

CPL 102

COMMONWEALTH GOVERNMENT.



DIGEST OF DECISIONS
AND ANNOUNCEMENTS

AND

IMPORTANT SPEECHES

BY

THE PRIME MINISTER
(THE RIGHT HON. J. B. CHIFLEY).

No. 134.

PERIOD 3RD FEBRUARY, 1948, TO 24TH MARCH, 1948.

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PEACE.

JAPAN—MINISTER'S STATEMENT, FEBRUARY, 1948.

On 3rd February, 1948, the Minister for External Affairs (Dr. Evatt) said:

"Australia is concerned over the consequences following the breakdown in the Council of Foreign Ministers at London in December, 1947, and the inability of the major Powers to reach an agreement on the European settlement. These consequences are far-reaching, and have serious repercussions on the whole United Nations Organization, which was established on the assumption that there would be early peace settlements and that the unanimity of the major Powers would be continued after the war. Another adverse result is that the Japanese peace settlement is held up. Once again it is being demonstrated by somewhat bitter experience that in international affairs peace and justice are indivisible.

"The Australian Government believes in greater participation by all those countries which actually participated in war and made a substantial contribution to victory. It will be one of the main objects of the discussions to see how such participation can be most appropriately effected in the interests of world peace. Firsthand information on the general situation from the Australian missions abroad, together with the personal experience of the officers mentioned, should be of great assistance in defining the scope and methods of Australia's participation."

(For earlier references, please see No. 108, page 40; No. 124, page 26; No. 127, page 35; No. 129, page 9.)

On 4th February, 1948, Dr. Evatt said:

"The Australian Government has kept the United States Government continuously informed of its views on the Japanese settlement and the procedure which should be followed in formulating the peace treaty. After the British Commonwealth Conference at Canberra in August, 1947, I visited the United States and discussed Japan with President Truman, the Secretary of State (Mr. Marshall) and other American leaders and officials. Further talks on Japan have taken place at Washington since my return.

"Throughout, the Australian Government has emphasized the need for a just and lasting peace based on the principles of the United Nations Charter and contributing to the security and welfare of all the peoples of Eastern Asia and the Pacific. Australia has stressed the urgency of reaching a definite settlement—an urgency to which General MacArthur and the Canberra Conference have also drawn attention.

"Australia, because of her war effort and her position in the Pacific, is entitled to be a party principal in these negotiations, and our constant consultations with the United States Government are an indication that our position has been recognized in the talks that have so far taken place.

"The delay in formulating a treaty for Japan is most unsatisfactory. The uncertainty as to the future of Japan is impeding the attainment of stability in the Far East, and preventing the formation of long-term plans by the countries of that area, including Australia. The chief disagreement concerns the membership and system of voting for the peace conference. But the broad lines of the settlement itself have been indicated by the agreements made at Cairo, Yalta and Potsdam, and by the decisions of the Far Eastern Commission.

"Therefore, the Australian Government does not accept the present impasse as being in any way final, and is taking every practicable diplomatic step to overcome the deadlock and bring about a conference that will secure the agreement of all Powers which contributed directly to the defeat of Japan."

JAPAN—PRIME MINISTER'S STATEMENT, FEBRUARY,
1948.

In Parliament.—On 19th February, 1948, the Prime Minister (Mr. Chifley) said:

"I regret that it is not possible to announce a date for the assembling of the conference to draw up the Japanese peace treaty. A deadlock has been reached in regard to this matter. I believe that the Soviet Government takes the view that the treaty should be dealt with in the first place by the foreign ministers of the four major Powers. Of course, that is not acceptable to Australia, and I believe that it is not acceptable to a number of other nations. It is generally considered that all nations which participated in the war against Japan in the Pacific area should take part in the peace conference. Every endeavour has been made to overcome the present deadlock, but I cannot say whether the suggestions made are acceptable or not."

AUSTRALIAN POLICY—MINISTER'S STATEMENT,
MARCH, 1948.

On 21st March, 1948, Dr. Evatt said:

"The present situation can be described only as a 'drift' towards war. In other words, no one wants war, no one can afford to suffer the further losses of war and reduce living conditions even further—yet nations can 'drift' to war. It is almost as though nations were inanimate objects being carried inevitably down a stream, instead of being human beings, with feelings, hopes and ideals, with full control through their responsible leaders of their destiny. The present condition of 'drift' is, therefore, a challenge to all responsible leaders. War can come only as a result of absence of leadership in world affairs.

"The United Nations is the main hope for peace and improved living conditions throughout the world. The best positive help citizens of goodwill can give in world affairs to-day is to throw their weight behind the United Nations. The United Nations has its faults of

procedure; but attacks made upon it now are reminiscent of attacks made on the League of Nations by those who found it expedient to side-step the League and act independently of it, and who contributed to its weakening and to World War II.

"The peoples of the world are entitled to a peace—a peace based on justice. It is sheer defeatism to accept the pessimistic and sometimes evil prognostications of those who light-heartedly anticipate a third world war and the consequent destruction of civilization. Loyal and consistent support for the United Nations offers a way out, providing its machinery is employed to achieve settlements based on justice and not on power. Australia has always taken, and will continue to take, a lead in advocating this view. The United Nations, and it alone, can arrest the drift towards war. This drift is now being welcomed by the deadly enemies of the Allies of the war not yet concluded by peace treaties—the open and secret followers of Hitlerism and Fascism.

"Nothing that can be done should be left undone so far as Australia is concerned to prevent the utter catastrophe of another war. The people of Australia who still suffer from the terrible losses of human life of World War II., who still remember the cruel anxieties and fears which accompanied the war, and who are now successfully restoring in an economy of full employment the human and material losses of the war, will welcome the constitution of a National Committee for the United Nations in Australia, for it is only through the United Nations that peace can be achieved.

"There is no problem or dispute in the world which cannot be settled in terms of peace and justice. But the way to settlement is through the United Nations, and not along the lines of power politics, which have no regard to the facts and justice of each dispute. We must, at all costs, arrest the drift towards war, which is wanted by no responsible human being in the world. In this high endeavour, Australia and Australians can take as prominent a part as they did in the long and still unfinished fight against Hitlerism and Fascism."

SERVICE PAY RATES.

CITIZEN MILITARY FORCES—PAY AND ALLOWANCES.

On 4th February, 1948, the Minister for the Army (Mr. Chambers) said—

"Rates of pay and allowances for the Citizen Military Forces have been approved. They have been based on the pay code recently approved for the Australian Regular Army and are as follows:—

DAILY RATES OF PAY.

Other ranks—

Private (recruit), 10s.

	3 star.		2 star.		1 star.	
	s.	d.	s.	d.	s.	d.
Private	15	0	13	0	11	0
Lance Corporal	16	0	14	0	11	6
Corporal	17	0	15	6	13	0

	Highest skilled.	Others.
	s. d.	s. d.
<i>Other ranks—continued.</i>		
Sergeant	19 6	18 0
After two years' service in rank	20 0	19 6
Staff Sergeant	21 0	19 6
After two years' service in rank	21 6	20 0
Warrant Officer II.	22 6	21 0
After two years' service in rank	23 0	21 6
Warrant Officer I.	23 6	22 0
After two years' service in rank	24 0	22 6
<i>Officers—</i>		
Lieutenant	£ 1 6 0	
Captain	1 12 0	
Major	1 19 0	
Major, after four years' service in that rank, and qualifying for promotion to rank of Lieutenant-Colonel	2 3 0	
Lieutenant-Colonel	2 10 0	
Lieutenant-Colonel after four years' service in that rank	2 14 0	
Colonel	3 4 0	
Colonel after four years' service in that rank	3 9 0	
Brigadier commanding a brigade or equivalent formation	250 0 0	per annum.
Major-General commanding a division or equivalent formation	500 0 0	per annum

ALLOWANCES.

Rations and quarters to be provided free to members of the Citizen Military Forces while attending camps of continuous training and approved courses of instruction.

Marriage and separation allowances be payable to members of the Citizen Military Forces while attending camps of continuous training and approved courses of instruction at Australian Regular Army rates.

Travelling allowance as for the Australian Regular Army be payable to members of the Citizen Military Forces.

Uniform be supplied free to members of the Citizen Military Forces except that officers who provide their own uniform be reimbursed at vocabulary rates for items on the authorized scale.

For the purposes of the pay code of the Citizen Military Forces, six hours constitutes one day home training; three hours, a half day; and one and a half to two hours, a night parade.

Rates and allowances are based on the following:—

Private: To be paid recruit rate until completion of recruit training. During the first two (2) years' engagement, privates, other than fully qualified tradesmen enlisted as such, to be classified 1 star. Qualified tradesmen to receive appropriate star grading after completion of recruit's course. A private, other than a qualified tradesman, on completion of two years' service may be classified 2 star or 3 star provided he qualified in accordance with such requirements as may be prescribed.

Lance Corporal and Corporal: On promotion, unless already holding 2 or 3 star grading, to be paid as 1 star. Advancement to 3 star be dependent on passing for Sergeant, in addition to other qualifications.

Sergeant, Staff Sergeant and Warrant Officer: To be appointed at "on promotion" rate, that is the lowest prescribed for the higher rank. On qualification for higher rank, to receive first increment provided he has served for at least two years in that rank.

Uniform Allowance: Uniform to be free issue. Officers who provide their own uniform may be permitted to claim a refund at vocabulary rates for items on the authorized scale.

Marriage and Separation Allowance: To be paid in camp or at courses when pay is authorized at Australian Regular Army rates.

PERMANENT FORCES—RETIREMENT SCHEME.

On 16th March, 1948, the Minister for Defence (Mr. Dedman) said—

“ Cabinet decided to-day that legislation be prepared for submission to the Federal Parliamentary Labour party to provide a uniform scheme of retirement benefits for members of the permanent naval, military and air forces.

“ At present, the retirement provisions for the permanent forces differ in the respective service, the provision for naval personnel and air force officers being a system of deferred pay, while airmen below commissioned rank and members of the permanent military forces contribute to the Commonwealth Superannuation Fund. The deferred pay system has unsatisfactory features, particularly in that it makes inadequate provision for a member's dependants in the event of death or invalidity. The recent reduction of the retiring ages of army officers renders the public service superannuation scheme inappropriate for application in their case.

“ In the formulation of the proposed uniform retirement scheme regard has been paid to the retirement benefits provided for the forces of Britain and other Dominions.

“ The scheme will be contributory, providing a rate of pension appropriate to each rank. Pensions will be payable on retirement or discharge, subject to the member's having completed not less than twenty years' service after age twenty and, in the case of officers, to the member's having reached the retiring age of his particular rank. To cater for officers who enter the services some years later than the normal ages of entry, pensions at reduced rates will be provided for officers who reach the retiring age for their rank after completing at least fifteen years but less than twenty years' service. Officers with ten years, but less than fifteen years' service, from age twenty on retirement or discharge will receive a refund of their contributions to the fund, plus a gratuity equal to 150 per cent. of their contributions. The scale of contributions will be same as under the Commonwealth Public Service Superannuation Scheme, and the maximum pension will also be the same.

“ The proposed scale of retirement pensions for officers ranges from £275 a year for an army captain and equivalent navy and air force ranks retiring at or about age 45 to £845 a year for a lieutenant-general and equivalent ranks retiring at age 60. The basic pensions proposed for members below commissioned rank who are discharged after age 40 after serving not less than twenty years range from £95 a year for a private and equivalent navy and air force ranks, to £155 a year for a Warrant Officer, Class I., and equivalent ranks. Additional amounts of pension (from £6 a year for private to £8 a year for warrant officer I.) will be provided for each year of service beyond twenty years' service for pension after age twenty, under definite engagement. Pensions for naval warrant officers and officers commissioned from warrant rank, and for army quartermasters, will range

from £300 a year for warrant officer (navy) and lieutenant and quartermaster (army), to £450 a year for lieutenant-commander ex-warrant officer (navy) and major and quartermaster (army). The pension for a naval commander ex-warrant officer will be £550 a year. Due to the early retiring ages of members of the services as compared with civil servants, payment of the pensions proposed will involve a substantially greater Commonwealth subsidy than is required in the case of the public service superannuation scheme.

