the increasing numbers of road accidents, deaths, broken homes and ruined lives; that it is economically wasteful, that there are 300,000 alcoholics in Australia, that the annual drink bill of Queensland is over £40,000,000 (over £30 for every man, woman and child), therefore this representative gathering of the citizens of Brisbane resolve, in the interests of the future welfare of the people of Queensland, to strongly urge the Government and the Parliament not to proceed with the proposed liberalisation of the Liquor Acts, whereby

there will be increased facilities for the consumption of alcohol, with special reference to—

(a) The licensing of cafes to serve liquor with meals.

(b) Legalising Sunday trading in certain parts of Queensland, and permitting the sale of liquor on Sundays in bowling and golf clubs.

(c) Providing for 'Night Life' with liquor at dances.

(d) Any other provisions which would lead to the increase of the present many facilities for the beverage use of alcohol.

(ii) The alcoholic problem is now so acute in Queensland that this meeting urges upon the Government the necessity of a strict enforcement of the existing laws."

Mr. DUGGAN: I rise to a point of order. I think the House is entitled to the co-operation of the Minister. As the question is without notice, I wondered whether it might be taxing the Minister's memory to remember all the points raised in such a lengthy question and whether it might not be better to put it on the notice paper.

Mr. SPEAKER: Order! I have given a ruling previously on questions without notice by members of the Opposition that, providing the Minister has been informed and arrangements have been made with him, it is quite in order to ask a question without notice. A question without notice of which the Minister has not been informed will not be allowed. I think the hon. member for Wavell is going to rather extreme lengths to explain the question, but it has a very definite bearing on something that is important to the State.

Mr. AIKENS: I rise to a point of order. In view of your action one day last week, I think it was, Mr. Speaker, will you take into consideration the fact that these so-called Dorothy Dix questions are—

Mr. SPEAKER: Order! I have already dealt with the point of order raised by the Leader of the Opposition.

Mr. AIKENS: Will you cut this type of business out at 12 o'clock so that people will not be prevented from asking questions that are of interest to the public, the answers to which should be made available?

Mr. SPEAKER: Order!

Mr. DEWAR: My question continues—

"(2) In view of the great public interest in the matter will the Minister at this stage make a short statement with reference to the proposed amendment of the Liquor Acts so as to clear up possible public misconceptions?"

Hon. A. W. MUNRO (Toowong—Minister for Justice) said—

In the first place, I might make a brief comment about the alleged point of order raised by the Leader of the Opposition. The hon. member for Wavell did accord me the courtesy of letting me know quite early this morning that he proposed asking this question so that I could reply without relying completely on my memory. The answer is—

"(1 and 2) I was a member of the audience at the meeting held last night and as to my reasons for attending I quote the following from my letter of 26th September addressed to the Secretary of the Queensland Temperance League—

'My intention to attend follows on my wish to avail myself of any opportunity of hearing considered expressions of viewpoint or opinion in relation to these rather difficult problems.'

"I feel sure that the other Parliamentarians who attended would have done so for a similar reason.

"First dealing with the resolutions generally it might be said that substantially they condemn the proposals of the Government, but without either the speakers or those who accepted the resolutions having any full knowledge of what the Government's proposals are. So far as the proposed amendments to The Liquor Acts are concerned I may explain that the present position is that decisions on all matters of principle have been determined at meetings of Government Party Members and final instructions have been given to the Parliamentary Draftsman. However, it will be at least a fortnight before the printing of the Bill is completed and I am able to submit the usual introductory motion to the House. It is not the usual practice for a Minister, prior to initiation of a Bill, either to publish details of the Bill or to make any comprehensive statement of the reasons for the proposal. Each Bill is, of course, fully explained when the motion for its introduction is submitted. However, in view of the public interest in this question, I now make the following brief comments with reference to the five points particularised in the resolutions passed at last night's meeting:

(i) The Government's proposal in relation to the licensing of cafes will be seen in much better perspective when the Bill is introduced and when it is realised that this is only part of fairly comprehensive amendments covering licensing of a strictly limited number of restaurants, the closing down of all wine saloons and the imposing of certain new restrictions in relation to beer gardens.

(ii) The problem of Sunday trading as actually permitted under the existing law, and as proposed to be legally permissible under the proposed law, will also be seen much more clearly when there is

a greater realisation of the Government's firm intention to amend the law and make it capable of enforcement, and then to enforce it.

(iii) The inclusion of the phrase 'providing for "Night Life" with liquor at dances' is completely unjustified. There is no such proposal in the proposed Bill. On the contrary it is the firm intention of the Government to provide for more effective enforcement of the law in relation to this and other problems associated with liquor.

(iv) On the question of 'Any other provisions which would lead to the increase of the present many facilities for the beverage use of alcohol' I would also express the opinion that this phrase, which I have quoted from the resolution, would not have been used if the sponsors of it had waited until they had a full knowledge of the provisions contained in the Bill.

"If I may make a brief general comment at this stage it is this:—

The grave problems associated with liquor at the present time are those of alcoholism and intemperance rather than those of 'facilities for the beverage use of alcohol'.

For the first time in the history of this State there are included in this Bill provisions to, at least make a start, in dealing constructively with, and to provide an ultimate solution for, the grave problems of alcoholism and intemperance.

(v) In relation to the second resolution which I quote—

'The alcoholic problem is now so acute in Queensland that this meeting urges upon the Government the necessity of a strict enforcement of the existing laws.'

"I would say that the Government is in full agreement with the spirit of this resolution, but I would ask the question, 'Why limit such a resolution to "existing laws"?' Would it not be better if we were to express the desirability of all laws being made just laws and capable of enforcement and then to be strictly enforced?

"My remarks up to the present which have been made, necessarily, for the purpose of removing public misconception may to some extent be construed as a criticism of those who sponsored the holding of the meeting in the City Hall last night or of those who attended and accepted the terms of the two resolutions printed in the programme. That is not my intention.

"In this matter generally my predominant feeling is one of admiration for people of exemplary moral character who have the courage of their convictions and who are prepared to express their views on matters of public importance. In fact, notwithstanding the terms of the resolutions, the main speakers at the meeting

had very little to say with reference to the proposed Bill, but quite properly spoke more in relation to the grave problem of alcoholism and the menace to our national life of the increasing numbers of road accidents, deaths, broken homes and ruined lives for which alcohol is largely responsible.

"On the broad moral issues involved my views and those of an overwhelming majority of my Parliamentary colleagues would be broadly in line with those of the principal speakers at last night's meeting."

Opposition Members interjected.

Mr. SPEAKER: Order! I ask hon. members to allow the Minister to complete his reply.

Mr. MUNRO: To continue—

"Our views as to the practical remedies are, however, completely different from those of some of the speakers.

"Finally might I say that in relation to moral issues I express my complete agreement with the words of one of the principal speakers at last night's meeting when he quoted Edmund Burke as saying—'All that is necessary for the triumph of evil is that good men do nothing.'

"Might I add to that one further quotation, also from the words of Edmund Burke in his speech to the electors of Bristol in 1774 when he said—'Your representative owes you not his industry only, but his judgment, and he betrays instead of serving you if he sacrifices it to your opinion.'"

Mr. LLOYD (Kedron): I intend to give notice of a question but I should like to point out to the House that I originally intended to get leave to ask it without notice. I rang the Minister and, rather in direct contrast with the treatment of the question asked by the hon. member for Wavell, he requested me to give notice of the question. I intend to do him the courtesy of concurring.

PAPERS

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

Report of the Registrar of Co-operative Housing Societies for the year 1960-1961.

The following paper was laid on the table:—

Balance-sheet, etc., of the Coal Mine Workers' Pensions Fund for the year 1960-1961.

MINISTERIAL STATEMENT

ELECTRICITY SUPPLY INDUSTRY IN SOUTH-EAST QUEENSLAND

Hon. E. EVANS (Mirani—Minister for Development, Mines, Main Roads and Electricity) (11.18 a.m.), by leave: Hon. members will have noticed in the issue of "The Courier-Mail" of 27 September, 1961, a front-page article that purported to disclose

the details of the future organisation of the electricity supply industry in South-east Queensland. This disclosure was alleged to have been made by a "top electricity official", and of its nature could damage and hamper negotiations between the interested parties.

Because of the inaccurate picture given to the public I was compelled to issue a correction immediately. I made a statement to "The Courier-Mail" and to all other sections of the Press. Unfortunately "The Courier-Mail" did not see fit to publish my statement in the form it was delivered. In fact, it could be said that before publication the statement was emasculated and its intent lost to readers. I feel it is my duty to repeat to the House the statement exactly as it was made to the Press. This is the statement—

"The Minister for Development, Mines, Main Roads and Electricity said today whoever made the statement attributed in 'The Courier-Mail' this morning to a 'leading electricity official' has contributed nothing to the satisfactory solution of the problems facing the Electricity Supply Industry in South-eastern Queensland.

"These are at present under consideration by the State Electricity Commission, the Brisbane City Council and the Southern Electric Authority, with whose representatives I conferred last Friday.

"This Conference was called for the purpose of appraising each other's viewpoint so that I could acquaint Cabinet with the position, which I am proposing to do in the near future.

"We are faced with the position, said the Minister, where wastage of capital and higher costs must inevitably occur if the present organisation of the Industry continues in this part of the State. The Report of the Joint Committee, which I recently released, has clearly shown this.

"We have approached the discussion with goodwill and a mutual understanding of each other's problems and a recognition of the importance of the facts disclosed in the Committee's Report.

"So far we have considered these facts and the problems involved in any reorganisation necessary to bring about the savings. No consideration has been given to tariff policy, the basis of reorganisation, if such is decided upon, and similar matters. But if changes are to be made, these matters will be determined by the Government at the appropriate time in consultation with the authorities which are vitally interested and with the assistance of our advisers, not by an unnamed official. One thing is certain—the charges for electricity will be higher than they otherwise would be throughout the whole of South-eastern Queensland if we fail to find means of achieving the substantial capital and costs savings disclosed by the Committee in its report."

PERSONAL STATEMENT

Hon. K. J. MORRIS (Mt. Coot-tha) (11.22 a.m.), by leave: I seek permission of the House to make a personal statement.

Mr. Davies: The Government are becoming more embarrassed every day.

Mr. SPEAKER: Order! The hon. member for Maryborough will be the one who is embarrassed if he does not keep quiet.

Mr. MORRIS: I would suggest he has second sight because he will be embarrassed when he hears my personal statement. It has come to my attention that the hon. member for Port Curtis yesterday afternoon made the following statement, *inter alia*:—

"The Minister for Labour and Industry visited one of his political friends at this place, who had taken no part in this fine community work on the locality. As a result of this visit, the political friend acquired a special lease with the right subsequently to obtain a perpetual lease over this area which is the key to the whole of this picturesque little locality."

I desire to register a categorical denial of the statement and a vehement protest against the practice of making statements of this nature without a shadow of reason and even less truth.

While I do not believe there is anyone who would accept the hon. member's assertion, I feel it incumbent on me to make quite certain that both my denial and protest are registered in the House.

WITHDRAWAL OF DISORDERLY MEMBER

Mr. AIKENS (Townsville South) having given notice of a question—

Mr. Mann: He is a very good man, Justice Matthews.

Mr. AIKENS: He is an old stinker.

Mr. SPEAKER: Order! The hon. member for Townsville South has made a disparaging remark about the judiciary and I ask him to withdraw and apologise. I do not want a speech. I want a withdrawal and apology.

Mr. AIKENS: Since you have ordered me to do so, Mr. Speaker, I will withdraw and apologise.

Mr. SPEAKER: I want an unequivocal withdrawal, not because I have ordered it.

Mr. AIKENS: I will withdraw it and apologise. He is a dirty old drunk.

Mr. SPEAKER: The hon. member has disobeyed my ruling and has repeated his offence. Under Section 123A of the Standing Orders I classify his conduct as disorderly and ask him to leave the Chamber.

Mr. AIKENS: I will be very happy to do so in the circumstances.

(The hon. member for Townsville South withdrew from the Chamber.)

AUSTRALIA AND THE EUROPEAN COMMON MARKET

RESUMPTION OF DEBATE

Debate resumed from 21 September (see p. 452) on Mr. Harrison's motion—

"(1) That this House, recognising the possible effects upon the economy of Australia should Great Britain, the traditional market for much of this country's primary produce, join the European Economic Community, strongly supports the Commonwealth Government's expressed attitude to this question, including the request of the Commonwealth that Australia be afforded the opportunity, during the negotiations between Great Britain and the member States of the Community, to present representations for consideration by the parties;"

"(2) That Mr. Speaker be requested to convey a copy of this resolution to the Right Honourable the Prime Minister of the Commonwealth."

Mr. HARRISON (Logan) (11.42 a.m.): In resuming the debate on the resolution, which centres around the possible effects on the Australian economy if Great Britain joins the European Common Market, I regret that in the limited time available to me on Thursday last I could not complete the survey I wished to make on a subject, which is of the utmost concern to all Queenslanders.

In my speech last week I had come to the stage of examining how Queensland's export products are likely to be affected if Great Britain joins the Common Market. I had mentioned that there was a large group of these products, including dairy produce, wheat, sugar, meat, minerals, canned fruit and fresh fruit in the form of apples, grain sorghum, barley, small seeds such as millet, panicum and canary seed, eggs and egg pulp, honey and plywood. To that list I should like to add leather and timber.

At this point I shall give figures obtained from the Queensland Department of Agriculture and Stock which give a preliminary estimate of the value of Queensland's exports to the United Kingdom that are likely to be affected. They amount in value to £39,000,000 out of a total value for all Queensland exports of £49,000,000. That is an indication of the seriousness of the position. In deference to the industries that are affected I give now the value of exports from Queensland to the United Kingdom. They are—

	£
Dairy products	3,120,994
Wheat (last year)	61,189
Barley	61,935
Grain sorghum	Nil
Small seeds (such as panicum, millet and canary seed) ..	107,268
Sugar	17,675,681
Meat	9,495,202

	£
Leather	235,432
Minerals	6,948,808
Metal manufactures	274,606
Canned fruit	454,691
Fresh fruit	113,593
Eggs and egg pulp	283,423
Honey	55,445
Plywood and veneer	60,180
Logs and timber	23,444

I should mention that other exports, including wool valued at £8,550,684 which is not expected to be affected by the European Common Market, bring the total value of exports from Queensland to the United Kingdom in 1960-1961 to £48,197,403.

Last week I mentioned that in the interests of covering the position the effects upon each of these products, in the limited time available to me, the hon. member for Bowen, Dr. Delamothe, would deal with sugar, meat, and minerals, when he seconds the resolution. I will attempt to deal with the remaining products on the list I have just quoted.

Firstly, I wish to deal with dairy produce which, it has been widely feared, may be more severely affected than most. At present there is no specific agreement between Australia and the United Kingdom for the purchase of butter and cheese, but both of these commodities enjoy guaranteed free entry and the protection of preferential tariffs—15s. sterling per cwt. for butter, and 15 per cent. for cheese. Approximately 90 per cent. of Australia's export of dairy products are marketed in the United Kingdom and last year they amounted to approximately £22,000,000 in value. Queensland's export contribution in recent years, has averaged from £5,000,000 to £6,000,000.

For some time now the dairy industry has been in trouble because the realisations from sales of Australian butter and cheese exported to the United Kingdom have been considerably below the officially-determined cost of production under the Commonwealth Dairy Stabilisation Plan. If the United Kingdom joins the Common Market this could become very much worse for Australia for our dairy products would then lose their present preferential treatment and instead would have to face the general external tariffs already proposed against outside countries. They are 24 per cent. for butter, 23 per cent. for cheese, 19 to 24 per cent. on evaporated milks, and 16 to 22 per cent. on milk powder. At the moment, for much of our surplus butter and cheese production there is no other ready outlet than the United Kingdom, and the application of tariffs up to 24 per cent. ad valorem to our annual average volume of exports would reduce returns to Australian dairy-farmers by about £5,250,000 a year. Queensland's share of such a loss would be based on its proportionate production which is about 22 per cent. of the Australian output. With the United Kingdom

a member of the Common Market group, the position could become even more desperate if eventually agreement were reached on the objective requiring a common agricultural policy under which the producers of home-grown foodstuffs would enjoy prices above world levels. Such a policy could have two results, both of which could seriously damage our present trading arrangements with the United Kingdom and both of them could apply to other Australian exports as well as dairy products—notably sugar and wheat.

First, if by joining the "Six", it results in the people of the United Kingdom paying higher prices for their food than they do at present then there is almost certain to be some reaction in the form of reduced consumption. In the case of butter this could be reflected in increased consumption of margarine. Secondly, the acceptance by the United Kingdom of a common agricultural policy which guarantees prices above world levels and permits free entry on to the United Kingdom market for continental dairy-farmers, as against import duties and restrictions for Commonwealth farmers, must surely result in advantage being taken by these continental countries to divert to the United Kingdom market that part of their dairy production which they now export as processed milk to world markets, at world prices. Not only that, such a policy must surely encourage an expansion of production in the Common Market countries. On top of this we have to bear in mind that the avowed policy of the European economic community provides for additional barriers to be set up against outside products in the form of quantitative restrictions. If the United Kingdom joins the Common Market and has no alternative as a partner but to apply such restrictions, then Australia could lose a market for dairy products averaging £28,000,000 a year, of which Queensland's share would be around £6,000,000. A dissection of this production roughly would be: butter £22,000,000, cheese £4,000,000, processed milk products £2,000,000. Just think of the effect on our whole economy if such a disaster overtook the dairying industry and remember that the same story could be repeated with other primary industries.

The importance of the dairying industry to the economy of the whole of Australia has been well illustrated in estimates publicly quoted by both the late Sir Christopher Sheehy and by the Minister for Primary Industry, the Hon. C. F. Adermann, which point out that no fewer than 600,000 persons, roughly one-sixteenth of our population, are supported by the dairying industry and that no less than £700,000,000 is invested in Australian dairy farms, with a further £50,000,000 in the factories that handle the output of those farms. It is acknowledged that no industry has contributed more to the development of Australia, and hundreds of coastal towns of Australia depend almost

entirely for their existence on the continuance of a profitable dairying industry. Dairying leaders have co-operated with the Commonwealth Government in preparing a case for the industry and have also staked a claim for certain minimum trade requirements. They are—

(1) A transitional period in which the dairying industry can carry out any necessary reorganisation of manufacturing and marketing arrangements to meet the changing trading conditions.

(2) The fixing of predetermined minimum annual import quotas commencing at the current level of Australian exports to the United Kingdom.

(3) Internal Common Market prices to be paid for Australian products imported into the United Kingdom under quota.

Recognising the uncertainties of a future tied entirely to the United Kingdom market, the dairying industry has established its own Sales Promotional and Research Fund, and for some time now it has been making strenuous efforts to increase its sales of dairy products both on the home market and in Asia and the Pacific. These obviously are prudent steps to take, but experience to date indicates that it will be a long and difficult fight to build up alternative markets to a point where they will be capable of absorbing the substantial volume of dairy products surplus to our own requirements. In the circumstances, and until alternative markets are profitably developed, it could well be that the preservation of industries disrupted by a decision of the United Kingdom to enter the Common Market without adequately safeguarding their interests, may have to become a national responsibility. Such a thought is not entirely new and it is one that could fit in with proposals already advanced that the form of assistance now given to less developed countries could more advantageously be provided in the shape of foodstuffs. Again, it may even be considered worthwhile to have a serious look at another proposal to use 1 per cent. of the national income for that purpose.

In dealing with grains, I shall deal first with wheat. The United Kingdom has been the traditional market for Australian wheat, and in 1959-1960 took 23 per cent., worth £14,000,000, out of the total amount of wheat and flour exported, which in turn brought in £76,000,000 for Australia, while in 1960-1961 Australia's total exports of wheat and flour grew to a record of nearly £118,000,000. At present there is no preferential tariff protection applying to any wheat entering the United Kingdom.

It is true that Queensland has not matched other Australian States in volume of either production or export of wheat, but, as with butter, wheat is handled on a Commonwealth pool basis, and reduced prices for export are reflected in returns received by Queensland growers.

At present, prices for wheat in the Common Market area range from £30 a ton in France to £39 a ton in Italy, and an even higher price in Germany, while world prices for wheat now being supplied to Britain range from about £18 to £20 a ton. Up till now, France herself has exported to world markets approximately 1,000,000 tons of wheat each year, and if the United Kingdom joins the "Six" it is expected that, under the rules of the Common Market, this French wheat will be diverted to the United Kingdom market, where it would probably be sold at prices well above world parity. To protect themselves, the Common Market countries have proposed a tariff against wheat of 20 per cent. Surely the outcome of such a situation will be to encourage even greater production in the Common Market area, resulting finally in a substantial reduction, if not an elimination of a market worth at least £14,000,000 a year to Australia.

Other grains exported are grain sorghum, barley, and the small seeds that I have mentioned—millet, panicum, and canary seed. All of these grains look to the United Kingdom for a market and receive the benefit of a 10 per cent. preferential tariff, but quantities exported vary from year to year with seasonal conditions and the demand here in Queensland. For instance, very small shipments were made from Queensland to the United Kingdom in 1961, but exports in the previous two years were substantial, totalling nearly £3,000,000, plus sales of another £2,250,000 to other European countries. The Common Market tariff proposed against barley is 13 per cent. Nevertheless, it is interesting to note that, because Australian barley is of high quality, there are good prospects of an increasing overseas demand for it as stock feed.

This is an angle that needs to be carefully watched in our representations, because any restrictions or loss of existing preferences will inevitably hamper expansion of some of our promising export-earning industries.

The next group that I wish to deal with is fruit. The main fruits produced in Queensland that will be affected are canned pineapples and fresh apples. Any loss of preference in the United Kingdom would have serious repercussions on our pineapple export industry, because the export surplus represents such a big proportion of the total production of canned pineapple products—normally at least 50 per cent., depending on the size of the crop.

Loss of our present preferences causing increased competition from other exporters, particularly Hawaii, Formosa, and China, could price our tropical fruits out of the United Kingdom market. Exports of canned pineapple products from Queensland to the United Kingdom in 1960-1961 were valued at £384,000 out of a total export worth £900,000. If we go back to previous years, we find that out of a total export of canned pineapples in 1959-1960 of £1,500,000, the

United Kingdom took £750,000, while in 1958-1959 out of a total export of canned pineapples of £2.8 million the United Kingdom took £1.9 million.

Mr. Sherrington: Do you think you can boost the home market with a reduction in price?

Mr. HARRISON: I shall deal with that a little later. The pineapple industry would also be adversely affected by the effects on Australian temperate fruit if the United Kingdom joins the Common Market. The annual production of canned fruit in Australia averages about 140,000 tons, of which two-thirds are exported, and earn for Australia about £11,000,000 a year.

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

Mr. HARRISON: I thank the hon. member for his courtesy.

The United Kingdom's imports of canned pineapple represent 85 per cent. of Australia's exports of canned fruit or nearly 60 per cent. of the total production. Canned temperate fruits compete with canned tropical fruits for the same market and sales of both are influenced by the relative price levels. Furthermore, the outlook for the Australian canned fruit industry is expected to become worse by 1963 when production of fruit for canning will be at least 25 per cent. higher than in 1960.