"The scheme provides that a member below commissioned rank who is not re-enlisted on completion of his current engagement and who has not qualified for pension will receive a refund of his contribution to the fund, plus a gratuity equal to 150 per cent. of the refund. The gratuity will not be less than a sum calculated at the rate of £30 for each completed year of service, subject to a proviso that the gratuity payable to a member who retires before completion of twelve years' service shall not exceed £120.

"The scheme provides that where a member dies in the service, his widow will receive one-half of the full pension which would be payable at age 60 in respect of the contributions being paid by the member prior to his death. On the death of a pensioned member, his widow will receive a pension at one-half the rate which was paid to the pensioner while alive. In cases of total permanent incapacity, it is proposed that the member will receive a pension on the same basis as would be payable in such circumstances to a contributor to the Commonwealth Superannuation Fund. Where the degree of incapacity is less than 60 per cent. benefits will be adjusted accordingly.

"It is proposed that all future appointees or enlistees to the permanent forces (except other ranks initially engaged for less than six years) will be compulsory contributors to the Defence Forces Retirement Fund. Members already contributing to the Commonwealth Superannuation Fund will transfer their existing rights to the Defence Forces Retirement Fund. Deferred pay standing to the credit of members of the naval forces and air force officers will be utilized to purchase full units of pension, and such members will contribute for the balance of unit elements appropriate to the pay received. In the case of present serving members of naval and air forces who may consider that the existing deferred pay scheme is more advantageous may, at their option, stay out of the scheme and accept one of the following alternatives:—

To retain deferred pay at present at credit: this amount to be paid with interest at 3½ per cent. on death or retirement. Member to contribute for additional unit elements not covered by deferred pay and to receive *pro rata* benefits only.

To continue under existing deferred pay scheme and make no contributions to the Defence Forces Retirement Fund.

"The advantages of the new scheme are so substantial that it is anticipated that most members will elect to participate in it.

"Eligibility for full pension rights under the proposed scheme will be subject to the member agreeing, if required by the service, to serve on the reserve list maintained by the service of which he was a member.

"The scheme now approved has been framed having regard to the necessity of providing attractive conditions of service in all ranks, and should ensure that those who make service in the armed forces their career are adequately provided for when their term of service has been completed."

CITIZEN MILITARY FORCES—CONDITIONS.

On 5th March, 1948, Mr. Chambers announced conditions of service for officers and other ranks of the Citizen Military Forces. Officers would be selected firstly from those who were on the reserve of officers and who served during World War II., secondly from persons who served as other ranks during World War II., and in the case of technical arms and services, from persons who possessed the necessary civilian professional, technical or academic qualifications. An officer appointed from the reserve of officers would be permitted to accept an appointment in the Citizen Military Forces in a rank lower than that held by him on the reserve. Other ranks would be enlisted between the ages of 18 and 35 for the Citizen Military Forces field force, and between the ages of 18 and 45 for Citizen Military Forces fixed establishments on the mainland; the ages of discharge being 40 and 48 respectively.

INDUSTRIAL.

UNEMPLOYMENT—FIGURES.

On 4th February, 1948, the Minister for Labour (Mr. Holloway) said that at 31st December, 1947, unfilled vacancies held by the Commonwealth Employment Service numbered 43,000 for males and 30,000 for females, compared with 90,900 at 30th November, 1947. Recipients of unemployment benefits were 2,797 males and 68 females. During December, the Commonwealth Employment Service had referred 14,500 males and 4,800 females to employers, and had given advice and information on various matters to 23,600 males and 5,400 females.

On 7th February, 1948, Mr. Holloway said that at 31st January, 1948, 3,823 males and 118 females were in receipt of unemployment benefit or re-employment allowance. The total was nearly 1,100 higher than that recorded at December, 1947, but the rise was more than accounted for by the normal seasonal movement in Queensland.

At 31st January, 1948, unfilled vacancies held by the Commonwealth Employment Service numbered 55,300 for males and 36,900 for females. The total was 19,200 greater than at December, 1947.

NETHERLANDS EAST INDIES.

POLICY—MEDIATION.

On 4th February, 1948, the Minister for External Affairs (Dr. Evatt) said—

"Following the recent truce agreement, negotiations between the Dutch and Indonesians are continuing, but no result will be announced until after the Committee of Good Offices has reported to the Security

Council. The committee has arrived at New York. It is possible that the council, after considering the report, will ask the committee to remain in the Netherlands East Indies for a further period.

"The sending of fourteen Australian military officers to Java is to assist in the carrying out of the 'cease fire' plan which includes an agreement for the demilitarization of a certain area between areas held by the Dutch and Indonesian forces. The committee has called on the Governments of Belgium, the United States and Australia to supply personnel to carry out the details of the plan. The main task is to supervise the transfer of certain groups of Indonesian troops through the demilitarized zone to their own area. The officers will be carrying out a non-military function, but it is thought preferable to use military men for such a task.

"Relations of the Australian representatives in Java with both the Dutch and Indonesians are excellent and Dutch Government representatives at The Hague and Indonesian leaders have expressed appreciation of their work".

(For earlier references, please see No. 128, page 32; No. 129, page 17; No. 130, page 8.)

BANKING CONTROL.

LEGISLATION—NATIONALIZATION, COURT HEARING.

On 7th February, 1948, the Prime Minister (Mr. Chifley) said—

"In view of the importance of the Banking Act case before the High Court of Australia, the Attorney-General (Dr. Evatt) will lead for the Commonwealth and the other defendants. Dr. Evatt and the Solicitor-General (Professor K. H. Bailey) will appear in their official capacities for the defendants".

PRIMARY INDUSTRIES.

EXPORTS TO BRITAIN—LONG-TERM CONTRACTS, EGGS, EXTENSION.

On 9th February, 1948, the Minister for Commerce (Mr. Pollard) announced that an agreement had been reached between the British Ministry of Food and the Commonwealth for the purchase of Australian eggs in shell, frozen egg pulp, and egg powder. The existing contract, which was to have been effective until 30th June, 1950, would terminate on 30th June, 1948, and the new contract would commence with the season 1948-49 and extend up to and including the season 1952-53. The new contract envisaged that yearly progressive increases in production and export should commence in 1948-49, the objective being to achieve an export target of 105,000,000 dozens a season, in all forms. In the event of Australian exports not expanding sufficiently to provide a total shipment during 1949-50 and 1950-51 of the equivalent of 4,500,000 cases, the British Ministry would have the right to call in January, 1951, for a review or revision of the quantities which it was committed to accept from Australia for the balance of the contract period.

To achieve before 1952-53 the full increase in egg exports as desired by the British Ministry, Australian egg production must be increased from its present level of 124,000,000 dozen eggs a year to about 180,000,000 dozen. That would mean an increase of 5,500,000 birds in poultry flocks by 1952-53.

Prices to apply for 1948-49, 1949-50 and 1950-51 were—

Eggs in shell: 2s. 4d. a dozen; frozen whole egg (egg pulp): 1s. 8.9d. a lb.; dried sugared egg: 5s. 1d. a lb.; dried whole egg: 7s. a lb.

(These prices are for the 15 lb. pack, and prices for heavier or lighter packs will be adjusted *pro rata*.)

Prices for 1951-52 and 1953 would be determined by further negotiation not less than sixteen months before the season to which they applied—at the beginning of the hatching season, which would substantially determine the size of flocks for the season in question.

Oiling of shell eggs for export had been proved beneficial, and all prices fixed for shell eggs included allowance to cover the cost of oil processing. Maximum possible quantities were to be processed in 1948-49, and thereafter all eggs in shell would be oiled.

Only eggs which had not been washed may be included in the shell egg pack. Packing of shell eggs must take place during the period 1st June to 24th December in each year.

The British Ministry would be given first preference for all shell eggs of export quality packed in Australia in the weight grades acceptable—13½ lb. to 17 lb. a long hundred—and Australian exports of shell eggs in those grades to destinations other than Britain during the period January to June in each year, shall not exceed 2½ per cent. of Australia's shell egg shipments to Britain during the preceding June-December period.

AGRICULTURAL COUNCIL MEETING—DECISIONS.

On 9th February, 1947, the Minister for Agriculture (Mr. Pollard) said that a meeting of the Australian Agricultural Council had been held. Decisions were—

BRITISH FOOD MISSION.—Council adopted a report from the Standing Committee on Agriculture expressing the view that the possibility existed for an expansion of food production in the Commonwealth to the mutual benefit of Britain and Australia, and that all available resources necessary to achieve this objective should be devoted to it by Commonwealth and State authorities. Council, which would confer with members of the mission, accepted the committee's view that it may be necessary, after the detailed objectives of the mission had been clarified and its proposals further developed, to arrange a special meeting to consider measures required to achieve increased production.

EXPORT OF FEED GRAINS.—Council considered the export of feed grains other than wheat (oats, feed barley, sorghum, maize, millets and rye), and was of opinion that they should be held in Australia in sufficient quantity to meet the reasonable demands of the live-stock industry. Council considered that export of established surpluses of such grains should be permitted and that each kind of coarse grains should make its contribution to the live-stock feeding programmes. Council was of the opinion that producers of those grains should have the opportunity to share in both the domestic and export markets. Council was of the opinion that the possibilities be urgently examined of setting up a coarse grains export authority to ensure equitable treatment to the individual States and to producers of the various types of coarse grains in relation to the exportation of those grains from the Commonwealth.

TOBACCO PRODUCTION.—Council considered the urgent necessity to increase production of tobacco leaf in Australia, in view of limitations imposed on the importation of tobacco from dollar areas. Council recommended that further consultations take place between Commonwealth and State representatives and technical officers to evolve definite plans for increased production of tobacco leaf of suitable quality, and that appropriate consultation take place with the Australian Tobacco Board.

TOBACCO MARKETING.—Council considered the position in States directly concerned regarding uniform State legislation on the marketing of tobacco. All tobacco-producing States were not in favour of the introduction of the necessary legislation, and Council was of the opinion that, after the present season, any stabilized marketing of tobacco leaf must be entirely dependent on action taken by the respective States. Council recommended that representatives of the Commonwealth Department of Agriculture, the Australian Tobacco Board, the Prices Commissioner and the four State Departments of Agriculture concerned should meet to devise plans to achieve some form of stability for submission to Ministers and consideration at the next meeting of Council.

POTATO MARKETING.—Council noted that the functions of the Australian Potato Committee had been continued to cover the 1947-48 crop, but the committee could not continue to function. If organized marketing were to continue, State action would be essential in the near future and for effective action co-ordination of the activities of the State organizations was necessary. Growers' organizations had approached the Commonwealth requesting continuance of Commonwealth guaranteed prices for potatoes. The Commonwealth would be prepared to consider such a request, but would need to be assured that marketing was organized on a basis that would ensure supplies being spread over the season; give a fair allocation of available supplies throughout the Commonwealth; and prevent over-supply to markets and depressed prices.

EGG INDUSTRY.—Council noted that from the surplus funds of the Commonwealth Egg Control, which would probably amount finally to between £700,000 and £750,000, the Commonwealth Government had already agreed to the distribution of £300,000 between State Egg Boards on the basis of recorded production in each State during the period of Commonwealth control up to June, 1947. Council was informed the Commonwealth Government considered that it should be reimbursed from surplus funds for losses directly incurred in connexion with egg-drying plans since their introduction in the war period. Council decided that this be agreed to up to a maximum of £100,000. As regards the balance of the money, Council recommended that it be distributed to State Egg Boards *pro rata* to contributions to the control fund.

POULTRY CONFERENCE.—Council decided to accept an invitation from the Danish Government to be represented at the Eighth World Congress of Poultry Breeders at Copenhagen in August, 1948. The Principal of the Animal Health and Nutrition Laboratory of the West Australian Department of Agriculture (Dr. H. W. Bennetts), and the veterinary officer of the New South Wales Department of Agriculture (Mr. G. L. McClymont) would be in Britain at that time, and an approach would be made to the Commonwealth Government to include those officers in the Australian delegation. The Commonwealth Dairy Officer at London (Mr. A. D. Allanson) would attend the Congress.