Queensland's export of apples in 1960-1961 amounted to 128,000 bushels of which about 98,000 bushels went to the United Kingdom, valued at approximately £170,000. The total Australian export of apples has been worth over £6,000,000 a year for some years. Queensland's export quota allotted by the Australian Apple and Pear Board has only recently been increased. Any adverse effects on apple exports would be confined to the Stanthorpe district. The remaining Queensland exports to the United Kingdom that could be affected are eggs, honey, plywood and leather, and their respective values in 1960 were—

	£
Eggs	132,000
Honey	44,000
Plywood	58,000
Leather	235,432

As yet these products are comparatively small in volume but it must be remembered with these, as with all our export products, that we are a developing country and must look forward to continuing opportunities to expand the volume of our export trade. With this picture of our export industries before us there is the growing realisation that the question of the United Kingdom's entry into the Common Market could be for Australia, and for Queensland in particular, one of the most far-reaching decisions in our history. It could mean, as a nation, that we have come to a cross-road where we either continue to follow the path of

traditional interdependence between ourselves and the United Kingdom, or we have reached a point where sheer force of circumstances will compel us to stand on our own feet and seek our own salvation. Never willingly, I believe, will we be the first to sever our ties, both in kinship and trade, with the mother country. The truth is that in a changing world the United Kingdom may be forced to look to her own survival, and it could be that she will decide she has no alternative but to associate herself with this tremendously strong bloc of European nations in order to preserve her own economic and political strength. For the United Kingdom this could mean she may have to accept without reservation, the policies already determined by the six original adherents to the concept of a European economic community, even if by so doing it means a weakening of her traditional ties through denial of the principle of preferential trade to all fellow members of the Commonwealth. For us as a young country dependent for our progress upon export trade, this could indicate that we must now regard ourselves as grown up and battle on our own to sell our goods as best we can on the markets of the world.

Just how are we to find an easy and profitable answer to this search for new markets? Even now, many of our exporting industries are finding their costs of production too high to allow them to compete profitably on the markets they now supply. As confirmation of this, let me quote some figures from the B.A.E. Quarterly Review of April, 1961, showing the ratio of prices received to prices paid by primary producers in Australia, taking as a base the average of 5 years ending June, 1950, as being equal to 100. They show that for 1959-1960 the ratio for all primary products was 82 with individual industries showing the following variations—Wool 69, Wheat 62, Meats 119, Dairy Products 91, all products excluding wool 87, all crops 70, all livestock products 89, with a general average, as I mentioned, of 82. There we have this very big discrepancy in the cost of production that has proved such an immense hurdle for us to overcome in finding new markets. Yet we have the whole of South-east Asia and the Pacific Area right on our doorstep with an immense unfulfilled demand, if we could only supply that at a price they could afford to pay!

If we find that Great Britain is forced, for her own survival, to throw in her lot with her European neighbours, it could become imperative, for our survival, that we find new markets amongst our neighbours. Such a situation could have the result of forcing us as a nation to face up to and overcome the very real problems arising from the dangerously high cost structure we have built up in Australia.

I believe, and I give this as my own opinion, that somehow or other we must find a way

to simultaneously reduce our costs, represented in the main by prices and wages, to a level which would still allow us to maintain our internal purchasing power and give us a chance to produce, manufacture and sell profitably on the markets of the world those products on whose export we must continue to depend for our existence. Those are matters that I am certain sooner or later will call for the goodwill and co-operation of all concerned—Governments, industry, capital and labour alike.

I have here an article from this morning's "The Courier-Mail" containing a warning by the Senior Lecturer in Economics at Melbourne University (Dr. W. M. Corden). It reads—

"The senior lecturer in economics at Melbourne University (Dr. W. M. Corden) yesterday warned of 'the dangers of the Australian myth that the great hope is exports of manufactured goods to South-east Asia'.

"Dr. Corden added: 'Unless we devalue the exchange rate or heavily subsidise our exports our costs will remain too high for some time.

" 'The South-east Asian markets are not as large as population figures make them look'."

I agree. At the moment, as I said earlier, we are finding great difficulty in securing any large market there, but I believe that if we could produce at reasonable cost we would find a tremendously large market in that area. With regard to all these questions—in the words of the Prime Minister of Great Britain, Mr. Macmillan—"the decision is not yet," indicating that Great Britain's entry into the Common Market is only at the preliminary stage of negotiations and that none of us can anticipate the result. Today's newspaper contains the information that negotiations are set down to begin in Paris on 10 November.

Mr. Walsh: Do you think the devaluation of the pound would assist?

Mr. HARRISON: I am not sure, as I am not an economist, but something will have to be done in some way to reduce the dangerously high cost structure we have built in Australia.

We can ask ourselves these questions: Will the present members of the Common Market stand firm on full acceptance by the United Kingdom of the terms of the Treaty of Rome?; or, will the United Kingdom be likely to join regardless of her ties with the Commonwealth and the European Free Trade Association?; or, may the present six members even yet fail to reach agreement among themselves on a common agricultural policy? The latter is a distinct possibility, and in that regard I should like to refer hon. members briefly to an informative article on the agricultural policy of the Common Market nations. It appears in the B.A.E. Quarterly Review of April, 1961.

I think it sums up the position and the approach to it by the present members of the Common Market. It states—

“The establishment of a Common Market for agricultural products is undoubtedly one of the most difficult tasks facing the European Economic Community. In no other industry within the Community are there such wide regional and natural disparities in conditions and efficiency. These differences have to a large extent been promoted and maintained by highly protective and divergent national agricultural policies which have isolated the agriculture of each country from world market forces. National support measures, while they have helped to prop up farmers' earnings have failed to prevent the continued fall in farm incomes in relation to those of other groups. Moreover, they have caused or contributed to many other problems. The encouragement of high cost production, high domestic food prices, the trend towards self-sufficiency, and indeed to oversupply in several basic commodities, are well known features of the last decade which stem directly from the high level of agricultural protection adopted by most European countries. The stimulus given to domestic production by artificially high prices has had important effects in restricting the growth of world trade in agricultural products.

“In framing a common agricultural policy, the European Economic Community is confronted with the need to determine a balance between two alternative lines of approach—either continued reliance on a high level of price support within a virtually closed market with special measures to dispose of resultant surpluses or a thorough-going rationalisation of agriculture within the Community coupled with the liberalising of international trade. The decision which must be made, while having most important economic implications, is fundamentally political and highly contentious, with little agreement between member States.”

I think that article indicates the position that the Common Market countries face at the moment.

Finally, we might ask this question: In the event of a breakdown in the present negotiations will the United Kingdom resume her traditional place in the Commonwealth and stake her future on expanding her trade in that sphere?

Apart from the political considerations that may be involved, it seems most unfortunate that Great Britain should have to look elsewhere than in the Commonwealth to preserve her own economic future.

With one-quarter of the world's population and one-quarter of the world's land surface embraced in the Commonwealth, it would appear reasonable to suppose that Great Britain with her experience as a manufacturing and trading nation could continue to

find a secure future in reciprocal trading arrangements with all her Commonwealth partners. Instead, we have evidence in recent years that Great Britain's share in an expanding world trade has fallen from 22 per cent. in 1937 to about 17 per cent. today. Much the same picture applies to Great Britain's exports to Australia, and we in Australia are her third largest customer. In 1956 Australia's total imports were worth £768,000,000 and the United Kingdom's share was £326,000,000, or 43.8 per cent. of the total. Australia's total imports were worth £1,059,000,000 in 1960, £291,000,000 more than in 1956, and the United Kingdom's share was £352,000,000, which indicates that the value of the United Kingdom's exports to Australia was up by £27,000,000, but her share of the increased market had dropped to 33 per cent. compared with 43.8 per cent. four years earlier. Those figures are consistent with the steadily declining trend over the last four years. The United Kingdom's share of the Australian market in that period was—

Year	Percentage
1956	43.8
1957	41
1958	38.6
1959	35.6
1960	33

It would seem, too, that this relatively declining trade with the United Kingdom is not the only weakness that is showing up in trade between Commonwealth countries. As an instance, my attention was drawn to the following anomalies between Australia, New Zealand and Canada. A Holden car selling for £1,169 in Brisbane costs £1,500 sterling in New Zealand, while a Zephyr car selling in Brisbane for £1,301, costs only £1,190 sterling in New Zealand, when it is imported from Canada. Such an example must prompt us to ask if our reciprocal trade arrangements with our Commonwealth partners are as good as they might be. So we ask ourselves all these questions while Great Britain faces what must be for her, and for us, one of the most difficult decisions she has ever been called upon to make. Until we know the answers there must remain for our primary industries, which rely on exports to Great Britain, and for the whole economy of Queensland and Australia, a period fraught with great anxiety. The only positive step we can take for our protection is to ensure that our Governments, briefed with complete information from all our export industries, present, during the course of the negotiations a clean and forthright picture of the effects upon Australia, if we find our products threatened with exclusion from their traditional markets by the entry of the United Kingdom into the Common Market. That, Mr. Speaker, is the substance of the resolution which I now move.

Dr. DELAMOTHE (Bowen) (12.19 p.m.): In seconding the motion so ably moved by the hon. member for Logan I wish to say

something about the two points made prominent in the resolution, and they are the Common Market and the action that Australia is taking to meet the threat posed by the possibility of Great Britain's joining the European Economic Community. The Common Market did not appear suddenly fully formed on the European stage. I think it may be of benefit to all of us to quickly traverse the post-war history and the gradual moving together of the European countries which today form that economic community.

The desire for some form of European unity dates back at least to the end of World War I but no real efforts were made to achieve it at that stage. In fact, looking back to the Europe of the thirties, most of us here are old enough to remember the discrimination against the entry of goods from other countries, the harsh import restrictions and the extremely high tariffs, which showed a frank desire on the part of Europe to solve its problem by each of its constituent countries acting alone. And of course that programme was interrupted by or perhaps contributed to, the occurrence of the world-wide depression of the 1930's and ultimately by World War II.

Again, most hon. members will recall the first faint stirrings of a new programming of future European collaboration in the darkest days of the war. They will recall Churchill's offer of citizenship to France at a very critical stage. Then came, towards the end of the war, many international negotiations and agreements. It will be recalled that possibly the first of these that has bearing on the Common Market was the Breton-Woods agreement of 1944 when representatives of 44 nations met and discussed subjects, including the need for liquid short-term funds for all these European war-ravaged nations in the post-war world, the need for long-term loans for development and the need for lower trade barriers between countries. From this agreement sprang, of course, the International Monetary Fund and the World Bank for Re-construction and Development, subscribed to at the time of signing by 68 countries.

Mr. Hanlon: New Zealand did not come into that, did they?

Dr. DELAMOTHE: Not at that point. The organising of stable trade agreements between these countries was very much slower and it was not until 1947 that the General Agreement on Tariffs and Trade was finally entered into by 23 countries. It now comprises 37 signatories handling together about four-fifths of the world's trade. This agreement, of course, provided

for sound and fair conduct of trade between nations, for equitable tariff reductions and for the discussion of trade problems by G.A.T.T. Excessive trade restrictions between member countries were expressly forbidden. The desire was expressed in the preliminary arrangements that there would be a gradual whittling away of the tariffs between countries. I think at the latest meeting of G.A.T.T. in the last week or two it was recommended to member countries that there should be a general reduction of 20 per cent. in tariffs by all members of G.A.T.T. in 1962.

In 1948 came the European Recovery Programme, which came into operation as the Marshall Aid Plan, the brainchild of General George Marshall of the United States Army, and this plan led to the formation of the very important Organisation for European Economic Co-operation. In the same year, 1948, the first customs union was formed between the Benelux countries—Belgium, the Netherlands, and Luxembourg. This was the first faint stirring of what later became the European Common Market.

As hon. members will recall, huge sums of money flowed into Europe under the Marshall Aid Plan, and the rapid rate of recovery of the war-damaged countries of Europe was largely due to this. When Marshall Aid ended, American funds still flowed into Europe in private investments, and in the last year or two the investment of funds from Great Britain has assisted European development, particularly since the signing of the Treaty of Rome, when people have been trying to get under the umbrella by manufacturing British goods in Europe.

In 1950 the European Coal and Steel Community was devised by Paul Monet of France, the man who is possibly most responsible for the quick industrial recovery of France. It was adopted very rapidly by Robert Schumann, the French Foreign Minister, and was agreed to by Adenauer of Germany, to prevent a reversion to the old nationalistic diplomacy that had resulted in three wars in the preceding 100 years and which could destroy them utterly if it continued. The plan was to pool the coal and steel resources of France and Germany and any other European country that wished to participate, and the arrangement became known as the Schumann Plan. It is interesting to note that the countries that took part in the plan were the six countries that today form the Common Market, and it was surely a forerunner of that later development.