SUPERPHOSPHATE.—Council noted that National Security (Superphosphate Industry) Regulations, which incorporated the Superphosphate Industry Committee, were discontinued from 1st January, 1948, and that the Minister for Agriculture (Mr. Pollard) had approved of the committee continuing to function as an advisory body.

EXPORTS TO BRITAIN—RICE.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said—

“Cabinet decided to-day that the Australian rice crop of 32,000 tons should be allocated to essential needs in Australia (hospitals, invalids, Asiatics and the like); to New Guinea, Papua and Pacific Islands; to Malaya and other rice-deficient countries; with a shipment to Britain.”

WHEAT STABILIZATION SCHEME.

POST-WAR—CONTINUANCE, MINISTERS' CONFERENCE.

On 11th February, 1948, the Minister for Agriculture (Mr. Pollard) said that Commonwealth and State Ministers for Agriculture had considered stabilization of the wheat industry. The amended plan of the Commonwealth Government was the basis of the discussion. Conference also received a submission from the Australian Wheatgrowers' Federation setting out its views. He had indicated to State Ministers that he would submit to Cabinet a suggestion that the period of the plan be extended for one year to take in the 1952-53 harvest, thus making the initial period of operation of the plan eight years from the 1945-46 harvest. He had indicated that if the findings of the Wheat Industry Costs Committee proved that it was impracticable to have an index formula for adjusting costs movements, or if application of its findings proved impracticable, the Government would make periodic review of costs movements. The Government would determine the period of review and the machinery of review at the appropriate time. He had undertaken to recommend to Cabinet that a properly constituted authority be set up to provide for and determine any refund to wheat-growers who had an equity in the Wheat Stabilization Fund if for any reason they were arbitrarily forced to cease wheat growing.

On some other points State Ministers were not prepared to commit their Government, but considered it necessary to have further consultation with them. That applied particularly to the federation's request that a ballot on wheat stabilization legislation should be taken of all wheatgrowers of the Commonwealth who were registered and had sown 50 acres or more to wheat.

It was agreed that the matter would be discussed if desired after State Governments had considered the matter further and determined their policy on fundamental features of the plan.

(For earlier references, please see No. 106, page 62; No. 129, page 35; No. 133, page 23.)

POST-WAR—CONTINUANCE, EXTENSION.

On 2nd March, 1948, the Prime Minister (Mr. Chifley) said—
“Cabinet to-day decided that the wheat stabilization plan be extended by one season to cover five seasons after 1947-48.

“Cabinet also approved the principle of setting aside up to half the annual interest earned by the wheat stabilization fund to repay approved cases in which a refund of tax payments is merited. The latter decision covers ‘hard luck’ cases. Further consideration will be given to the constitution of an authority to deal with these cases.”

BRITAIN.

FINANCIAL POLICY—PRIME MINISTER'S STATEMENT, FEBRUARY, 1948.

On 11th February, 1948, the Prime Minister (Mr. Chifley) said—
“The fall in values of shares on Australian stock exchanges may be attributed to various factors. These include the fall in overseas

prices for grain; President Truman's various statements that something must be done to retard rising prices and costs; and Britain's difficult economic position because the drain on gold reserves has not been reduced as hoped. Speeches and statements by the British Chancellor of the Exchequer (Sir Stafford Cripps), backed by facts, have made it clear that the going will be difficult. As a consequence, profits are not being reaped as they were before.

"What happens on Australian stock exchanges is a reflection of what has happened in Britain and the United States, where there is every indication that a recession is coming.

"There is nothing more in it as far as Australia is concerned except in regard to prices for primary products, although these are mainly safeguarded by firm contracts. The second factor in Australia is concern as to rising costs. Opportunities offering to Australia for expansion and development are the greatest in history, and I am confident that that will take place even allowing for an overseas recession."

TAXATION.

COMPANY TAX—PRIME MINISTER'S STATEMENT.

On 12th February, 1948, the Prime Minister (Mr. Chifley) said:

"During the war, and since its conclusion, a good deal of adverse criticism has been directed against the incidence of income taxation on companies. Numerous published reports of annual meetings of companies have contained references to the crushing burden of taxation, its stifling effect on enterprise and the generally adverse economic effects of the Government's taxation policy.

"Such comments have appeared so frequently that I am sure that, by force of sheer repetition, they are accepted as representing the facts of the position. So far as I am aware, no one has bothered to analyse the burden of taxation on companies and to relate that burden to company income levels. Obviously, taxation has increased as a result of the war; but the incomes out of which that taxation has been paid have not remained static, but have increased. The important factor is the relationship between the incomes remaining to companies after payment of taxation in the periods prior to, during, and subsequent to the war.

"Australia's participation in the recent war necessitated that every section of the community should bear a share of the tremendous cost associated with the war. It was determined at an early date that as far as possible Australia should, as a policy, attempt to meet war costs from current income and so reduce borrowing to a minimum. Accordingly, the rates and scope of all existing taxes were increased and new taxes imposed so as to ensure as far as possible that equality of sacrifice was achieved between the various components of the community. How successful this policy proved has now become part and parcel of the financial history of the Commonwealth.

"It was realized that the primary and most flexible source of war revenue was income tax, since by a graduated income tax there is achieved the maximum degree of equity between individual taxpayers

and equality of sacrifice. The rates of individual income tax were increased in 1940, 1941, and again in 1943, when they reached their peak. Companies, in their turn, were called upon to make some contribution to the cost of the war.

“Immediately before the outbreak of war companies were liable, for Commonwealth purposes, to normal tax, imposed at a flat rate of 1s. 1.8d. in the £1 on each £1 of their taxable income. A private company, which may be broadly defined as a company which is under the control of not more than seven persons and which is not a company in which the public is substantially interested, was liable for the additional tax which would have been payable by its shareholders if the undistributed amount had been distributed. In addition, companies were liable to various income taxes imposed by the States.

“According to the Commonwealth Year Book (Vol. 36, p. 745) collections from companies in the financial year 1938-1939 were as follows:—

Commonwealth collections	£	4,300,000
State collections	£	11,498,000
					<u>15,798,000</u>

“Reference to the Twenty-second Report of the Commissioner of Taxation shows that, for Commonwealth purposes, companies derived a taxable income of £31,456,000 during the income year 1937-1938, the year to which collections for the financial year 1938-1939 are related.

“The variations between the States and the Commonwealth in the manner of ascertaining taxable income would raise the total taxable income to about £89,000,000 for all companies. Collections of £15,800,000 on this taxable income represent an overall effective rate of tax of 43.61d. or approximately 3s. 8d. in the £1. For the year in question, therefore, companies, after payment of tax, had a total amount of profit available either for distribution or to place to reserves of £73,200,000.

“For the financial years 1939-1940 and 1940-1941 the rates of normal tax were increased to 2s. in the £1, and in 1941-1942 the rate was increased to 4s. in the £1. In 1942-1943, with the introduction of uniform taxation, companies were no longer subject to State income tax. To compensate for suspension of State tax, the rate of normal Commonwealth tax was increased from 4s. in the £1 to 6s. in the £1, as the average rate of tax imposed on companies by the States was about 2s. in the £1. This point is frequently overlooked by critics who claim that the Commonwealth rate of normal company tax has increased by 4s. 10.4d. (that is, from 1s. 1.8d. to 6s.), whereas in reality, the rate has increased by only 2s. 10.4d.

“Companies were, of course, subjected to other imposts in addition to an increase in the rate of normal company tax.

"Private companies continued throughout the war and to the present time to be subject to the additional tax paid under Division 7 of the *Income Tax Assessment Act*. The amount of this tax is determined by reference to the amount of additional tax which would have been payable by the shareholders of the company if the company had paid the undistributed portion as a dividend. These assessments, as a consequence, reflected the rates of tax payable by individuals, which, as mentioned above, reached their peak in the financial year 1943-1944.

"Much has been made of the incidence of this tax, it being claimed that it involves very high rates of tax. This view has arisen primarily because the Division 7 tax has been related to the undistributed amount and not to the taxable income, which is the true base.

"The Twenty-sixth Annual Report of the Commissioner of Taxation (page 12) shows that for the financial year 1943-1944 private companies were assessed to £8,650,000 Division 7 tax on an undistributed income of £12,560,000. The average rate of Division 7 tax was therefore 165.3d. for each £1 of the undistributed amount. However, the taxable income of private companies in that year was £51,486,000, so that the total Division 7 tax of £9,730,000 (comprising £8,650,000 actually assessed and £1,080,000 estimated to be assessed) represents an average rate on the taxable income of 45.5d. in the £1.

"Although it may be considered that even the average rate of 45.5d. for Division 7 tax is high, it must be remembered that where a dividend is paid by a private company out of profits which have borne tax under Division 7 that dividend is virtually tax free in the hands of the shareholders, as they are entitled to a rebate of the tax attributable to the inclusion of the dividend in the taxable income. No precise figures are available as to the amount of such tax free dividends, but some indication of their volume may be derived from the fact that in the income year 1943-1944 resident private companies paid dividends amounting to just over £19,000,000, the major portion of which may be assumed to have been paid from funds which had borne Division 7 tax.

"Non-private companies were also required to contribute their share to the rising costs of the war. As from the financial year 1940-1941, non-private companies became liable for a super tax of 1s. in the £1 on that part of their taxable income in excess of £5,000. A super-tax rebate is allowed to avoid the dual payment of super-tax on income derived by a company and on dividends paid by that company to another company out of income on which super tax has been paid or is payable.

"From the financial year 1940-1941, non-private companies have also been liable to a further tax of 2s. in the £1 on that portion of their taxable income which has not been distributed as dividends. The yield from this further tax has never exceeded £2,000,000 annually.

"War-time (Company) Tax was also imposed on non-private companies for the financial year 1940-1941 et seq. This tax differed from

the war-time profits tax imposed during World War I. and the British Excess Profits Tax. These latter taxes adopted a standard of pre-war profits and sought to drain off any profits in excess of this standard as being attributable to excess war profits. The War-time (Company) Tax, however, was designed to levy tax on the basis of the percentage of the taxable profit to the capital employed.

"The number of companies which have been assessed to War-time (Company) Tax has never been large—in fact, only 757 companies were so assessed for the financial year 1944–1945. These 757 companies were assessed to £4,390,000 on a taxable profit of £28,500,000. The total taxable income of the companies concerned amounted to £45,400,000, the War-time (Company) Tax therefore being imposed at an effective average rate of only some 23s. 2d. If the total taxable income of all public companies, £98,621,000, is taken into account in weighing the effect of War-time (Company) Tax, the effective average rate is only 10.7d. in the £1.

"In considering the incidence of War-time (Company) Tax, it should be remembered that, in determining the amount of War-time (Company) Tax payable, the amount of super tax payable by the company is allowed as a rebate from the War-time (Company) Tax otherwise payable. The allowance of the rebate has the practical effect of rendering many companies non-taxable for the purposes of War-time (Company) Tax.

"Having briefly surveyed the existing taxes on companies and commented on their individual incidence, it may be of interest to set out, as accurately as available statistics permit, the total weight of taxation on both private and non-private companies. The main source of these statistics are the Annual Reports of the Commissioner of Taxation.

"In the financial year 1944–1945 private companies were assessed to the following taxes on a total taxable income of £55,500,000, which was derived during the year ended June 30, 1944—

	£	£
Normal tax at 6s. in the £1		15,690,000
Division 7 tax actually assessed to 30th June, 1946	2,289,000	
Estimated to be assessed after 30th June, 1946	1,342,000	
		<u>3,631,000</u>
		<u>19,321,000</u>

"Thus, for the financial year 1944–1945, private companies paid on their total taxable income, an average rate of 83.5d. in the £1.

"It must, however, be observed that the Division 7 tax payable in respect of the financial year 1944–1945 was reduced by 75 per cent. as a result of the introduction of the system of pay-as-you-earn. Consequently, the average rate of tax arrived at above is not representative of all years.

"The Division 7 tax payable in respect of the financial year 1943–44 (in which year the peak war-time rates were first operative)

amounted to £9,743,000 on a taxable income of £51,486,000 representing the levy of Division 7 tax at an average rate of 45.5d. in the £1. If this rate is accepted as typical of the Division 7 tax payable when rates were at their peak, the overall rate of 1944-45 would have been 113.3d., if the 75 per cent. rebate had not been granted.