The genesis of the European Economic Community, popularly known as the "Six," lies in the efforts to encourage closer political ties in Western Europe through economic integration. Following a number of limited economic and commercial arrangements, negotiations started in 1955, and the result was the signing of the Treaty of Rome in March, 1957, by France, Western Germany, Italy, Belgium, the Netherlands, and Luxembourg. Beyond the objective of economic unity was implicit the integration of the political and social structures of the countries participating.

The treaty came into operation as from January, 1959, and its provisions were to be fully operative within 12 to 15 years from 1958. Great Britain found it impossible to sign the treaty because of factors associated with her own agriculturists and her obligations to the Commonwealth. Instead, following consultation with other Commonwealth Governments, Great Britain proposed a European industrial free trade area, which would have excluded agricultural products and so protected her own farmers and farmers in Commonwealth countries. It would have embraced countries in the European Economic Community, the United Kingdom, and such others of the Organisation for European Economic Co-operation as wished to join. However, efforts to establish this were unsuccessful, and negotiations broke down at the end of 1958. Britain then turned to a similar organisation which was successfully formed in May, 1960, comprising Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. That organisation became known as the European Free Trade Association, or E.F.T.A. This leads us to a consideration of the objectives of the European Economic Community to which Greece and Turkey have applied for associate membership of the "Six." Twenty-five colonies of France, Belgium and the Netherlands have been granted associate membership, some of which are now independent, and most of them are under-developed tropical areas.

The creation of this economic union under the Treaty of Rome calls for the establishment of—

- (a) a customs union between the members;
- (b) the elimination of quantitative restrictions between the member States;
- (c) the free movement of persons, services and capital;
- (d) a common external tariff;

(e) a common policy in respect of agriculture, transport, social, commercial and economic matters; and

(f) the establishment of supra-national institutions to which member states will cede national rights of jurisdiction.

It is obvious therefore that there will be some loss of individual sovereignty by the member States. In fact Professor Hallstein, President of the European Economic Community Commission has gone on record as saying—

"What we have built up is essentially political in character and its trend is to expand further and further into the political sphere."

Likewise President de Gaulle said—

"Of course the nations must not cease to be themselves and the path to be followed must be that of organised co-operation between States while waiting to achieve perhaps an imposing Confederation"

The common agricultural policy of the Community and especially the extent to which it will insulate agriculture within the Community from world market forces is of great consequence to the exporters of primary produce who look to Europe as a large and potentially expanding market. This market accounts for more than a quarter of the total world imports of food although only half of those food imports cover the so-called temperate zone products. However, net imports of those products are only marginal compared with the European Economic Community consumption. In other words, the Common Market countries have almost achieved self-sufficiency in all of the temperate zone foods that they need, and that is a point that needs to be remembered. Prospects for the expansion of imports therefore will depend entirely on the final agricultural policy adopted by the Common Market countries because if they set the internal price, as we do, higher than world levels there will be a tendency for their own agriculturists to produce more and more, whereas if they set that level fairly low there will be a greater opportunity for countries outside the market to export to it.

Mr. Tooth interjected.

Dr. DELAMOTHE: They are almost self-sufficient now. Some of them are more than self-sufficient in sugar.

Mr. Coburn: They would not be as self-sufficient in sugar if Britain joined the Common Market.

Dr. DELAMOTHE: No. I am speaking of them as they are now because we have to deal with realities, not possibilities. No agricultural policy has been agreed to yet, although detailed proposals have been drawn up covering several products. Negotiations are expected to begin before the end of this year. Early in July of this year Mr. Duncan Sandys, the British Secretary of State for Commonwealth Relations, dropped a real bombshell in Canberra when, in the course of conversations with the Cabinet he conveyed for the first time the information that Britain was about to make a decision to apply for membership of the European Economic Community as a preliminary to entering into negotiations on the conditions under which Britain could join.

While readily agreeing that Britain, of course, is the sole judge of the reasons and their validity, consternation amongst almost all of Australia's primary producers followed this release. A searching examination of the possible effects on Australia's exports was undertaken and I propose to deal with the positions of sugar, meat and metals.

Dealing with sugar first, the common tariff proposed by E.E.C. on sugar is set at 80 per cent. ad valorem but that is apparently not considered sufficient protection because provision also exists under the Treaty of Rome for quantitative restrictions on sugar imports. The sugar industry's misgivings were clearly put to the Federal authorities at Canberra by the Queensland Premier prior to Mr. Sandy's arrival in Australia.

The present export arrangements regarding sugar will be of interest to hon. members. Australia is a member of the International Sugar Agreement, the signatories to which meet yearly to fix import and export quotas. As a matter of fact, they are meeting at present. Australia's export quota stands at present at 653,000 tons annually of which all but 53,000 tons come under the provisions of the British-Commonwealth Sugar Agreement. Under this, a minimum of 300,000 tons is purchased each year by the United Kingdom from Australia at a guaranteed price that is determined afresh each year. Each year up to the present this agreement has been extended for a further year so that it has always had a further eight years to run. The annual price will be negotiated after the International Sugar Agreement is completed, and I should say that all sugar interests are waiting almost with bated breath to see whether that annual extension of one year will eventuate this year.

This year the quota subject to the negotiated price was 315,000 tons. For the past few years this negotiated price has been above world price. For many years prior to this, the United Kingdom bought its sugar from Australia below world parity.

This negotiated price system under the British-Commonwealth Sugar Agreement was the basis of the Australian sugar industry's expansion in the early 1950's. The long-standing tariff preference of £3 15s. sterling a ton, applicable to a further 285,000 tons of sugar sold to the United Kingdom and other Commonwealth countries such as Canada, New Zealand and Hong Kong also assists very greatly. To show the effect of the negotiated price under the British-Commonwealth Sugar Agreement this year on the value, the price is £45 2s. sterling a ton as against a free market price a week or two ago of about £28 sterling. The fortuitous export of 90,000 tons this year to the United States of America was purely by chance and may not be repeated. All exports of raw sugar from Australia, of course, are from Queensland and, as the mover of the motion pointed out, are worth nearly £18,000,000 annually. Without special arrangements Australia would not only lose its negotiated price and be subjected to a tariff on the British market, but would face increased competition from beet-sugar and would lose preference against Cuba and other foreign producers of cane-sugar. The terms which the United Kingdom may secure as a condition for joining the European Common Market are not yet known and it is therefore impossible to judge what the effects will be. However, the Sugar Agreement has till 1968 to run, so that, whatever the effects of Great Britain's joining the Common Market, they should not be felt in the immediate future.

The proposed common tariff under the Common Market is expected to be 20 per cent. on beef and veal and 26 per cent. on canned meat. The objective is to bring this into operation by 1 January, 1964. The 15-year meat agreement between Australia and the United Kingdom ends in 1967. Under the agreement various deficiency payments are made by the United Kingdom to the Australian Government if the average price for beef, veal, mutton and lamb on the United Kingdom market falls below a price that is fixed by agreement each year. Since 1952 when the agreement first came into operation these deficiency payments to Australia by the British Government have

amounted to a total of £9,000,000, mainly on beef. Exports to the United Kingdom of frozen beef and veal from Queensland amounting to £9,000,000, the latest figure, and canned meat from Australia, as distinct from Queensland, of £10,000,000 are under threat. Beef and veal have unrestricted entry to the British market and enjoy a small tariff preference while canned meat enjoys a preference of 20 per cent. ad valorem.

Restrictions on the export of third-grade beef to other countries was lifted about four to five years ago, since when beef and veal exports to the U.S.A. have risen—in 1960-1961 to the end of May, the latest figure I have been able to get to 63,294 tons—while exports to the United Kingdom have fallen for the same period to 33,502 tons. All limitations on the shipment of beef and veal to other countries will be lifted at the end of this month. At present 20 per cent. of first- and second-grade beef have freedom of export. I might mention that the American Cattlemen's Association has warned Australian producers not to be in too much of a hurry to send first- and second-grade beef to America, because American producers are likely to raise very strong objections.

Within recent months the prospects for the export of live cattle to the Philippines, Hong Kong and Japan have become rather favourable, and I have learned from discussions with people in the meat industry that they are less concerned than many other primary producers.

Ores and concentrates are expected to be admitted duty free to the Common Market, but lead and zinc will probably face a tariff of 5 to 6 per cent. ad valorem. Metal from United Kingdom or European refineries would be in a better competitive position under the Common Market.

About £7,000,000 worth of lead and zinc exports went to the United Kingdom from Queensland in 1959-1960. Under the United Kingdom-Australia Trade Agreement they enter duty free and have a small tariff preference. As at present there is a world voluntary agreement on production of these metals, because of over-supply, and, as there is a move in the U.S.A. to subsidise internal production and to lift import duties, these metals could be subjected to considerable pressure, resulting in a reduction in their export earnings.

Faced with the threat of the Common Market and the possibility of Britain's joining it at some time, Australia took early action

to meet the possibility. The Department of Trade has been active since its creation in 1956 in the stimulation and diversification of external trade. Trade Commissioner's posts have increased from 17 in 1949 to 37 in 1961. The Export Payments Insurance Corporation was formed in 1956 and now carries current policies of £26,000,000 covering export transactions mainly in Asia and the Middle East.

In 1957 Australia in concert with other nations caused G.A.T.T. to consider carefully the relationship between particular provisions of the Treaty of Rome and G.A.T.T. and expressed concern at the implications.

In 1958 the Export Development Council was established to advise the Australian Government on the development of the export trade and consists of representatives of commerce, manufacturing, banking, grazing and farming interests and the Department of Trade.

Since 1954 the Federal Government has sponsored 13 trade missions overseas and currently a further two are visiting Canada and U.S.A. In addition, displays have been arranged at Trade Fairs in Auckland, Tokio, Toronto, Vancouver, Milan, Lausanne, Hong Kong and Singapore. Trade ships have been sent to South-east Asia to demonstrate Australian products. Taxation concessions have been granted to encourage exports particularly of the products of secondary industry. As a result, of our total exports of about £900,000,000 a maximum of £170,000,000 is in jeopardy, because they are mainly foodstuffs exported to the U.K. and Europe.

New avenues for possible exports have constantly been explored and trade treaties entered into with such countries as Malaya, Indonesia and Japan. I see by the news it is expected that the latter treaty will be rewritten in the first half of 1962. Even sales of some primary products have been made on time payment to clear surpluses.

Following the notification by Mr. Sandys the Federal Government acted quickly by calling together representatives of all primary industries likely to be affected by Britain's joining the Common Market. Representatives of the Departments of Trade and Primary Industry were thus able to hear views on how best their interests could be protected. Representatives of industrial firms were called together by Mr. McEwen to adopt further plans to boost Australia's export trade.

A programme to sell Australian goods in Africa and Asia has been prepared, including the sending of a trade ship to South-west Asia and the Persian Gulf area. A Trade Commissioner has been sent to Peru in South America and a trade mission will soon leave for the Middle East.

By his attendance at the Commonwealth Finance Ministers' Conference in Ghana, Mr. Holt has been able to sound a note of grave warning on the possible weakening effect on Commonwealth relations which could be caused by Britain's entry into the Common Market. Again in Vienna at the annual meeting of the World Bank he vigorously stated that primary-producing countries could not accept indefinitely the urge to adopt liberal trade practices while highly industrialised countries maintained persistently high levels of protection of their own agricultural products.

The necessity to hold a Commonwealth Prime Ministers' conference was vehemently expressed by many at the Commonwealth Finance Ministers' meeting and it is now very likely to discuss Britain's entry into the Common Market. Two leading Federal Government officials have been sent to London to act as watchdogs in Europe as the critical moment approaches for Britain's application to join the E.E.C. to be considered. Both the Prime Minister and Mr. McEwen have made very plain that their first consideration is the protection of Australian producers and their belief that Australia should sit in on any negotiations affecting her vital interests.

Action has been taken to markedly strengthen our overseas reserves so that they are in much better shape to cushion any adverse interim effects that may flow from Britain's entry to the Common Market.

Finally, Australia is to take part in a conference of economic planners in India to consider an Asian Common Market, or perhaps a Western Pacific Common Market, or an association of South-east Asian States, a free trade area stretching from Japan to Australia and westward to the Persian Gulf in spite of the fact that with the exception of Japan most of the economies were exporters of foodstuffs and raw materials and importers of capital goods. Also a Pacific Common Market has been spoken of embracing Australia, New Zealand, Canada and the West Coast of the United States of America.

The European Common Market Ministerial Council has agreed to welcome Britain's application for membership. Britain will first be invited to preliminary talks on 10 October in Paris to outline safeguard demands for the Commonwealth and E.F.T.A.

However, there is not complete unanimity among the "Six." The French want the members of the Common Market to put their own agricultural house in order before the "Six" faces the problem of Britain's demands for safeguards for her own agriculture. It has now been announced that Britain and the "Six" will open formal negotiations in Brussels by 15 November.

As yet, we do not know whether Britain will join the European Economic Community. If she does, we do not know whether she will go in unconditionally or on terms. If she does go in on terms, we do not know on what terms. All we can do at the present is to continue to prepare for the worst, namely, unconditional entry under the Treaty of Rome.

As the Federal Government have consistently and over a prolonged period taken all prudent measures to meet this possible threat, I applaud their actions and with pleasure second the motion.

Mr. DUGGAN (Toowoomba West—Leader of the Opposition) (12.52 p.m.): The Opposition see no reason to oppose the motion although I want to express some general regrets. The first is that the motion was not worded a little more positively instead of being a virtual apology for the inactivity of the Commonwealth Government and their failure over the years to safeguard our marketing position. Secondly, I regret that considerations of time have prevented a proper and adequate discussion of the matter by this House, and I appeal to the Premier to give an undertaking to extend the debate by at least a day to enable points of view to be expressed in the Chamber on what is unquestionably a very important subject.

Furthermore, I want to express my disappointment that both the mover and the seconder did not get into their subject more from the point of view of expressing and urging and emphasising the case that should be put up in this Parliament and elsewhere for the preservation of our industries. I compliment both hon. members on their research and on the temperate way in which they

presented the matter, but by and large—and I say it without any disrespect, because their contributions showed they had done a good measure of research—fundamentally their speeches were merely a recital in chronological sequence of happenings throughout the world in the development of Great Britain's proposal to enter the European Common Market. We know that. All that I thank the hon. members for in particular is that they have put in a convenient form the chronological sequence of events.

Mr. Harrison: You were not here when I spoke.

Mr. DUGGAN: I do not want to be unfair to the hon. member because I know his personal interest in the subject. I intended no disrespect by my absence and if I have offended him by that I express my sincere regret. I have a very high regard for his interest and sincerity in the matter.

However, this is an occasion on which there should be some positive declaration and, on behalf of the Queensland Branch of the Australian Labour Party, I want to say that I think we should make it crystal clear that it is none of our business what Britain does in the matter. She has the constitutional right to take what steps she thinks prudent in her own interests. I have no quarrel with that, nor has I think, the Federal Parliamentary Labour Party. But, as she has been motivated solely by considerations of what is in her own interests, we in Australia, and particularly in Queensland, being a primary-producing State, should approach the matter from the point of view of seeing that we get the best possible trade arrangement for Queensland and Australia. It is in no sense of disloyalty that we adopt that attitude.

I have said on some occasions, when I have had the opportunity of speaking on the subject to private organisations, that no-one is more sympathetic to Great Britain than I am, and no-one is more understanding than I of the tremendous sacrifices and difficulties that confronted her as a direct result of her involvement in two wars, and of the dissipation of her assets in order to pay for the opportunity of continuing the war until superior forces were mounted to win it. It is tragic to think that the majority of the nations that were defeated in the war are now amongst the most prosperous in Europe. They had the benefit of a strong economic plan that we have never had in Australia, and I should like to place on record my

own view as to just how serious the position has become in this country. The figures showing the value of Australian exports are—

1956-1957	£978,000,000
1957-1958	£810,000,000
1958-1959	£810,000,000
1959-1960	£937,000,000
1960-1961	£937,000,000

The total debits, including imports, show that imports have also gradually increased considerably, and the figures are—

1956-1957	..	£1,038,000,000
1957-1958	..	£1,144,000,000
1958-1959	..	£1,179,000,000
1959-1960	..	£1,365,000,000
1960-1961	..	£1,533,000,000

Mr. Harrison: I gave hon. members that information.

Mr. DUGGAN: As I say, long before the European Common Market came into being, the position arose where, instead of having a credit balance of £115,000,000, we had a debit balance of £369,000,000. In fact, for the last four years the balance of payments has worsened. There has been a grave shrinkage in these balances, and we have to face the fact that, while manufacturing countries have been able to pass on cost increases regularly and promptly, Australia has been a victim of this sort of thing. As the hon. member no doubt said in his speech, the prices of agricultural products are decreasing.

In case the Premier does not give the House an opportunity of debating this motion at greater length, in the few minutes available to me I wish to put on record that I think there must be very strong and concerted action by all parliamentarians if we are to make any impact on this problem. Just as Britain is fighting vigorously to defend her economy, we must fight vigorously to defend ours. I hope the matter will not be approached in a narrow party spirit, because too much is at stake.

The Premier has indicated by nodding his head that he will agree to a prolongation of the debate, so with your permission, Mr. Speaker, I ask leave to continue my speech at a later date and pick up the threads then.

Before resuming my seat, I should like to say to the hon. member for Logan that I am very sorry if I have done him any injustice, because I have great respect for his interest in and knowledge of matters relating to primary production. I shall take the opportunity of reading his speech before the debate is resumed, and if I have done him an injustice I shall endeavour to rectify it.

At 2.15 p.m.,

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

TREASURER'S FINANCIAL TABLES

Hon. T. A. HILEY (Chatsworth—Treasurer and Minister for Housing) presented the tables relating to the Treasurer's Financial Statement for the year 1961-1962.

Ordered to be printed.

ESTIMATES-IN-CHIEF, 1961-1962

Mr. SPEAKER read a message from His Excellency the Governor forwarding the Estimates of the probable Ways and Means and Expenditure of the Government of Queensland for the year ending 30 June, 1962.

Estimates ordered to be printed, and referred to Committee of Supply.

SUPPLY

OPENING OF COMMITTEE—FINANCIAL STATEMENT

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

Hon. T. A. HILEY (Chatsworth—Treasurer and Minister for Housing) (2.17 p.m.):

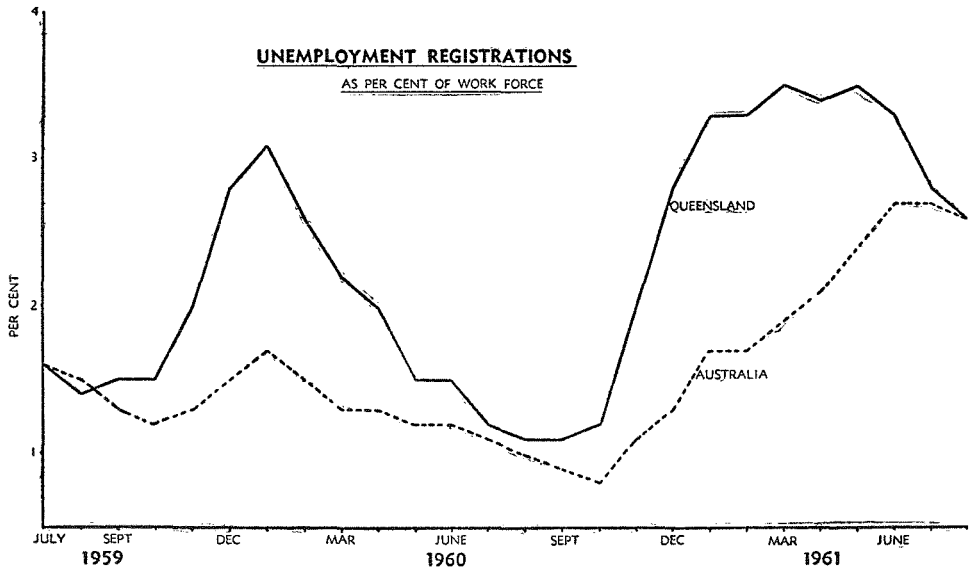
During the past financial year both the economy of the State and the Government's finances were affected by a combination of adverse factors. Another dry year continued

to depress primary output and exports, while the national counter inflationary measures caused a decline in activity in industry generally which has continued into the current year.

The volume of production was lower than in the previous year for such major primary products as wool, butter, cheese, beef, wheat and barley. Combined with somewhat lower prices on export markets, the result was a fall in the value of these commodities by some £20 million below the value in 1959-1960. Favourable factors in primary industry were record values of production in mining, sugar and tobacco and substantially increased value of mutton and lamb produced. These factors partly offset the decline.

The national measures to counter inflation were directed mainly at manufacturing and the excess demand for both locally manufactured and imported goods. Against that background, it was anticipated that the effect on the level of employment would have been most marked in those southern States with a high manufacturing activity, with a relatively lesser effect in a dominantly primary producing State like Queensland.

However, drought swept across all other considerations. As the following graph shows, the customary seasonal peak of unemployment in January, which usually corrected sharply by Easter, in this year showed out as a sustained plateau well above the Australian average.



It is pleasing to be able to report continued growth in our basic development despite the temporary setbacks. I refer to

the continued expansion in mineral production, the encouragement given to oil exploration by Cabawin, discoveries of iron

ore in Central Queensland, a start on the development of bauxite deposits at Weipa, the prospect of significant coal exports from Central Queensland, the conclusion of an agreement for the construction of an oil refinery, the planning of two new super power stations, and moves by the Commonwealth Government to assist in financing roads for the expansion of beef production in this State.

Despite the effects of credit restriction the number of dwellings constructed during the year was the highest since the early 1950's.

CONSOLIDATED REVENUE FUND 1960-1961

Receipts paid to the credit of Consolidated Revenue Fund for the year 1960-1961 amounted to £108,816,921 while expenditure aggregated £109,435,164. Receipts were, therefore, £618,243 less than the requirement to meet expenditure incurred, this figure being £401,957 more than the deficit of £216,286 anticipated in the Budget.

Revenue was £1,106,529 less than forecast and expenditure was £704,572 below the estimate for the year.

For the first six months of 1960-1961 receipts were so buoyant that there was every indication that the estimated deficit would be overtaken and a comfortable surplus recorded. It was not until the second half of the year that the combined effects of credit controls and drought made it apparent that the Budget estimate would not be realised. The effect of credit controls had its greatest impact on revenues derived from Stamp, Succession and Probate Duties and Titles Office fees. The combined collections of these headings were £769,591 less than anticipated.

A big decrease in grain and livestock traffic, due to drought conditions, combined to a lesser degree with credit controls and increased competition from motor transport, were the major factors in revenue collected by the Railway Department being £1,602,613 less than estimated.

These decreases were partly offset by the revenues received from Commonwealth payments, Interest on Public Balances, Lands and Timber and Miscellaneous Receipts being in excess of the Budget estimate.

Excluding a deficit adjustment of £1,190,857 in 1959-1960, receipts in 1960-1961 were £6,904,830 in excess of the previous year.

With the exception of "Executive and Legislative" and "Treasurer and Housing,"

all headings expended less than the Budget provision, with the following summarised variations:—

	£
Salaries Excess	234,368
Wages Saving	549,800
Overtime and Allowances Saving	553,398
Other Expenditure .. Excess	164,258

The excess under the heading of "Salaries" was caused mainly by the cost of paying marginal increases granted after the 1960-1961 Budget had been presented to Parliament.

The savings in "Wages," "Overtime and Allowances" payments were due mainly to a decline in available traffic requiring less running time by the Railway Department, coupled with savings effected through dieselisation.

Increased allowances granted to Members of Parliament were primarily responsible for the excess under the heading of "Executive and Legislative." Losses on State Undertakings and the increased cost of rebates allowed by the Railway Department in freight on fodder and starving stock were the main factors in the excess shown under "Treasurer and Housing."