"Preliminary figures for the financial year 1945-1946 tend to confirm this overall average rate, the tentative 1945-1946 figure being 115.8d.

"It can be said then that the overall average rate of tax paid by private companies when rates of tax were at their highest approximated 9.6d. in the £1.

"For the financial year 1944-1945 (income year 1943-1944), the taxable income of public companies amounted to £98,621,000. These companies were assessed to the following taxes:—

	£	£
Normal tax at 6s. in the £1		26,780,000
Super tax		3,803,000
Part IIIA.:		
Actually assessed to 30th June, 1946 ..	1,989,000	
Estimated to be assessed after 30th June, 1946	110,000	2,099,000
War-time (Company) Tax		4,390,000
		<u>37,072,000</u>

"The overall average rate of tax paid by public companies for the financial year 1944-1945 was therefore 90.2d.

"Although public companies appear to have an advantage over private companies in that the overall average rate of tax paid by them is less than that paid by private companies, any dividends paid by public companies are, in the generality of cases, fully taxable in the hands of the individual recipient. On the other hand, dividends paid by private companies out of funds which have borne tax under Division 7 may be regarded for all practical purposes, as exempt in the hands of the shareholder.

"I think that it is, therefore, fair to say that the effective rate of tax imposed on all companies over the war years would approximate 90d. in the £1—or 7s. 6d. in the £1. In the light of the sacrifices and demands made upon other sections of the community, I do not think that companies have been unfairly treated by the incidence of income taxation. In fact, when compared with the weight of company taxation in other countries, companies in Australia have escaped lightly over the war years.

"But what has been the general effect on companies of the increased rates of taxation? In 1938-1939, the combined collections from company income tax by the Commonwealth and the States were nearly £16,000,000; 1944-1945, Commonwealth collections from companies amounted to £60,000,000. The initial reaction is that during the war years, the profits available to companies after payment of tax must have diminished considerably in order to meet the additional taxes of some £44,000,000. But such has not been the case. Since 1938-1939,

the national income has increased by some 64 per cent., and companies have enjoyed a similar increase in their taxable incomes. The net result has been that, despite the burden of war taxation, companies have had more available, either for distribution to shareholders or to place to reserve, than they had in pre-war years. This I regard as a tribute to the manner in which my Government has financed the war and created conditions of relative economic prosperity.

"The extent to which net company profits have increased over the war years is apparent from the following table which is based upon information contained in the 'National Income and Expenditure 1946-1947'. In the table 'company income' is income after payment of indirect (but not direct) taxes of all companies subject to income tax, less dividends received from other companies. It also excludes life assurance companies. 'Non-personal direct taxes' represent income taxes, undistributed profits taxes and war-time (company) tax.

(1) Year.	(2) Net National Income. £m.	(3) Company Income. £m.	(4) Per cent. of (3) to (2). %	(5) Non-personal Direct Taxes. £m.	(6) Net Company Income. £m.
1938-39	803	89	11.1	16	73
1939-40	852	105	12.3	21	84
1940-41	923	114	12.4	31	83
1941-42	1,075	120	11.2	47	73
1942-43	1,229	128	10.4	50	78
1943-44	1,279	140	10.9	52	88
1944-45	1,228	128	11.2	60	78
1945-46	1,236	135	10.9	55	80
1946-47	1,265	140	11.1	53	87

"From column (4), it is apparent that companies, over the war years, have obtained practically a constant share of the national income, so that they have benefited from the increased activity resulting from the favorable economic conditions resulting from the policy of my Government during the war. More significant still is the fact that despite the increase in taxes paid by companies (Column 5), the net amount left to companies (Column 6) has never fallen below the 1938-39 level.

"It is of interest to show how these profits remaining after payment to tax have been dealt with—

Year.	Dividends paid to Residents. £m.	Undistributed Profits accruing to Residents. £m.	Dividends and Undistributed Profits payable Overseas. £m.	Total Net Company Income. £m.
1938-39	24	34	15	73
1939-40	27	43	14	84
1940-41	30	39	14	83
1941-42	32	29	12	73
1942-43	31	35	12	78
1943-44	32	42	14	88
1944-45	30	35	13	78
1945-46	32	35	13	80
1946-47	35	39	13	87

"It is noteworthy that dividends paid by companies to residents have never fallen below the 1938-1939 level, and had, in fact, by 1946-1947, increased by nearly 40 per cent. Further, the undistributed profits accruing to residents have at least been maintained over the war years and are now displaying an upward trend.

"In the light of these facts, I hope that the belief that the weight of company tax has ruined companies and retarded economic progress, will now be scotched for all time. Companies have, along with other sections of the community, received the benefit of the Government's policy of full employment, resulting in an expansion of all forms of economic activity.

"That my Government is alive to the important influence which companies have on the economic life of the community is evidenced by the fact that since the end of the war, the taxation of both private and non-private companies has been reduced. Private companies have received the benefit of the greatly reduced rates of tax payable by individuals in their Division 7 assessments. Non-private companies are no longer subject to War-time (Company) Tax, a fact which should prove of great benefit to newly established and expanding businesses."

On 23rd February, 1948, Mr. Chifley said—

"There has been some criticism of my recent statement on company taxation. Most of the comment is extraneous to the main issue, being directed at the weight of all taxation, the level of Government expenditure and the extent of Governmental control. A statement on the incidence of company taxation is not the appropriate place to deal with such comment which will be replied to at the appropriate time and place.

"Other critics appear to have overlooked the fact that the statement dealt only with the incidence of income tax on companies. It has been argued, for instance, that because a rebate of company tax is not now allowed to shareholders on dividends, companies are paying more tax than pre-war. These critics appear to have found it necessary to bolster their case by taking into account the tax paid by individuals—a factor which is not relevant to the issue.

"Another critic has pointed out that net company income (that is, after payment of taxes) as a percentage of national income has declined from 9.1 per cent. in 1938-39 to 6.8 per cent. in 1946-47. This comparison of percentages merely tends to obscure the real issue. The fact that must constantly be borne in mind is that the actual level of net company income, after payment of tax, has increased from £73,000,000 in 1938-39 to £87,000,000 in 1946-47—an increase of £14,000,000 or nearly 20 per cent.

"Some of the criticism, however, calls for some reply. For instance, it has been stated that companies are now unable to pursue a policy of development and expansion because undistributed profits available to companies in 1946-47 were only £5,000,000 higher at £39,000,000 than they were in 1938-39. It is claimed that this increase is inadequate to meet present day costs of acquiring equipment and plant.

"In my opinion, the criticism overlooks certain important factors. In the first place, undistributed profits are not the only source of funds for development and expansion of companies. Secondly, the undistributed profits available to companies during the war years never fell below the 1938-39 level and actually rose as high as £42,000,000. The Government has shown companies sympathetic consideration in allowing them to retain these undistributed profits during the war. It is certain that individual taxpayers did not have the same opportunity of building up similar reserves during the period when individual rates of tax were at their peak.

"The total of undistributed profits accruing to companies during and immediately after the war, amounted to some £180,000,000. Shortages of man-power and materials have, up to the present, largely precluded expenditure of these reserves on replacement or development work. A reasonably large proportion of this accumulation should now be available for this purpose.

"Obsolete and outworn plant, and the like, are normally replaced by means of a depreciation reserve which is built up over the life of the plant. Thus a considerable proportion of the capital necessary to replace existing plant and equipment should already be in the hands of companies. In addition, they could have recourse to their accumulated undistributed profits.

"Further, the purchase of new, and replacement of obsolete plant and equipment is encouraged by special depreciation provisions in the Income Tax Assessment Act. These provide an initial depreciation allowance of 20 per cent. (in addition to normal depreciation) on all depreciable assets acquired during the five years ended 30th June, 1950. The combined effect of all these factors is largely if not completely to offset the higher cost of new machinery and equipment.

"It has also been suggested that the average rates of tax payable by companies, as calculated in my original statement, over the war years are misleading, because some companies paid more and some less than the average rate. This is inherent in all averages, but the average rate of 7s. 6d. in the £1 paid by companies does indicate that the great proportion of companies paid either this rate or less on the whole of their taxable income.

"None of the critics has been able to refute the facts contained in my statement or to deny that as compared with other sections of the community (and with other countries), companies have received fair treatment from the taxation viewpoint."

BRITISH COMMONWEALTH. PROPOSED CONFERENCE.

On 13th February, 1948, the Prime Minister (Mr. Chifley) said—
"Nothing can be gained by holding a British Commonwealth Conference at the moment. I cannot say what the future holds, as something is taking place all the time. We understand the position on finance and on the question of a production drive. First of all, production is aimed at providing food for Britain. The more we encourage

increased production the closer we are to the solution of all difficulties. The fundamental thing is to get the best possible production to solve the dollar crisis, our own shortages and the need for food. But at the moment, on the information available to us, there is nothing to be gained by a special conference. What the future holds will be determined in the light of circumstances."

VISIT OF KING AND QUEEN TO AUSTRALIA— ANNOUNCEMENT.

On 6th March, 1948, Mr. Chifley broadcast over the national network. Mr. Chifley said—

"Men and women of Australia,

"It is my most happy duty and privilege to make an announcement to the people of Australia.

"His Majesty the King has commanded His Excellency the Governor-General to authorize me to make public the following bulletin which His Excellency has received from Buckingham Palace, London—

In response to a suggestion made by his Prime Ministers in New Zealand and Australia, the King has graciously consented to visit these countries in the early part of 1949. His Majesty will be accompanied by the Queen and the Princess Margaret.

"I know that the knowledge that Their Majesties and the Princess Margaret will, at a comparatively early date, visit us will give the greatest satisfaction to all Australians and I have asked the Governor-General to express our gratitude to His Majesty. All will look forward eagerly to the opportunity of showing here in Australia the feelings of pride and affection we have for the Royal Family.

"The Government of the Commonwealth will gladly join with the Governments of the States and with public and private bodies in ensuring that a fitting welcome be given to our Royal guests."

On 9th March, 1948, Mr. Chifley said—

"The Minister for Munitions (Senator Armstrong) will be Minister-in-charge of the Royal Visit to Australia in 1949."

"The General Officer Commanding, Eastern Command (Lieutenant-General F. H. Berryman), will be Director of the Royal Visit to Australia in 1949."

VISIT OF KING AND QUEEN TO AUSTRALIA—STAMP ISSUE.

On 24th May, 1948, the Postmaster-General (Senator Cameron) announced that special postage stamps would be issued in Australia to mark the visit of the King and Queen and Princess Margaret.

CONVERSION LOAN.

LONDON OPERATION, JANUARY, 1948, SUCCESS.

On 13th February, 1948, the Prime Minister (Mr. Chifley) said—

"The loan for £12,870,300, issued at London to convert the New South Wales 5½ per cent. loan, has closed with applications amounting to £10,420,300. This leaves £2,450,000 to be taken up by the underwriters.

"This result is regarded as satisfactory in view of the adverse factors which affected the market after the lists were opened. Since the loan closed the securities have been quoted at a premium."

OLYMPIC GAMES.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said

"Cabinet to-day decided to make a grant of £4,000 towards the expenses of the Australian team to the 1948 Olympic Games."

CONSTITUTION.

AMENDMENT—REFERENDUM, PRICES, DATE.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said—

"Cabinet decided to-day that the referendum for the amendment of the Constitution in respect of rents, prices and charges shall be taken on Saturday, May 29, 1948."

(For earlier references, please see No. 132, page 22.)

JUTE.

POST-WAR—GOVERNMENT BUYING FURTHER CONTINUED.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said—

"Cabinet decided to-day that Government purchasing of raw jute and jute goods be continued in 1948-49. Approval was given for the purchase of an additional quantity of 3,125 tons of raw jute for 1947-48. Purchases in 1948-49 will be 102,000 tons of jute goods and 4,500 tons of raw jute, valued at about £15,000,000."

DEFENCE.