The provision of £40,000 to meet losses sustained by the Agricultural Bank was due to an altered procedure in regard to interest payments on Loan funds made available. Previously the rate of interest charged the Agricultural Bank and Queensland Housing Commission on advances from State Loan funds varied from year to year so as to enable these undertakings to show a small profit. In 1960-1961, it was decided to charge the determined rate of interest on State Loan advances and to meet any losses occasioned through the altered procedure by a recoupment from Consolidated Revenue Fund.

Excluding the deficit adjustment of £1,190,857 in 1959-1960, expenditure from Consolidated Revenue Fund increased by £7,358,398 when compared with the previous year.

TRUST AND SPECIAL FUNDS

Receipts credited to the Trust and Special Funds for the year under review were £76,887,291, exceeding expenditure of £76,876,570 by £10,721. Since transactions under this section of the State's Accounts reflect the activities of many large Governmental instrumentalities it is not surprising that in recent years the level of expenditure

has increased considerably. Not only are additional funds being added each year as new projects or functions are undertaken but the volume of expenditure on many of the established activities of the State has virtually doubled in the last decade. In the category of the new are works such as the Barron River Hydro-electric Project and the Mount Isa Railway Project on which £1.1 million and £2.8 million were, respectively, spent last year; whilst the Agricultural Bank Fund in 1960-1961 expended £4.8 million as compared with £2.2 million in 1951-1952, the Main Roads Fund £15.6 million against £7.5 million, the Queensland Housing Commission Fund £4.3 million against £2.2 million and the State Insurance Fund £14.5 million against £5.8 million. Even making allowance for the decrease in money values, these figures illustrate the expansion which has taken and is taking place in these important functions of State.

Full details of transactions of the Trust and Special Funds are set out in the relevant Tables.

LOAN FUND

Expenditure from Loan Fund was £29,685,875, compared with a provision of £29,220,000 in the Estimates.

To provide for this expenditure funds were found from the following sources:—

	£
Loan Raisings ..	24,500,000
Loan Repayments ..	5,183,124
Loan Fund Cash ..	2,751
	<u>£29,685,875</u>

Included in the above expenditure were credits of £388,831 to the various Loan Suspense Accounts so that the actual expenditure on capital works in 1960-1961 was £30,074,706, an increase of £872,463 over the previous year.

Notable increases over the previous year were Buildings, £978,000; Subsidies to Local Bodies, £754,000; Barron River Hydro-electric Project, £723,000; Agricultural Bank, £501,000; University, £476,500; Main Roads, £421,000; Land Development, £314,500; Forestry, £192,000; and Queensland Housing Commission, £142,000. To permit of these increases there was a decline in the provision for Railways capital works of £1,878,000.

CASH BALANCES AND INVESTMENTS

The Cash Balances of the State at 30 June, 1961, stood at £4,173,409, an

increase of £408,914 on the corresponding figure for the previous year. The balance comprises—

	£
Consolidated Revenue Fund	Dr. 782,918
Trust and Special Funds	Dr. 2,865,763
	<u>3,648,681</u>
Loan Fund	Cr. 120,597
	<u>3,528,084</u>
Short Term Investments	Cr. 7,701,493
	<u>£4,173,409</u>

The Short Term Investments were made up of £6,350,000 deposited with authorised dealers and £1,351,493 invested in short term Commonwealth securities. The distinction between the two types of investment is that, in the first instance, cash is deposited with an authorised dealer "at call" or for a certain period at a negotiated rate of interest against the security of short term Commonwealth securities lodged with the Reserve Bank of Australia, whereas, in the latter case, short term market securities are actually purchased from a dealer. The securities so purchased are readily saleable and all such transactions are conducted through the Reserve Bank. Opportunity has, thus, been taken to use the two avenues of investment for temporarily available cash within the framework of the official Short Term Money Market.

I should explain to the Committee that at the end of June, 1961, as at the end of each other month of the year, the cash balances are relatively high as Commonwealth cheques for the Financial Assistance and Roads Grants are received on the penultimate working day of each month. The investments so made in this liquid period are run down during the ensuing month in providing cash according to our daily need. This entails a very close watch on day to day commitment, but it will be appreciated that the effort is worthwhile when it is realised that the State received £171,401 from this form of investment in 1960-1961.

Investment of available cash balances in long term securities at 30th June last amounted to £10,506,322, as compared with £11,525,509 at 30th June, 1960. The investments were—

	£
Commonwealth Government Inscribed Stock (Face Value £9,049,460)	8,720,634
Debenture Loans to Local Bodies in Queensland	1,769,171
Public Service Co-operative Housing	<u>16,517</u>
	<u>£10,506,322</u>

The return to Consolidated Revenue Fund for 1960-1961 on the investment of the Treasurer's cash balances was £694,051, made up as follows:—

	£
Commonwealth Securities ..	421,893
Short Term Investments ..	171,401
Loans to Local Bodies ..	81,980
Reserve Bank of Australia—	
Brisbane	1,615
London	9,143
Miscellaneous	8,019
	<hr/>
	£694,051

Against these earnings must be set the amount of interest allowed to various Trust and Special Funds on their credit balances held at the Treasury. These allowances were—

	£
Public Service Superannuation Fund	353,528
Other Trust and Special Funds	27,986
	<hr/>
	£381,514

PUBLIC DEBT

The Public Debt of the State at 30th June, 1961, amounted to £342,449,858, an increase of £20,025,745 for the year 1960-1961, which increase was incurred as follows:—

	£
Cash Proceeds of Loan Raisings	24,500,000
Less Additional Proceeds of Overseas Loans	1,150,098
	<hr/>
	23,349,902
Add Discounts on Loan Raisings	82,561
	<hr/>
	23,432,463
Less Redemptions by National Debt Commission	3,406,718
	<hr/>
Increase in Public Debt during 1960-1961	£20,025,745

The item of £1,150,098 for additional proceeds of overseas loans is one which I might explain. The debt on loans raised overseas is expressed by the Commonwealth and States at certain fixed rates of exchange. London debt, payable in sterling, is shown as £1 Australian being equal to £1 sterling; New York and Canadian debt, payable in United States and Canadian dollars, respectively, is expressed at a rate of £1 Australian being equal to \$4.8665; and Switzerland debt is expressed at 1,000 Swiss francs being equal to £102 1s. 10d. Australian. This means, in

effect, that, on transfer of these funds to Australia, there are additional proceeds which are virtually a profit to exchange.

The amount appearing as "Interest on the Public Debt" is the interest attributable to the Public Debt as shown. The additional amount involved through the existing method of expressing overseas debt becomes a charge against exchange on overseas interest payments under the "Treasurer and Housing".

Full details are set out in Table F, which accompanies this Statement.

The cost of servicing the Public Debt continues to rise. Last year gross charges amounted to £16,890,976 which was offset by recoveries of £4,331,897, leaving £12,559,079 as a net charge to Revenue. This represented 11.54 per cent. of the total Revenue collections.

LOAN RAISINGS

The Governmental Borrowing Programme for 1960-1961, approved by the Loan Council, for Works and Housing was £230 million. £27.6 million of this amount was allocated to Queensland, £24.5 million for Works and £3.1 million under the Commonwealth-State Housing Agreement.

The Programme for Works was partly financed by the issue of three public cash loans in Australia and three overseas loans raised in New York, Canada and Switzerland. For the first time, the States shared in a Canadian and a Swiss Loan. From Australian sources there were also the proceeds of the sale of Special Bonds, Domestic Raisings and a Special Loan issued by the Commonwealth to provide fully the Borrowing Programme of £230 million.

The proceeds of the various loans and Queensland's share therein are briefly set out—

	Commonwealth and States	Queensland	
		Amount	Percentage of Total
	£000	£	
Public Loans in Australia	101,985	12,695,335	12.45
Proceeds of Sales of Special Bonds	11,501	989,250	8.60
Domestic Raisings by the States	4,360	3,425,000	78.55
New York Loan	10,897	1,160,710	10.65
Canadian Loan	8,899	947,714	10.65
Swiss Loan	6,210	661,529	10.65
Special Loan from Commonwealth Sources	86,148	4,620,462	5.36
	<hr/>	<hr/>	<hr/>
	230,000	24,500,000	10.65

Public Loans in Australia

The three public loans issued in Australia in 1960-1961 yielded £107 million, of which £5 million was consumed in redemptions. £90 million was sought by these loans and whilst the result was better than the target, it compares with £120 million in 1959-1960 and £147 million in 1958-1959.

The first loan in September, 1960, yielded £32.9 million, having been offered at 4½ per cent. for the short term maturing May, 1962, 4¾ per cent. for the medium maturing September, 1969, and 5 per cent. for the long term maturing October, 1982. Short and long terms were issued at par whereas the medium was issued at £98 15s. to yield £4 18s. 6d. per cent.

For some time prior to February, 1961, it was becoming increasingly obvious that the yields obtainable in the market from existing securities were such as to indicate that the success of the next loan issued would depend on a substantial advance in yield on the September issues. The February 1961 Loan was offered at 5½ per cent. for the short and medium terms maturing in April, 1963, and August, 1970, respectively, and 5¾ per cent. for the long term maturing February, 1981. The short term was issued at £99 10s. to yield £5 9s. 11d. per cent. and the medium term at £98 15s. to yield £5 8s. 5d. per cent.

The May 1961 Loan followed the pattern of the previous loan except that the short term was issued at £99 12s. 6d. to yield £5 9s. 2d. per cent.

In the February and May loans, the short term subscription dominated, accounting for £53 million of the £74 million raised. This is a situation which cannot be accepted equably because, apart from the high cost of loan money, it accentuates the problem of conversion. Instead of a situation where we can contemplate orderly conversion in ten or twenty years time, we have the prospect of heavy short term conversion every year. Last year £268.8 million of public loan maturities in Australia was converted to £101.6 million short term, £57.9 million medium term and £101.1 million long term securities together with £8.2 million Special Bonds. In the current year, out of £290.7 million Commonwealth securities maturing in Australia, £142.8 million represents short term securities issued since 1959.

However, a heartening sign is that the bond market has recovered sufficiently to allow short and medium currency loans to be issued at more reasonable rates in the

loan which has just closed. The short term rate was offered at 4¾ per cent. and the medium and long term at 5¼ per cent. and 5¾ per cent., respectively.

Special Bonds

Net proceeds of Special Bonds—Series C, Series D, and Series E—were £11,501,000, of which Queensland received £989,250.

Domestic Raisings

Loans from the Commonwealth Savings Bank in terms of the Savings Bank Amalgamation Agreement amounted to £3,425,000 and formed part of the Domestic Raisings of £4,360,027 by all States. The loans were issued for 25 years at 4 per cent.

Overseas Loans

There were three loan raising operations overseas in 1960-1961, in New York, Switzerland and Canada. The States and the Commonwealth shared in the proceeds of all three loans.

The New York loan for \$25 million at an interest rate of 5¼ per cent. was issued at a price of \$98, with a final maturity date of October, 1980.

The Swiss loan for 60 million Swiss francs was issued at par with an interest rate of 4½ per cent. and final maturity date of April, 1976.

The Canadian loan for \$20 million, Canadian, was issued at \$98½, with an interest rate of 5¾ per cent., yielding 5.88 per cent. to final maturity in April, 1981.

Special Loan

From its own resources, the Commonwealth provided £86,148,000 as a Special Loan, thus finding the difference between loan raisings and the Programme of £230 million which it had underwritten. Queensland's share was £4,620,462.

SINKING FUND

Contributions to the National Debt Sinking Fund in respect of Queensland for 1960-1961 amounted to £3,600,760, included in which was £785,332 on account of Commonwealth contributions.

Securities of a face value of £3,406,718 were cancelled, comprising £3,269,158 of debt domiciled in Australia, £44,269 in London and £93,291 in New York. The actual cost of purchase of these securities was £3,517,569, the additional cost being due to exchange on purchases of overseas debt.