POST-WAR—SERVICE EXPENDITURE.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said—

"The Board of Business Administration ceased to function on December 31, 1947, with the expiry of Defence (Transitional) Act Regulations. The board, which operated with the Defence Division of the Treasury, was responsible for the review of proposals by Service Departments for works and supplies, for inspections and investigations of financial and accounting matters and for co-ordination of matters from a joint-services aspect.

"In November, 1947, Cabinet approved a procedure for review and approval of works proposals, involving a review by a sub-committee of Cabinet, assisted by an inter-departmental committee.

"With regard to matters other than works and to maintain the established principle of review with modifications suitable to existing circumstances, I arranged for discussions between the Treasury and the Departments of Defence, Navy, Army and Air.

" Cabinet decided to-day that the following review authorities be set up:—

A Cabinet sub-committee, comprising the three service Ministers and myself, and the Minister for Defence when necessary.

A Treasury Defence Review Committee comprising a Treasury representative as chairman and the permanent head of each service department.

" Matters to be referred for review will be—

Programme and statements of requirements for annual Estimates purposes under the defence plan and in respect of war commitments.

Any variations from the above required to be implemented during the year in anticipation of next year's Estimates. (This will include increases in numbers of personnel as provided for respective ranks in annual Estimates.)

Variations in the approved bases of provisioning; or the authorized equipment tables. Any proposition not covered by the foregoing involving the purchase of plant, equipment, motor transport, spare parts and supplies where the expenditure involved would exceed £5,000.

Questions involving variations in standards of issue of clothing and rations and in standards of furniture, office equipment and departmental services generally.

Pay and conditions of service of members of the forces.

Any other expenditure proposals having a joint-service aspect.

Systems in relation to financial and store accounts.

HEALTH.

RADIOLOGY.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said—

" Cabinet to-day approved, on the recommendation of the Minister for Health (Senator McKenna), of the establishment of a physical service in radiology at Perth, to be a branch of the Commonwealth X-ray and Radium Laboratory at Melbourne. The new project will serve a useful purpose in standardizing diagnostic and therapeutic x-ray equipment; the working conditions of persons engaged in x-ray occupations, radium and other electro-medical equipment; and in the distribution of radon.

RESEARCH GRANT.

On 19th March, 1948, Mr. Chifley said—

" The Government has agreed to contribute, through the National Health and Medical Research Council, £20,000 towards the cost of biophysical equipment to be installed at Melbourne at the Walter and Eliza Hall Institute of Research in Pathology and Medicine. This amount is in addition to the annual grant made to the institute by the council from funds provided by the Commonwealth Government, and amounting in the current year to £15,000.

" This Commonwealth contribution will allow of adequate physico-chemical studies of viruses, enzymes and proteins, by the use of the most modern analytical ultra-centrifuge and electrophoresis apparatus".

AUSTRALIAN BROADCASTING COMMISSION. REVENUE FROM LICENCES.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said—
“ Cabinet decided to-day to approve expenditure by the Australian Broadcasting Commission, during the three months ending 30th June, 1948, of an amount not exceeding one-quarter of the Commission's estimated expenditure of £1,304,500 for 1947-48; namely, £326,125 ”.

On the 16th March, 1948, Mr. Chifley said—

“ Cabinet to-day decided that the Australian Broadcasting Commission be authorized to expend during the present financial year, in addition to £1,304,000 already approved, an amount not exceeding £20,000 to enable the commission to meet additional costs involved in the application by the Public Service Arbitrator of marginal increases to the staff of the commission ”.

(For earlier reference, please see No. 127, page 30.)

INQUIRY—REPORT.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said—
“ Cabinet to-day received the report of a committee, comprising Messrs. A. A. Fitzgerald, chairman, E. G. Bonney and W. T. Harris, who were appointed to consider the administration and financial organization of the Australian Broadcasting Commission and to report whether the powers, functions and obligations of the commission, as prescribed in the Australian Broadcasting Act, are being discharged with maximum efficiency, adequate control and due economy of expenditure and whether any changes are desirable.

“ Cabinet decided that the report be referred to the Cabinet sub-committee on Broadcasting, comprising the Minister for Supply (Senator Ashley), the Postmaster-General (Senator Cameron) and the Minister for Information (Mr. Calwell). The Cabinet sub-committee will report further to Cabinet.

“ The committee has formed the opinion that generally the present administration, control and organization of the commission is satisfactory; that the financial and accounting procedures are well-designed and effectively carried out; and that although some economies could be effected, it would not be practicable for the commission to be financially self-supporting unless revenue is substantially increased or activities substantially curtailed ”.

SOCIAL SECURITY.

TUBERCULOSIS—CABINET DECISION.

On 16th February, 1948, the Prime Minister (Mr. Chifley) said—

“ Cabinet to-day considered recommendations for a plan to wage war on tuberculosis, designed to reduce tuberculosis to a problem of minor importance within twenty years. Apart from its toll in human misery and distress, tuberculosis involves vast economic loss to the nation through loss of man-power hours in industry, lowering of the

birth rate and the expenditure of millions of pounds on treatment, convalescence and social benefits. The disease demands national concern both because its incidence falls very heavily on young adults in their most productive and reproductive years but also because, being infectious, it is a source of real danger to every person in the community. If detected early it can usually be arrested and the patient returned to useful citizenship.

"The Federal Health Council, the National Health and Medical Research Council and medical bodies have been advocating for many years a vigorous attack on tuberculosis under Commonwealth leadership and with adequate Commonwealth financial backing. The power conferred on the Commonwealth Parliament at the last referendum to provide medical services has opened the way to Commonwealth entry into the field as well as imposing a high responsibility on the Commonwealth. Principles and methods to be applied to the control of tuberculosis are well established and have been effectively applied in other parts of the world—notably in Scandanavian countries, Canada (particularly Ontario and Saskatchewan) and in most of the United States.

"The recently appointed Commonwealth Director of Tuberculosis (Dr. H. W. Wunderly) has completed a survey of the facilities and needs in each State in relation to this disease which, it is estimated, affects from 30,000 to 40,000 persons.

"Cabinet authorized the Minister for Health (Senator McKenna) to draft legislation to effect necessary amendments to the Tuberculosis Act. Senator McKenna stressed that no housing problem was of greater urgency than that of housing in isolation in suitably equipped buildings sufferers who, as well as needing to be saved from the disease, are a menace to the health and lives of their fellows unless precautionary measures are strictly observed.

"The co-operation of the States will be sought in making a uniform approach to the problem. Subject to agreement between the States and the Commonwealth as to a general plan of campaign evolved in consultation, the Commonwealth will provide the necessary money for new buildings and equipment and will be prepared to provide a substantial proportion of maintenance involved.

"Dr. Wunderly's report will be circulated to the States as a basis for discussion and Dr. Wunderly will again visit all States in the near future. A very brief summary of Dr. Wunderly's report shows that an important element in an attack on tuberculosis is the education of the public to prevent the spread of the disease. In this, the Government invites the co-operation of the press, the radio, the newsreels and voluntary bodies who, with limited finances and facilities, have done splendid work in combating the disease and making the public conscious of tuberculosis. I am confident that this co-operation will be forthcoming. The full co-operation of medical schools, teaching hospitals and other institutions is also desired. It is estimated that the Commonwealth will, from an early stage of the campaign, be involved in considerable expenditure. This will be in addition to the amounts now being

expended annually by State governments. The Government is anxious that there should be an immediate, vigorous and efficient approach to the treatment, prevention and control of tuberculosis in this country".

(For earlier references, please see No. 107, page 47; No. 116, page 31; No. 118, page 25.)

PHYSICALLY HANDICAPPED PERSONS.

On 16th February, 1948, Mr. Chifley said—

"In 1945, Cabinet approved the development of an interim scheme of rehabilitation under the *Re-establishment and Employment Act* to cover ex-servicemen not eligible for medical benefits under the *Australian Soldiers' Repatriation Act* and directed that a committee, representative of the Treasury, the Department of Post-war Reconstruction and the Department of Social Services should prepare a report on a permanent scheme for the general community.

"Cabinet to-day approved the committee's recommendations as follows:—

Establishment of a rehabilitation scheme for the general community, providing medical treatment and vocational training.

Persons from certain groups at present to be brought into the scheme—disabled ex-members of the forces covered by Part IV. of the *Re-establishment and Employment Act* as at time of the commencement of the general scheme for the rehabilitation of disabled persons; invalid pensioners or claimants for the invalid pension; those receiving or claiming unemployment or sickness benefits who may become unemployed unless rehabilitation assistance is given.

A report to be presented within twelve months on the practicability and desirability of including adolescents.

Adoption of the principle of inclusion ultimately of recognized industrial diseases groups within the scheme.

Eligibility to be restricted to cases drawn from the groups set out above where the disability has already lasted thirteen weeks at the time of application, appears likely to last at least a further thirteen weeks (making 26 weeks in all) and to be a substantial handicap to the person in securing suitable employment; yet is remediable and allows of reasonable prospects of employability within two years.

During medical treatment, the pensioner should continue to receive his social services benefit and also the actual cost of fares where he is required to travel for treatment. The fares paid are not to be regarded as 'income' under the Social Services Consolidation Act.

During vocational training, the trainee should receive a benefit at the rate of, and subject to, a means test similar to that for invalid pensions, plus a training allowance of 20s. a week, the actual cost of fares where he is required to travel regularly for training, and a living away from home allowance as outlined above.

Medical examination to determine eligibility to be free. Cost of medical treatment to be borne by the Commonwealth only to the extent to which the patient is unable to meet the expense. Medical appliances, and also books and tools of trade supplied on the successful completion of training, to be a charge to the patient on a basis to be fixed by the Department of Social Services and the Treasury.

A bill to be prepared for submission to the Federal Parliamentary Labour party.

Pending the passing of legislation, the Government authorize the commencement of the scheme as outlined to operate from 1st January, 1948, to permit of continuity of the treatment and training of ex-service personnel accepted under Part IV. of the *Re-establishment and Employment Act* as at 31st December, 1947".

UNEMPLOYMENT BENEFIT—QUEENSLAND.

On 25th February, 1948, Mr. Chifley said—

“ In connexion with the payment of unemployment benefit to persons involved in or affected by the present Queensland industrial dispute, the *Social Services Consolidation Act* provides that benefit is not payable to an applicant whose unemployment is due to him being a direct participant in a strike.

“ In relation to other persons involved in or affected by an industrial dispute, the Minister for Social Services has issued instructions which are being observed by the Department of Social Services in Queensland at present and throughout the Commonwealth. These instructions are the outcome of a full consideration of the relevant parts of the Act of a Cabinet sub-committee early in 1947. In brief, the instructions embody the following principles:—

In respect of unions on strike and unions sponsoring a strike of its members in key positions, members of these unions, whether directly participating in the strike, or unemployed as a direct or indirect consequence of the strike, are not to be regarded as eligible to receive unemployment benefit.

In respect of unions not on strike, or apparently having no members on strike, members of these unions are to be regarded as eligible to receive unemployment benefit.

A person is not to be disqualified for unemployment benefit by reason only of his refusal to undertake work available through a strike or lockout.

“ Persons eligible under these principles for benefit will, of course, have to satisfy the other eligibility provisions in the Act ”.

EXTERNAL AFFAIRS.

OVERSEAS REPRESENTATION.

On 16th February, 1948, the Minister for External Affairs (Dr. Evatt) said—

“ The Government is taking steps to raise the status of the Australian missions in Russia, France and China. The fact that these three countries have seen fit to accord the increased status to Australia is tangible recognition of the increased role which Australia has come to play in international affairs in recent years.

“ The status of the Australian mission in the United States was raised from that of Minister to Ambassador in June, 1946, and this last action, covering the remaining permanent members of the Security Council, is in accordance with a decision taken in principle by the Government at that time.

“ The change, while not increasing either the size of staffs or financial commitments, is largely to indicate the importance which each country attaches to the other with which it has diplomatic relations, and it is related to the seniority of the particular representative and the facilities to be made available to him in the country to which he is accredited ”.

PARLIAMENT.

INCREASED MEMBERSHIP.

On 17th February, 1948, the Prime Minister (Mr. Chifley) said—
 “The Federal Parliamentary Labour party to-day approved of legislation to increase the number of senators from each State by four with a corresponding increase, as provided in the Constitution, in the membership of the House of Representatives.

“The Federal Parliamentary Labour party approved of the principle of the proportional representation system of voting being applied to the Senate”.

MUNITIONS PRODUCTION.

UTILIZATION OF PLANT—FURTHER SALES.

On 21st February, 1948, the Minister for Post-war Reconstruction (Mr. Dedman) announced the following decisions:—

Munitions annexe at Lane Cove (N.S.W.): sold to Robert Corbett Pty. Ltd., for the manufacture of chemicals.

Commonwealth annexe at Lidcombe (N.S.W.): leased to Australian Forge and Engineering Pty. Ltd., of Lidcombe, N.S.W., for the manufacture of forged axles and automotive spare parts.

Munitions factory at Tamworth (N.S.W.): sold to Amalgamated Wireless (A/asia.) Ltd.

Munitions factory at St. Marys (N.S.W.): leases to Aldaco Products Pty. Ltd.; Malvern Industries Pty. Ltd.; Sign A. Life Pty. Ltd.; S. Epping and Co. Pty. Ltd.; R. E. Elko; Schultz and Hill; Howletts Industries Pty. Ltd.; H. S. Kirkwood; K. H. Freeman; Druco Tool and Engineering Co. Pty. Ltd.; J. Thurling.

JAPAN.

TRADE—PRIVATE TRADING.

On 22nd February, 1948, the Prime Minister) said—

“Arrangements have now been completed with the Supreme Command of the Allied Powers in Japan to permit the early resumption of two-way trade on a limited scale between Australia and Japan within the general framework of the Interim Sterling Payments Agreement recently negotiated with Supreme Command Allied Powers by the British authorities.

“The agreement provides for all private trade between Japan and the sterling area (excluding Hong Kong) to be financed in sterling through special sterling accounts established in the name of Supreme Command Allied Powers with British banks. The agreement to which Australia is a party was concluded in November, 1947, but the necessary banking arrangements have only recently been completed.

“One of the clauses of the agreement provides that unused balances held in Supreme Command Allied Power's sterling accounts may be converted into dollars at six monthly intervals. Because of this clause

it has been necessary to treat Japan as virtually a 'dollar' country for import licensing purposes and up to the present no licences have been granted for the private importation of Japanese goods.

"Arrangements have now been made with Supreme Command Allied Powers which will, to some extent, overcome the difficulties created by the convertibility clause and will permit two-way trade to be revived on a limited scale. The basis of the arrangement is that the Commonwealth Government will authorize the issue of licences for the importation by private traders of certain essential goods from Japan thus providing Supreme Command Allied Powers with funds for the purchase of Australian wool and other products.

"Stocks of wool in Japan are very low and exports of Australian wool to Japan since the cessation of hostilities have been limited to a single shipment of about 7,500 bales. Further purchases have not been possible because Japan has not been able to finance them. As payment is made for Australian imports of Japanese goods under the arrangement now concluded Supreme Command Allied Powers will be in a position to resume purchases of Australian wool through agents at the auctions.

"An undertaking has been given by Supreme Command Allied Powers that the whole of the proceeds of permitted imports into Australia from Japan will be used for the purchase of Australian wool and other products and no question of conversion of marginal amounts into dollars will therefore arise.

Cotton textiles and cotton yarn are excluded from the arrangement because they are at present available only against dollar payments but import licences will be granted for Japanese raw silk, rayon yarn, milling silk and certain essential utility types of rayon textiles."

(For earlier references, please see No. 128, page 24; No. 132, page 3.)

On 24th February, 1948, the Minister for Customs (Senator Courtice) said that since the cessation of hostilities, cotton textiles, rayon yarn and raw silk had been purchased by the Commonwealth Government from Japan, but it was not expected that further Government cash purchases would be undertaken. Licences will be issued for raw silk and rayon yarn direct to users, while licences for milling silk would be issued to importers who had been obtaining their requirements from other sources. Licences would be granted for suitable types of porcelain insulators and it was intended to restrict the issue of those licences to electric light and power undertakings. Regarding cotton piece goods, the occupation authorities still required dollars in payment and import licences would not be issued.

INCOME TAX.

BOARD OF REVIEW.

On 23rd February, 1948, the Prime Minister (Mr. Chifley) said—

"Mr. G. J. J. O'Sullivan has been appointed a member of the Taxation Board of Review at Sydney for seven years as from 1st March, 1948."

REPARATIONS.

GERMANY—SCIENTIFIC PERSONNEL.

On 24th February, 1948, the Minister for Post-war Reconstruction (Mr. Dedman) announced that arrangements has been made for the admission of more German scientists to Australia to assist in research and production problems associated with industrial development. Before allotment to specific tasks, the Government would make the experts available to industrialists for general consultation. They included—

Dr. R. Hoffman, who specialized in the treatment of metal surfaces especially for the electrical industry (including the preparation of surfaces anti-corrosive alloys, anodising electro-plating and sherardising) and the technical application of electro-osmosis.

Dr. F. O. Weinert, who would advise on processes concerning the extracting of salts from German potash deposits, new compounds for seed treatment, dye-stuffs and intermediates, thermochemistry of iron from ores, magnesium and production of intermediates.

Dr. J. Unterzaucher, a micro-analyst.

Dr. H. Ritter and a technical assistant, who were experts in the designing and manufacturing of scientific instruments relating to measurement technique, including those for geodetic, astronomic, optic and inter-ferometric purposes.

On 11th March, 1948, Mr. Dedman announced that arrangements had been made for the admission of more German scientists to Australia during March, 1948. They were—

Dr. A. Gross, chemist, qualified in research and manufacture of artificial resins; Dr. T. Feuerriegel, expert on optical and similar instruments; Messrs. H. Hock, specialist in design and production of machine tools; T. Schobel, leading designer of electric meters, test equipment, motors; A. Seyler, expert in radio, television, and telecommunications; - Fieguth, leading engineer in electro-technical and high frequency engineering.

(For earlier references, please see No. 122, page 49.)

RECONSTRUCTION.

WORLD ORGANIZATION—TRADE AND EMPLOYMENT AGREEMENT.

In Parliament.—On 26th February, 1948, the Minister for Post-war Reconstruction (Mr. Dedman) said—

“I lay on the table the following paper:—

United Nations Conference on Trade and Employment—Memorandum showing alteration of Tariff duties, in substitution for the paper tabled on 18th November, 1947, by the Minister for Commerce and Agriculture. This document, while including all the information contained in the previous document, gives additional information and should be of greater assistance to the House when studying the tariff alterations resulting from the International Conference on Trade and Employment.”

(For earlier references, please see No. 132, page 3.)

In Parliament.—On 26th February, 1948, the Prime Minister (Mr. Chifley) said—

“The great struggle which democracy is having to-day to combat the inroads of communism is due to the fact that the conservative interests of the world have fertilized the soil in which communism has

grown over the centuries. The Labour party is just as concerned about production as is any other party. It is actuated not so much by political motives as by a desire to satisfy the need of the great mass of the people of Australia for essential goods and to make the utmost possible contribution to the welfare of other peoples of the world, many of whom are starving. That is not a political creed; it is a humanitarian creed.

"One has to cast one's mind back over events of recent years to realize the source from which the Geneva trade agreement and other matters have sprung. I recall the state of affairs in 1941-42, when the people of Britain were standing almost alone. Some method had to be devised to secure help from the United States, and I think the idea developed in the mind of President Roosevelt himself. It had to be something which, to use the vernacular, he knew he would be able to sell to the American people. Out of this idea grew at various times the Atlantic Charter, the Mutual Aid Agreement, and the Lend-Lease Agreement. I am able to realize the very difficult position in which Britain was situated and in which Mr. Churchill, the then British leader, found himself in fighting for the preservation of his country. Unless Britain and the Dominions had been able to obtain large quantities of arms and goods from the United States and to take advantage of the great industrial, financial, and man-power resources of that country, it is very doubtful whether we could have won the war. Civilization itself might have been destroyed. The Atlantic Charter, the Mutual Aid Agreement, the Lend-Lease Agreement and Article VII. of the trade charter, all arose in the first place from discussions between President Roosevelt, one of the great men of history, and Mr. Churchill.

"I do not believe that Mr. Churchill was ever anxious to have included in Article VII. any proposals for revision of tariffs. He knew that the United States had always looked with strong disfavour on Imperial preferences, and he knew also that Canada had never been keen on contractual Imperial preference obligations. I think I may thus interpret the utterances of the Prime Minister of Canada, who has been the leader of that country for a long time, without committing a political libel. I do not say that he did not believe in some sort of preference, but it is evident that he has never been enthusiastic about being bound by contractual obligations.

"President Roosevelt had great political problems in his own country at that time. For a long time, the policy of a great majority of the people of the United States had been to 'keep out of Europe'—not to engage in any conflict on that continent, either militarily or otherwise. Therefore, President Roosevelt had to offer to his people something in return for what was one of the most generous gestures in history—the provisions of the Lend-Lease Agreement and the Mutual Aid Agreement. On the other side of the bargain, we had a great leader in Mr. Churchill, who realized the desperate straits of his country. He knew that Britain had been selling its foreign securities to obtain credits, and that this reserve was becoming rapidly depleted.

Indeed, Britain had to make its purchases abroad on a cash-and-carry basis. Mr. Churchill knew that if this situation continued there could be only one end—that Britain could not carry on the war. It was very doubtful at that time whether 60 per cent. of the American people were in favour of participation in a European conflict. Confronted with these tremendous problems, Mr. Churchill and Mr. Roosevelt agreed to insert into the Lend-Lease Agreement the conditions contained in Article VII. which provided that consideration was to be given after the war to a general reduction of tariff barriers. No doubt Mr. Churchill agreed to that provision reluctantly. At that time Australia was in a most desperate position, and it had no alternative but to join in the undertaking given to the United States by Britain. At that time Britain could not help us because physically it was incapable of doing so, and it was only because of the volume of aid supplied by the United States in the form of personnel, aircraft, equipment and services that Australia was not invaded.

“In the circumstances prevailing at the time the action taken by the Australian Government was completely justified. Of course, if the matter had been left to us, we should not have initiated a conference to discuss the reduction of world tariff barriers, but, as I said previously, we were bound by a contractual obligation. Moreover, other factors entered into the matter. Britain desperately needed a reduction of world trade barriers if its economy were to survive in the aftermath of war. The Australian Government realized fully the position of Britain, and because of that, and because of our contractual obligation—or, should I say, moral obligation—we agreed to the provisions of Article VII. of the Lend-Lease Agreement. In any event, the point of view of some of the other Dominions were opposed to ours. Canada, for example, was most anxious that a conference to discuss Empire trade preference should be convened. At that time, responsible people in Britain, irrespective of their political beliefs, did not believe that Britain could survive economically after the war unless it could export more goods into dollar areas; tariff barriers would have to be lowered to enable it to export to countries outside the Empire so as to compensate for the loss of its investments. It must be realized that during the war Britain lost a large number of its overseas investments, and was importing 50 per cent. of its imports from ‘hard’ currency, or dollar, areas. Furthermore, I think that members of the British Government believe that unless Britain received something similar to the American loan, which was later granted to it, it would not be possible to maintain even the lowered standard of living endured by its people during the war. At that time, it was idle to speculate on what Canada or South Africa might do after the war; the plain fact was that unless Britain was to receive a loan such as that made to it later, its position would be unthinkable. The terms of the American loan were not ungenerous. Certainly, they contained provisions with regard to ‘non-discrimination’, but it must be remembered that the President, the Government of the United States and particularly the

Department of State, had to 'sell' the Anglo-American loan to the American Congress. That loan had also to be approved by the United States Senate; approval which could not easily be obtained.

"Had that legislation not been passed, I dread to think of the position in which Britain would be placed to-day, more so when one remembers the tremendous task of rehabilitation which confronts that country, and, indeed, the whole of Europe. I go further, and without wishing to arouse any panic or unnecessary anxiety, I say that if the legislation to implement the 'Marshall aid plan' is not enacted the economic position of Britain will be most difficult before the end of the present year.