LOAN REDEMPTIONS AND CONVERSIONS

Inscribed Stock and Bonds maturing in Australia in 1960-1961 on behalf of Queensland amounted to £30,506,410. Of this amount, £12,057,410, comprising £5,635,920 of 3½ per cent. September, 1960, and £6,421,490 of 3¼ per cent. October, 1960, securities, was offered for conversion. Redemptions amounted to £1,865,410 and the balance was converted as follows:—

4½ per cent. maturing 15th	£
May, 1962	1,919,000
4½ per cent. maturing 15th	
September, 1969	3,124,000
5 per cent. maturing 15th	
October, 1982	4,508,000
Special Bonds—Series D. ..	641,000
	<hr/>
	£10,192,000

Of the £18,449,000 of 4 per cent. securities maturing in May, 1961, £1,644,000 was redeemed from Sinking Fund and proceeds of the accompanying cash loan. The balance was converted as follows:—

5½ per cent. maturing 15th	£
April, 1963	8,755,000
5½ per cent. maturing 15th	
August, 1970	2,801,000
5½ per cent. maturing 15th	
February, 1981	5,154,000
Special Bonds—Series E ..	95,000
	<hr/>
	£16,805,000

£2,933,800 Commonwealth Government Instalment Inscribed Stock, issued at 3 per cent., matured during the year and was converted to £2,622,020 at 4½ per cent. and £311,780 at 4¼ per cent. for a period of ten years. Loans raised under the Savings Bank Amalgamation Agreement are issued at one per cent. above the rate of interest being allowed to depositors in the Commonwealth Savings Bank at the time of raising, but, on maturity, the rate for conversion rises to one and one-half per cent. above the ruling rate to depositors. In 1961-1962 the State will pay interest at a rate of 5 per cent. on such conversions, the depositors' rate having risen to three and one-half per cent.

Queensland shared in a refinancing loan in London of £Stg. 20.6 million 3¼ per cent. registered stock to the extent of £1,228,269 which was due to mature on 1 June, 1961. Two securities were issued, one maturing in December, 1975, and the other in December, 1981-1983, each for £Stg. 10 million with interest of six per cent. and an issue price of £97 10s. per cent. £Stg. 597,000 in each issue was allotted to this State.

LOAN COUNCIL

For the year 1960-1961, the Australian Loan Council approved a Governmental Loan Borrowing Programme of £230 million and a Semi-Governmental and Local Bodies Loan Borrowing Programme of £106 million.

On the Governmental side, the approval represented an increase of £10 million over the previous year and maintained the progressive increase of £10 million per annum since 1957-1958.

Queensland's share for 1960-1961 of the Governmental Programme was £27.6 million, or 12 per cent. of the total. The small, but desirable, increase in this State's percentage of the total borrowing is shown by the following figures:—

	Queensland as percentage of Total %
1957-1958	11.58
1958-1959	11.70
1959-1960	11.92
1960-1961	12.00

Further strong representations were made at the last Loan Council Meeting in June, 1961, relative to what we regard as Queensland's inequitable share of the Governmental Loan Borrowing Programme and an undertaking was received that the whole basis would be reviewed prior to the allocation of the 1962-1963 borrowing programmes.

Queensland's Semi-Governmental and Local Bodies Programme of £21.8 million for 1960-1961 was again fully raised, this making the fourth year in succession that this result has been achieved. Queensland's percentage of the total programme was 20.61, a high percentage not entirely of our own choosing but dictated by the lowness of the Governmental loan allocation.

In February, 1961, a short meeting of the Loan Council was convened mainly for the purpose of reviewing the loan market in Australia and the lack of support which the market was giving to existing issues. In the event, it was decided to increase the long term bond rate by 7s. 6d. per cent., together with variations in the rates and issue prices of short and medium term securities to bring them into line with market prices.

The increase in the long term bond rate had, of course, wide implications. The Treasury loan and Local Authority long term debenture rate rose to £5 17s. 6d. per cent.; the Local Authority public loan rate to £5 15s. per cent.; Commonwealth-State Housing moneys attracted a 7s. 6d. per cent.

increase; rural advances and Queensland Housing Commission loans have since been increased by 5s. per cent. to £5 10s. per cent.; and many other types of advance based on the long term bond rate have also been affected.

For 1961-1962 the Australian Loan Council approved in June, 1961, a Governmental Loan Borrowing Programme of £240 million, an increase of £10 million on the previous year. Queensland's share of £25.5 million for Works and £3.3 million for Housing remains at 12 per cent., the same percentage as the previous year. The Commonwealth has estimated that £75 million will be required from its resources to complete this programme and has budgetted accordingly.

Loan Council also approved total borrowing programmes of £111 million for Semi-Governmental and Local Bodies, an increase of £5 million over the previous year. Queensland's share of this programme is £22,877,000, or 20.61 per cent. As announced in the Commonwealth Budget, the Commonwealth has since offered, and Loan Council agreed to, an increase of £5 million in the borrowing programmes of Local Bodies and the smaller Semi-Governmental Bodies so that their rates of expenditure on employment-giving works may be stepped up. This means that the overall programme is increased to £116 million and our share increased to £23,907,000.

QUEENSLAND UNIVERSITY

Recommendations made by the Australian Universities Commission and adopted by the Commonwealth Government provide for increased assistance to Universities for both capital and recurrent purposes for the triennium 1961-1963. Unfortunately, heavy increases in State expenditure are required to take full advantage of these increases.

To illustrate this, the maximum Commonwealth grant towards recurrent expenditure by the University of Queensland for the year 1961 was £929,000, an increase of 31 per cent. on the sum of £708,300 made available in the previous year as recurrent and emergency grant. However, for each additional £1 of Commonwealth Grant the sum of £1 17s. has to be found by the State or by way of student fees. The State grant has been substantially increased to £1,091,000 for the academic year 1961 but the Government was not in a position to provide the full amount required to attract the maximum Commonwealth Grant. The

amount of State grant and student fees is expected to be sufficient to attract a Commonwealth grant of £920,757, or £8,243 below the maximum grant available.

University development faces a hazard in future years. The past four years have seen a spectacular increase in State and Commonwealth contributions to a fast-expanding University. Student numbers have multiplied, facilities extended and Townsville commenced. The following table illustrates the rate of growth:—

Calendar Year	State Endowment	Commonwealth Grant (including Emergency Grant)	Total Governmental Endowment	Student Enrolments
	£	£	£	
1956 ..	628,706	258,000	886,706	5,329
1957 ..	610,329	300,000	910,329	5,615
1958 ..	692,596	436,616	1,129,212	6,718
1959 ..	831,896	609,678	1,441,574	7,444
1960 ..	861,925	708,575	1,570,500	8,700
1961 ..	1,091,000	920,757	2,011,757	9,525

But the capacity of the State to keep pace with this rapid growth is exhausted. We have vast responsibilities to primary education; our secondary school task is expanding at a fantastic rate; and no State can afford to neglect that very important field of technical education. Failure in the fields of primary and secondary education would destroy the entire foundation of education, to which the University, as it were, provides the superstructure. Our inability to cover the full matching grant is a signal to the University to mark time. Unless additional revenue aid is forthcoming on a more favourable basis, the degree of that inability will grow with each passing year.

MT. ISA RAILWAY PROJECT

As reported in last year's Financial Statement, the Commonwealth has agreed to provide repayable grants totalling up to £20 million to finance the Mt. Isa railway rehabilitation project. The proposed Agreement to incorporate the terms and conditions on which these advances will be made was discussed with the Commonwealth Government and the terms have now been accepted.

There was a difference between the two Governments on the entitlement to Sinking Fund contributions from the Commonwealth. That difference has been overcome by the Commonwealth offering substantial extra assistance to Beef Roads and the State withdrawing its claim to Sinking Fund contributions.

As has already been reported to the House, the announced assistance for Beef Roads provided a new component of grant of approximately five times the present value of the Sinking Fund contribution.

Expenditure during last year from the Mt. Isa Railway Project Fund was £2,775,364. These funds were provided from State resources, no call being made on the Commonwealth for loan advances. However, it is anticipated that £4½ million will be drawn from Commonwealth sources in the current financial year.

I might add that the re-construction project is now at the stage where contracts have been let for most of the programmed works. There is every indication that not only will the task be completed by the scheduled date but also the total cost should be comfortably within the original estimate.

COMMONWEALTH AID ROADS

In terms of the 1959 Commonwealth Aid Roads Agreement the total made available by the Commonwealth to the States for 1960-1961 was £46 million, of which £4 million was by way of matching grant.

Queensland's share of these funds was £8,427,577, of which £732,833 was matching grant. To qualify for this matching grant the State was required to expend a similar amount for road purposes in excess of its expenditure in 1958-1959. It is pleasing to report to the Committee that Queensland qualified for the whole of its allocation.

During the year the Commonwealth Government reaffirmed a decision that expenditure on a new Head Office Building for the Main Roads Department would not be accepted as roads expenditure for matching grant purposes. Major building projects in other States are also subject to this ruling. Queensland's proposal to proceed with a new Main Roads Building is, therefore, postponed as the resources of the Main Roads Fund will be fully consumed in qualifying for future "matching grants".

EXPANSION OF BEEF PRODUCTION

In order to expand the turn-off of beef cattle for export, the Commonwealth will contribute towards the cost of road construction in Queensland. The Federal Budget includes provision for a contribution of £650,000, during 1961-1962, towards a road from Normanton to Julia Creek, comprising

£300,000 as a base amount and £350,000 on a £ for £ basis to match expenditure by the Queensland Government from its own resources.

The Commonwealth Government has also agreed to provide a further grant of £4,350,000 over five years for construction of roads to assist beef production. With the amount already provided the total Commonwealth assistance for this purpose amounts to £5 million.

The State is also examining means of expanding the turn-off of fat cattle and the areas best suited for this purpose. The capital cost of development is likely to be high and special assistance from the Commonwealth Government and the Development Bank will be sought when the investigations have been completed.

If it proves possible not only to increase the number turned off each year but also to extend the period during which fat cattle come forward, this would mitigate the problems associated with seasonal unemployment at the meatworks as well as advance the economy of the State as a whole.

COAL EXPORTS

It has been announced that the Commonwealth Government will contribute £2,650,000 towards the cost of installing new coal loading facilities at three ports in New South Wales, £1 million by way of grant and £1.65 million as advances, to allow expansion of coal exports.

Distinct possibilities exist for building up a coal trade with Japan in both soft and hard coking coals from fields at Kianga and Moura, shipped through the port of Gladstone. The Gladstone Harbour Board desires to improve its loading facilities and has submitted proposals. These proposals have been fully examined by the State and conferences have been held with the Board. A complete case for special assistance by the Commonwealth Government on similar lines to that afforded to New South Wales has been submitted and a reply is awaited from the Commonwealth Government.

COMMONWEALTH-STATES HOUSING AGREEMENTS

The 1956 Commonwealth-States Housing Agreement expired on 30th June, 1961. The Housing Agreement Act has been passed by the Commonwealth Government, incorporating a form of Housing Agreement to operate

until 30th June, 1966. The principles of the 1956 Agreement are broadly continued, including the requirement that 30 per cent. of the funds made available will be advanced by the State to Housing Societies.

Legislation will be introduced to ratify the new Agreement.

In terms of the 1945 Commonwealth-States Housing Agreement the Commonwealth meets 60 per cent. of the losses incurred by the State in the administration of housing projects financed under the Agreement. No payments had been received prior to 1960-1961 but, following discussions between Commonwealth and State officers, the basis of State claims has been broadly accepted. Contributions totalling £229,189 were received during last financial year in respect of the Commonwealth's share of losses over the period 1955-1956 to 1959-1960.

ESTIMATES FOR THE YEAR 1961-1962

The revenues of the previous year experienced a surging first half, with drought and credit combining to savagely reduce the second half. Against that background, the Government has been compelled to assess its potential revenues. In our view, the seasonal prospect is improved but still far from generally good; whilst recovery in commercial activity has commenced, there is much ground still to be regained.

The Government is advised that the traffic available to the Railways will reflect the drought adversity; and it is clear that the two most important directions of State revenue, Succession and Stamp Duties, have not yet recovered the tempo of the first half of 1960-1961.