"Australia participated in the International Conference on Trade and Employment for three main reasons. In the first place, we were morally obliged to do so because of Article VII. of the Lend-Lease Agreement, and in any event, we wanted the benefit of the favorable provisions of that article. Secondly, the British Government was convinced that an agreement, such as was eventually reached at the conference, was absolutely essential to its economic existence, and finally we had our own privileges to preserve.

"I pay tribute to the members of the delegation which represented Australia at that conference. I am convinced that our representatives accomplished something really worth while, something at least comparable with the achievement of the British delegation. It was no easy task to assist the United States Government to convince its people that it was justified in doing things for other countries. Australia has suffered no real loss as a result of the agreements or the tariff schedules that will be discussed later. It has played its part in world affairs and has contributed to the assistance of Britain.

"The fact of the matter is that American production to-day is enormous; it amounts, I understand, to 55 per cent. of the total secondary production of the world. Because the United States sold three times as much as it bought, the dollars with which to purchase the goods it produces are not possessed by other countries. We may talk of our personal problems, but it should be realized that the future welfare of the masses of the people of this and other countries is to a large extent wrapped up in the solution of this world economic problem. Australia can play only a small part; it can only show complete willingness to do all it can do to help. It is all very well to scoff at theorists and idealists, but many ideas of great benefit to the world were conceived by people with ideals.

"The fact that there seems to be an almost insurmountable barrier to overcome is no reason why those who lead nations should not attempt to surmount it. I realize the present situation of Britain probably as well as any one in Australia, and I know the extent of the economic assistance that is needed from the United States. I have an appreciation of the great difficulties confronting those who govern the United States, which is a country in which there are many conflicting interests and many pressure groups. Human nature being what it is, there is

much difficulty in obtaining approval to measures such as the Anglo-American loan agreement and the Marshall plan. In this world one cannot take all and give nothing. We have not given very much materially, although we have contributed a great deal through the industry and ability of our representatives at international conferences."

NATIONAL UNIVERSITY.

VICE-CHANCELLOR.

On 2nd March, 1948, the Prime Minister (Mr. Chifley) said—

"Cabinet to-day approved of the recommendation of the Interim Council of the Australian National University that the Australian Minister to China (Professor D. B. Copland) be appointed Vice-Chancellor for a period of five years. The appointment is considered urgent as Sir Howard Florey, Professor M. Oliphant, Professor W. K. Hancock and Professor R. Firth, who, it is hoped, will be the directors of the John Curtin School of Medical Research and of the Research Schools of Physics, Social Sciences and Pacific Studies respectively, will be in Australia in March, 1948, to confer with the Interim Council and the Vice-Chancellor with respect to the establishment of the Research Schools."

WHEAT POOLS PAYMENTS.

No. 10 POOL—FOURTH ADVANCE.

On 2nd March, 1948, the Minister for Agriculture (Mr. Pollard) announced that a fourth advance of 1s. a bushel on bulk wheat and 1s. 3d. a bag on bagged had been approved on 1946-47 crop wheat in No. 10 Pool. The advance brought the payments in the pool to 7s. 7d. a bushel less freight for bulk wheat and 8s. 1d. a bushel less freight for bagged wheat.

SHIPBUILDING.

DIESEL ENGINES.

On 2nd March, 1948, the Prime Minister (Mr. Chifley) said—

"The Commonwealth Government marine engine works at Port Melbourne (Victoria) and Brisbane (Queensland) were set up during the war under the Australian Shipbuilding Board for the construction of marine steam engines. Recently the Minister for Munitions (Senator Armstrong) approved of the two works being placed under the General Manager of the Government Ordnance Factories so that they might have access to a wider range of manufactures, including the construction of diesel engines.

"Cabinet to-day approved of the Department of Munitions, in consultation with the Australian Shipbuilding Board, undertaking immediately the construction of six 3,000 horse-power marine diesel engines, of which two are required in 1949 and the remainder at intervals as may be required by the Board. A sum of £750,000 will be allocated for the purpose. The Munitions Department will open

negotiations for the purchase of manufacturing information and use of the patents of William Doxford and Sons Limited, of Sunderland, England.

"The Munitions Department, in conjunction with the Board, will arrange for the manufacture of standardized auxiliary machinery at a value of £250,000. Auxiliary machinery includes small power plants for lighting and ventilating, winches and hoists, steering gear, pumps and the like."

AUSTRALIAN MILITARY FORCES.

AWARDS FOR GALLANTRY.

On 5th March, 1948, the Governor-General announced the following awards:—

Associate of the Royal Red Cross—Lieutenants K. I. A. Parker and M. J. Anderson.

INTERNATIONAL WHEAT AGREEMENT.

On 7th March, 1948, the Prime Minister (Mr. Chifley) said—

"For some weeks past, a special meeting of the International Wheat Council has been engaged at Washington in the negotiation of an International Wheat Agreement and advice has now been received from the Australian representative that agreement has been reached among the participating countries for submission to governments. The main proposals of the agreement are—

"The agreement will be for five years commencing from 1st August, 1948. The range of prices will be from a maximum of two dollars a bushel to a minimum of one dollar ten cents in the fifth year of the agreement. The minimum in the first year will be one dollar fifty cents, the second year one dollar forty cents, the third year one dollar thirty cents, and the fourth year one dollar twenty cents. All prices are on the basis of 'in store' Fort William, Canada.

"Sales will be made between the maximum of two dollars, which will operate for the whole of the agreement, and the minimum applying to each particular year. The Australian equivalents will vary according to freight rates and whether sales from Australia are made to nearby or distant markets.

"Under present conditions it is estimated that the Australian equivalents are: maximum 11s. 6d. to 12s. a bushel and minimum from 6s. to 6s. 6d. a bushel in the last year of the agreement.

"The total quantities covered in the agreement are 500,000,000 bushels per annum, of which Australia's share will be 85,000,000 bushels annually; the other participating exporters being Canada and the United States with shares of 230,000,000 and 185,000,000 bushels respectively. Importing countries represented at the conference numbered 33 and included Britain, India, France, Belgium, the Netherlands and China.

"Any wheat which exporters can make available above their share of the 500,000,000 bushels can be sold outside the agreement at any price which they can obtain on the market.

"The proposals will be placed before the Commonwealth Government for approval at a very early date, as my information is to the effect that several of the major importing countries, including Britain, have already intimated that their governments have agreed and will sign the agreement immediately, while other delegates have recommended acceptance of the agreement to their governments.

"When it comes into operation the agreement will assure stability to wheat-growers for five years ahead."

On 16th March, 1948, Mr. Chifley said—

"Cabinet decided to-day that the Australian Ambassador at Washington be authorized to notify approval of the International Wheat Agreement, subject to ratification by the Commonwealth Government."

CIVIL AVIATION.

AERONAUTICAL RESEARCH COUNCIL.

On 9th March, 1948, the Minister in charge of Scientific and Industrial Research (Mr. Dedman) announced that an Aeronautical Research Conference, attended by representatives of the British Commonwealth, would be held in Australia in April, 1948. The conference would be the first formal meeting of the British Commonwealth Advisory Aeronautical Research Council which was set up by Britain and the various Dominion Governments following a meeting of aeronautical research workers at London in 1946. The council would co-ordinate research programmes throughout the British Commonwealth and plan collaborative programmes. It would act as a central liaison agency for the dissemination of scientific information on aeronautics, and the interchange and secondment of scientific staff. The Professor of Aeronautical Engineering at Sydney University (Professor A. V. Stephens) would be chairman of the conference. The Australian delegates would be—

The Air Member for Engineering and Maintenance of the R.A.A.F. (Air Vice-Marshal E. C. Wackett), Mr. M. B. Woodfull, of the Division of Aircraft Production, the Chief of the Division of Aeronautics of the Council for Scientific and Industrial Research (Mr. L. P. Coombes).

AERO CLUBS.

On 16th March, 1948, Mr. Chifley said—

"In November, 1945, Cabinet approved assistance to aero clubs subject to review after twelve months' operations.

"Cabinet to-day approved of recommendations for assistance for a period of four years and five months from February 1, 1947, to June 30, 1951, on terms and conditions to be determined by Mr. Drakeford and to be based generally on conditions originally approved by Cabinet."

On 23rd March, 1948, the Minister for Civil Aviation (Mr. Drakeford) announced details of increased subsidies to aero clubs. The scheme would operate from February, 1947, to June, 1951, and would cost £40,000 a year. It was designed to subsidize clubs at a rate of £1 14s. 6d. for every hour flown. That would be achieved as follows:—

MAINTENANCE GRANT.—Increase from 10s. to £1 an hour for each hour flown. Previous limit of 200 hours an aircraft was removed, but there would be safeguards to prevent individual club members from enjoying unlimited pleasure flying at government expense. For flying away from home base, clubs would receive 30s. an hour. South Australian and Tasmanian clubs would receive 30s. an hour for all flying until 30th June, 1948.

ISSUE BONUS.—For each new pupil trained to "A" licence standard, the bonus would be increased from £50 to £75. For pupils trained in country centres (away from base) the bonus would be raised from £60 to £90.

RENEWAL BONUS.—For each licence renewed on club aircraft, the renewal bonus would be unchanged at £10 for home base flying and £12 10s. away from home base.

RESERVE FOR REPLACEMENT OF AIRCRAFT.—The Government would accept a contingent liability to contribute at the rate of 10s. an hour towards the cost of replacement aircraft. Clubs would be required to build up funds for that purpose.

(For earlier reference, please see No. 108, page 51.)

COMMONWEALTH BANK.

POLICY—ADVANCES.

In Parliament—On 10th March, 1948, the Prime Minister (Mr. Chifley) said—

"The need to restrict the activities of non-essential enterprises must be apparent. In view of the shortage of labour and materials, it would hardly be proper to permit the erection of unnecessary structures such as picture theatres and amusement parks, thus diverting building materials from more undertakings such as housing. Actually there has been a substantial increase of bank advances in this country, as I shall show later by quoting figures. Let me first make this point clear: The instructions relating to advance policy have been issued at the instance of the Commonwealth Bank, but I say at once that they have the endorsement of the Government.

"Cabinet does not interfere with the policy of the Commonwealth Bank. When the Governor of the Commonwealth Bank put the position to me, and explained how inflationary trends were being accentuated by excessive advances, I, as Treasurer, intimated on behalf of the Government that I endorsed the proposal. I say that the instructions were issued with the full approval of the Governor of the Commonwealth Bank; that they were discussed with him; and that on behalf of the Government I agreed with the bank's decision. With more than 200,000 people required to do essential work throughout this country, it would be highly undesirable for the Commonwealth Bank, through the private banks, to facilitate the expenditure of large sums of money on non-essential enterprises. The aim of the instructions is to ensure that the increased money being made available in bank advances shall be directed into channels which will provide the greatest benefit to the community.

"The fact is that general advances have increased from £200,000,000 to £320,000,000 in two and a half years. Since June, 1946, about nineteen months ago, the total has increased by £113,000,000. I emphasize that many trading companies want to carry on their businesses on bank advances instead of going to the public and getting the capital necessary for expansion. This is because interest rates are much lower than they were, and because companies can secure bank advances more cheaply than they can raise funds in other ways. There has been a tendency on the part of many firms to use bank advances even for the purpose of financing capital expenditure, which ought to be financed by calling up capital from the great amount of surplus money which is available in the community. There can be no question that there is an inflationary spiral, not a deflationary spiral, in the community.

"There has been a great and expanding spiral of advances in this country. There can be only one ultimate result to such a process if the money is used for purposes other than the legitimate expansion of production. An increasing amount of new credit is being made available. Whether it is made available by the Commonwealth Bank or by private banks does not matter; the effect with the community is precisely the same. The instructions were issued in the belief that the most disastrous thing that could happen to Australia to-day would be an inflation such as is occurring in other countries. Inflation is almost as bad as deflation, because finally it brings about an economic collapse. Unless the national bank of any country exercises some control in periods of inflationary trends as well as in periods of deflationary trends, it does not do justice to the community. It must take steps to ensure that any unduly inflationary or deflationary movement is corrected.

"The Opposition cannot have it both ways by saying on one day that there should not be political interference with the banks and then, on another day, saying that directions as to the administrative policy of the Commonwealth Bank should come from this Parliament.