The Government proposes to introduce measures providing for important reforms to the Liquor laws of the State and also to the laws governing Racing and Betting. It is not my purpose to present the reasons which have led the Government to initiate these changes. However, to the extent that each will have a considerable effect on the budgetary position of the State, it is necessary for me to report the financial consequences which flow from the changes in the law that are contemplated.

With Liquor, the principal revenue change is an increase in the Licensing Fee from four per cent. to six per cent. Calculated to produce £½ million in a full year, it is estimated to apply from 1st January next and produce an additional £¼ million in this financial year.

At present State revenues from Betting are confined to transactions on registered race courses. It is proposed to allow registered bookmakers to operate off-the-course in localities outside a certain radius from where racing is conducted on the day; to provide for a turnover tax; and for part of the proceeds of the turnover tax to be returned to Race Clubs broadly on the principle followed for some years in South Australia.

It is estimated that these changes will produce £1 million additional net revenue in a full year and £½ million for the balance of this financial year.

The interim relief for Land Tax which was brought down as a measure for one year only will be extended for a further year. By that time, the task of first valuation and of current revaluation should be carried to such a degree as to provide the essential background against which it will be possible to revise both the level of exemptions and the scale of tax applicable.

The regulations under the Traffic Acts are being amended to enable the State to recover the costs of testing applicants for Driver's Licenses. The fee will be £1 for each test and is expected to return approximately £60,000 per annum.

There will be one feature of the Budget to encourage the further development of the Cape York and Gulf areas.

Originally settled for pastoral purposes, North Queensland has seen substantial development with sugar and timber, on the coast, and with the development of permanent mining towns in succession to these sporadic mining ventures of the alluvial and high grading days, a new solidity and quality has shown out in a wide range of important minerals.

But whilst these developments have been taking place, pastoral activity in the remoter North has continued to wage a constant battle against distance from markets, lack of transport, and other natural difficulties.

The Government has already attempted to make a positive contribution to the problem by undertaking the construction of the central road access stretching up from Mareeba to Cooktown and towards Coen. In turn, the recently announced programme for Beef Roads will be of signal significance to the lower Gulf area and will provide valuable road outlets from Normanton to Cloncurry and Julia Creek, and across the base of the

Cape York Peninsula, through Croydon and Mount Surprise to link with Mount Garnet and Ravenshoe on the East Coast.

These improved facilities, when added to the construction of an entirely new deep water Port at Weipa, will bring transport to the best position it has ever experienced but, in the view of the Government, still more is required. The better development of the Far North and the Gulf calls for a higher resident population and for a much greater investment of capital.

The Government has one proposal which could contribute to both these needs. It is proposed to declare an area in which substantial concessions from Probate and Succession Duties will apply, based on a combination of residence and investment. The area contemplated will start on the East Coast at the 16th parallel continue along that parallel until it turns South down the 144th meridian, and again turns west along the 20th parallel to the Northern Territory border.

Or, to state it more graphically, starting just north of the Daintree, the border of the Zone will pass somewhat east of the centre of the Peninsula, between Georgetown and Einasleigh, and then heading for the Northern Territory border in a line north of the Great Northern Railway, missing Mount Isa but including Camooweal.

The maximum concession envisaged is half the State duties now payable, with proportionate effects dependent on residence and locality of investment.

The Government considers that the concession will encourage residence and investment in these remote areas and that an enlarged fund of investment in the area will progressively offset the apparent loss inherent in the concessions.

Having reviewed the main changes in the budgetary approach, the Government found that its total revenues were still inadequate to maintain existing needs and to meet the inevitable expansion of a growing population. Our measure of probable revenue is £114,367,535. The programme for expenditure is £115,011,109 and we anticipate a deficit for the year of £643,574 in the Consolidated Revenue Fund.

The decision to budget for a deficit was not easily nor lightly made. The prevailing level of unemployment, in itself, provides a compelling justification for a measure of deficit finance, a policy which has been adopted in the National Parliament in respect of the current year's Budget.

A deficit in the Consolidated Revenue Fund does not imply an overall cash deficit. I remind the Committee that the Government has adopted the policy of funding out of its current revenues, the full actuarial liability under its various Superannuation Funds. The practice generally adopted by most Australian Parliaments is to charge in the annual accounts merely the Government's contribution to the annuity and other payments of the year. Our recent practice has been to fund not merely the current payments but also the current measure of liability in respect of every present contributor.

The amounts provided in this year's Budget are—

	£
Public Service Superannuation	750,000
Police Superannuation	.. 472,500
Parliamentary Contributory Superannuation 15,600

The figure for the Public Service Superannuation relates only to the Consolidated Revenue Fund contribution. In addition, payments from Trust and Loan Funds in respect of officers paid from such funds will total £265,000.

A high proportion of this total is towards the provision of future annuities and is a substantial support to the overall cash budget.

CONSOLIDATED REVENUE FUND

I have traversed the financial operations for the past year, the factors which militated against the achievement of a balanced Budget and the financial outlook for the current year.

The Estimates of Receipts and Expenditure for the year 1961-1962 are now before you. They have been framed with due regard to available revenue and due cognisance of the necessity to maintain essential Departmental expenditure.

As indicated, our measure of probable Revenue is £114,367,535. After deducting the uncontrollable expenditure incorporated in the Schedules and Interest on the Public Debt and allowing that considered necessary to operate the Railway Department, an aggregate of £57,133,561, an amount of £57,233,974 remained to meet the Departmental expenditure. Thus, if a balanced Budget was to be brought down, Departmental expenditure would increase by only £2.6 million over the 1960-1961 appropriations and when it is realised that salaries,

due mainly to normal increments, require an additional £2.1 million, the remaining portion of available revenue was insufficient to allow for the necessary expansion in other Departmental costs.

After careful and mature consideration, Cabinet determined on a general overall increase of 5 per cent. on the 1960-1961 appropriation as necessary to maintain the minimum desired standard of services.

REVENUE

The estimated receipts of £114,367,535 are £5,550,614 in excess of last year's revenue.

Broadly speaking, the State expects 42 per cent. of its revenue to come from Commonwealth sources, 31½ per cent from the Railways and 26½ per cent. from all other sources.

The Commonwealth Financial Assistance Grant has been estimated at £42,726,000, or £2,775,292 more than received in 1960-1961. The 1961-1962 figure is subject to adjustment when the population figures are adjusted in accordance with the recent Census.

Collections under the State Transport Act are expected to return £1,717,000, an increase of £535,502 over the amount collected in the year just concluded.

The temporary setback to the Timber Industry is reflected in the 1961-1962 estimate of receipts. Last year, after paying £1,098,062 as Interest and Redemption on Loan Advances for Forestry works, a surplus of Timber revenue amounting to £257,938 was available for payment to Consolidated Revenue Fund. The Forestry Department does not anticipate any surplus over and above the higher Interest and Redemption payments to be made this year.

EXPENDITURE

Provision is made for the expenditure of £115,011,109 from Consolidated Revenue Fund. The normal yearly increase in the State's Debt, coupled with the higher interest rates now being paid, requires £14,706,414 to be provided for Interest on the Public Debt, an increase of £1,596,292 over such expenditure last year.

The maintenance of Health, Hospital, and Charitable Services controlled by the Department of Health and Home Affairs, and charged to Consolidated Revenue Fund, is

estimated to require £19,264,987, while provision has been made for £19,191,118 for the Education Department. The combined requirements of these services are £2,762,769 greater than the cost of maintaining them in the previous financial year.

Due to a continuation of bad seasonal conditions, provision of £200,000 has been made for the payment of freight rebates on the carriage by the Railway Department of fodder and starving stock. £89,000 was provided in 1960-1961 but, unfortunately for the State, the amount required to meet claims for such rebates amounted to £238,171. Including the provision for 1961-1962, £723,216 has been made available by this Government since 1957-1958 as rebates due to drought.

TRUST AND SPECIAL FUNDS

The requirement of the various Trust and Special Funds for the current year is estimated to amount to £87,422,723, which is £10,546,153 above that for last year.

The principal increases include Mount Isa Railway Project Fund, £4,699,636; Road Funds controlled by the Main Roads Department, £1,593,901; and the State Insurance Fund, £1,404,865.

Receipts paid to the credit of Trust and Special Funds are expected to reach £84,081,294, as compared with £76,887,291 in 1960-1961.

Over one-half of the expected excess of expenditure over receipts will comprise investments on account of Superannuation Funds.

LOAN FUND

The estimates of Loan expenditure have been framed on the assumption that it will be possible to spend on Works £30,775,250, which is approximately £700,000 more than was expended in 1960-1961.

Funds to meet the proposed expenditure will come from—

	£
Loan raisings ..	25,500,000, and
Receipts credited to	
Loan Fund	5,275,250

The latter amount includes £1,153,250 anticipated to be received from the Commonwealth.

£3,391,000 has been provided for expenditure on State Primary and High Schools and £5,700,000 on Loans and Subsidies to Local Bodies. The Main Roads Department will expend £1,300,000 from Loan Fund on the construction of Channel Country and Beef

Cattle Roads, and £4,200,000 has been provided for expenditure by the Railway Department, of which £1,808,650 has been set aside for the purchase of Rolling Stock.

SUMMARY

The main features of the Budget may be summarised as follows:—

·There will be record spending from the Consolidated Revenue, Trust and Special, and Loan Funds.

·With new access roads and zoned relief from Probate and Succession Duties, the Budget ushers in a new vista for the Cape York Peninsula and Gulf Country.

·A new racing turnover tax and additional liquor fees will be imposed.

·Last year's Land Tax relief will be continued for a further year, pending a complete review of exemptions, &c.

·Seasonal conditions will be a big factor in the final budgetary result.

·Interest on an increasing Public Debt at the currently high rates has brought about a sharp lift above the normal annual increment.

·Increased provision has been made for the Crown liability in respect of Superannuation Funds.

·The Grant in aid of the Stock Fund increases by 57 per cent.

·There is a substantial lift in expenditure on Tuberculosis control.

·Provision has been made for an increase in the Police strength.

·Special equipment will be purchased for work of the Survey Office in connection with the development of East North Queensland.

·Increased costs will continue to be absorbed by Railway Department, with proposed expenditure less than the previous year.

·Construction of the Barron River Hydro-electric Project will proceed at an increased tempo.

·Expenditure on Mount Isa Railway Project is expanding rapidly.

·Increased funds available for investment by Superannuation Funds will materially assist loan raisings of Semi-Governmental and Local Bodies.

·For the first time, provision is made to meet claims lodged under "The Motor Vehicles Insurance Acts Amendment Act of 1961."

·Provision for home building has increased.

·Work on Leslie Dam has commenced and work on Borumba Dam is continuing.

·Provision for Farm Water Supplies Assistance loans has increased by 150 per cent.

·There is a big increase in expenditure by Main Roads Department on Road Works.

·Expenditure on construction of primary and high schools continues to require the major share of the Loan Allocation to the Public Works Department for buildings.

·Work on provision of Water Facilities on Stock Routes continues.

·Increased provision has been made for the eradication of *Harrisia Cactus*.

·Work on Beef Cattle Roads has commenced, while Channel Country road construction is expanding.

·The Loan Allocation for the Railway Department provides for the purchase of 12 diesel electric locomotives.

·Provision is made for the reclamation of Bulwer Island and the continuation of the deepening and widening of Brisbane River Channels.

While our basic development continues at a rate which must be regarded as encouraging, our economy is vulnerable to and can be vitally affected by adverse seasonal conditions, the United Kingdom's application to join the European Common Market and other factors outside our control. The Government will continue to exert its most strenuous endeavours to take full advantage of this State's vast potential for development.

Government Members: Hear, hear!

Mr. HILEY: Mr. Taylor, I move—

"That there be granted to Her Majesty for the service of the year 1961-1962 a sum not exceeding £1,594 to defray the salary of Aide-de-Camp to His Excellency the Governor."

Progress reported.

SPECIAL ADJOURNMENT

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

"That the House, at its rising, do adjourn until Tuesday, 10 October, 1961."

Motion agreed to.

The House adjourned at 3.15 p.m.