"The national income for 1947-48 is estimated at £200,000,000 more than for 1946-47. The gross value of rural production is estimated this year at £537,000,000, an increase of £157,000,000 over the total of 1946-47. I need not go into details of wage earnings, but their rate is 20 per cent. above the rate for 1945-46. By the end of December, 1948, it is likely to be 35 per cent. above the rate for 1945-46. Export prices in December, 1947, were 200 per cent. above the average level for the period 1936-39. There has been an increase of 44 per cent. since December, 1946. Wool prices in January, 1948, were 220 per cent. above the 1936-39 level and were even 79 per cent. above the level which prevailed in January, 1947. Wheat prices in January, 1948, were 400 per cent. above the 1936-39 level and were 94 per cent. above the January, 1947, level.

"These facts prove that a vast accumulation of money is flowing into the community. Whether this money comes in the form of wages, returns to wheatgrowers, or in other ways, it is clear that a great

number of people in the community, instead of engaging in further speculative business, should be paying off some of the advances made to them when there was not so much ready money available in the community as there is now. What we are faced with in Australia now is the opposite of deflation. That is proved by the fact that bank advances have increased by a total of £200,000,000 in two and a half years. As I have often said, control of the Commonwealth Bank, or of any national bank, subject to over-all government policy, must be exercised to a fair degree by those persons who are responsible for its functions. They are in possession of the facts and figures necessary for their guidance. I have cited some of those figures to-day, and I consider that what has been done by the bank is very wise in the light of existing economic circumstances."

(For earlier reference, please see No. 133, page 12.)

TARIFF.

CUSTOMS—BILL INTRODUCED.

In Parliament.—On 11th March, 1948, the Minister for Post-war Reconstruction (Mr. Dedman) introduced the Customs Tariff Bill. *The bill was passed.*

(For earlier references, please see No. 132, page 3; No. 134, page .)

MINING.

RADIO-ACTIVE MINERALS—THORIUM.

On 16th March, 1948, the Prime Minister (Mr. Chifley) said—

"The Bureau of Mineral Resources has carried out investigations for some time of beach sands along the coasts of northern New South Wales and southern Queensland to assess their value as a potential source of radio-active minerals. Several companies have been engaged in processing the sands.

"Cabinet decided to-day that the bureau be authorized to carry out expenditure to conserve thorium-bearing minerals."

MIGRATION.

ALLIED SERVICEMEN, ASSISTED PASSAGES.

On 16th March, 1948, the Minister for Immigration (Mr. Calwell) said—

"Ex-service personnel, with their dependants, who served during World War II. in the armed forces or merchant navies or resistance movements of Holland, Belgium, France, Norway and Denmark will subject to the usual immigration requirements and security checks, be eligible for assisted passages. Nationals of Holland, Belgium, France, Norway and Denmark, with their dependants, who served during World War II. in the armed forces or merchant navies of British Empire countries or the United States will be included.

"Under the scheme, the Commonwealth Government will contribute up to 40 per cent. of the tourist class fare or £stg.30 towards the cost

of the fares of adult migrants and amounts ranging from 45 to 100 per cent. (with a minimum of £17 10s. and a maximum of £35) towards the fares of dependent children."

GOVERNMENT POLICY—ITALY, ROUMANIA, BULGARIA, HUNGARY.

On 24th March, 1948, Mr. Calwell announced that, following the ratification of peace treaties with Italy, Roumania, Bulgaria and Hungary, it had been decided to modify the policy governing the entry of nationals of those countries into Australia. At present, only persons who were the wives, unmarried daughters or minor unmarried sons of residents of Australia were eligible for admission. Under the modified policy, Italians, Roumanians, Bulgarians and Hungarians might be admitted if skilled in undernamed trades or professions, or suited for and would engage in occupations in which there was a definite shortage of labour, and came within certain age limits. A system of priorities would operate—

Persons classed as essential workers, nominated and to be found accommodation by residents in Australia.

Persons nominated and to be found accommodation by Australian residents, and to engage in employment which was undermanned.

Single persons without nominators in Australia, who would engage in essential employment and for whom accommodation could readily be found.

Certain preferences would apply within the priorities. First preference would go to migrants who were suited for, and engage in, rural work such as farm labourers, cane cutters, timber cutters. Second preference would be granted to those who would be employed in occupations which would help to relieve the housing shortage such as the production of building materials and housing construction projects. Third preference would go to those who would engage in work connected with national undertakings in rural districts such as water conservation, electricity projects, road and rail construction.

It would be a condition of admission in every case that the migrant would engage in the class of work for which he was nominated and would remain in the district to which he was assigned for two years. At the end of that period, those who proved themselves satisfactory migrants would be allowed to remain permanently. Any who did not observe the conditions would be liable to summary deportation.

DEPARTMENT OF SUPPLY AND SHIPPING. PROPOSED LEGISLATION.

On 16th March, 1948, the Prime Minister (Mr. Chifley) said—

"The *Supply and Development Act* of 1939 constituted the Department of Supply and Development, its functions being the provision or supply of munitions; the manufacture or assembly of aircraft or parts thereof; extension of industries for purposes of defence; acquisition, maintenance and disposal of stocks of goods in connexion with defence; and surveys of Australian industrial capacity and the

investigation and development of Australian sources of supply of goods necessary for the economic security of the Commonwealth in time of war.

"In 1940, munitions and aircraft production activities were transferred by National Security (Munitions) Regulations to a new Department of Munitions. In 1942, the shipping and associated functions of the Departments of Labour and National Service, Commerce and Agriculture, and Trade and Customs were transferred to the Department of Supply and Development, the title being altered to that of Supply and Shipping.

"Cabinet decided to-day that legislation be prepared to amend the *Supply and Development Act* to repeal the National Security (Munitions) Regulations, the effect being to restore the *Supply and Development Act* to the position it originally held in 1939."

ROYAL AUSTRALIAN AIR FORCE.

AWARDS FOR GALLANTRY.

On 17th March, 1948, the Governor-General announced the award of the Distinguished Service Order to Air Vice-Marshal W. D. Bostock.

NATIONALITY.

UNIFORMITY—PROPOSED LEGISLATION.

On 18th March, 1948, the Minister for Immigration (Mr. Calwell) announced that legislation would be prepared to confer on Australians the status of Australian citizenship in addition to, and not as distinct from, the general status of British subject. The British Government had introduced the British Nationality Bill in February, 1948, giving effect to the principle that the people of each of the self-governing countries within the British Commonwealth should have both a particular status as citizens of their own country and a common status as members of the wider association of peoples comprising the Commonwealth. In 1946, the Canadian Government had enacted legislation which came into operation on 1st January, 1947, to provide for the grant of Canadian citizenship, combined with the maintenance of the status of British subject.

NEW ZEALAND.

VISIT OF NEW ZEALAND GOVERNOR-GENERAL.

On 19th March, 1948, the Prime Minister (Mr. Chifley) said—

"I have extended an invitation, through the Governor-General (Mr. McKell), to the Prime Minister of New Zealand (Mr. Fraser) for the Governor-General of New Zealand (General Sir Bernard Freyberg, V.C.) to visit Australia later this year".

PRICES.

GOODS "DECLARED"—SERVICES, REVOCATION.

On 19th March, 1948, the Minister for Customs (Senator Courtice) announced that services supplied or carried on by certain non-proprietary organizations not conducted for private gain had been removed from price control. These were—

Services supplied or carried on by a society or association, not being a society or association carried on for the purposes of profit or gain to the individual members thereof:—

- Registered under the law of a State or Territory of the Commonwealth relating to friendly societies;
- Being a trade union or an association of employers or employees registered under any Act of the Commonwealth or a State or any Ordinance of a Territory of the Commonwealth relating to the settlement of industrial disputes;
- Established to promote the development of aviation or of the agricultural or viticultural or industrial resources of Australia;
- Established for musical purposes, or for the encouragement of music, art or literature;
- Established for the purposes of any athletic game or sport, or for the encouragement or control of any athletic game or sport.

One effect of the decision would be to remove from control admission charges to many sporting events, musical shows and other entertainment and functions but would apply only to events conducted purely for the encouragement or control of the sport or art. Charges for boxing matches, cinema and theatrical shows and horse, dog and motor racing, if run for commercial gain, would still be subject to control.

PALESTINE.

UNITED NATIONS DECISION—MINISTER'S STATEMENT.

On 22nd March, 1948, the Minister for External Affairs (Dr. Evatt) said—

"Decision of a competent international conference should be accepted after there has been full inquiry and fair debate and a just settlement has been reached. Accordingly, any setting aside of the United Nations Assembly decision on Palestine must be closely scrutinized.

"It is impossible to examine the new plan in detail because nothing definite is known about it. It is said that 'trusteeship' will be the new solution. But the word itself is ambiguous. What does it mean? It certainly seems to imply that the peoples to be placed under 'trusteeship' are not sufficiently 'advanced' for self-government. Such a suggestion would seem to be untenable in relation either to the Palestinian Arabs or to the Palestinian Jews.

"If, however, what is now proposed is a temporary United Nations trusteeship merely to carry out the Assembly's decisions, it would be a very different matter. But is that intended?

"The final decision was reached in December, 1947, after two General Assemblies had dealt most carefully and exhaustively with the matter, after all parties were heard, and after a special commission

involving very heavy United Nations expenditure had visited Palestine and reported in favour of the principle of the plan ultimately adopted in the Assembly. The plan adopted is inappropriately labelled 'partition' because it involves four separate points: first, economic union of the whole of Palestine under the control of an authority with a majority of United Nations membership; second, political division of Palestine into two new States, Jewish and Arab; third, United Nations trusteeship over Jerusalem and Bethlehem; fourth, four safeguards for the holy places and especially for the Christian churches throughout the whole of Palestine.

"The only alternative plan suggested to the Assembly was to establish a unitary State under Arab domination with no adequate safeguards for the protection either of the Jewish peoples or of the Jewish churches. This alternative was plainly inadmissible and was rejected by an overwhelming majority. The United Nations decision was reached by more than a two-thirds majority, the only dissentients being the Arab States and certain nations very closely associated with them. The decision was just and impartial and must not be lightly set aside.

"The United Nations did not intermeddle in the Palestine matter. It intervened only after the British Government had specially requested the United Nations Assembly to handle the matter as all previous efforts at reconciliation between the Arabs and Jews had entirely failed. At the United Nations, the British Government did not itself propose any solution and announced it would accept the United Nations decision. In the circumstances, Canada, Australia, South Africa, and New Zealand all supported the proposal finally adopted. After all that has occurred, to throw the solution into the melting pot again may be very damaging to the authority of the United Nations.

"It has been contended that the 'enforcement' of the Assembly's decision is not possible. Had the great powers who supported the proposal at Lake Success, New York, adhered firmly to it, there probably would have been little difficulty. In any event, under the Assembly's decision, the new Jewish State and the new Arab States were each to be entitled to establish its own militia forces for the defence of the new territories, and this decision clearly carried with it the right of Jews as well as Arabs to import arms and equipment for the purposes of defence.

"It is impossible to pass final judgment on the new proposal because no one has explained it as yet.

"I was chairman of the committee which worked assiduously to obtain a just solution. The committee repeatedly modified its proposals at the suggestion of the mandatory power in order that Britain should be able to withdraw its forces after its long, its thankless, but on the whole successful development of the Palestine area since it was captured from the Turks by British and Australian forces in 1918.

"In my opinion, the United Nations decision has been gradually undermined by intrigues directed against the Jewish people. It would be little short of a tragedy if the fundamental right of self-government were to be denied to the Jews and Arabs, as it is guaranteed to them under the Assembly decision just as religious freedom is also guaranteed to the Christian Church throughout Palestine.

"The only considerations that influenced the United Nations Assembly were those of justice and fair dealing to all concerned. It would be most disturbing if mere consideration of power politics or expediency were allowed to destroy the decision. However, if a special United Nations Assembly is called, it is hardly likely to accept any new plan which involved a repudiation of the previous decision, unless new facts of overwhelming cogency are proved to exist. I need hardly add that, under the United Nations Charter, the Security Council seems to have no power whatever to overrule the recommendation of the Assembly".

(For earlier reference, please see No. 130, page 37.)