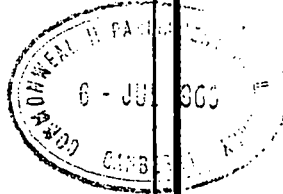


CP 702

COMMONWEALTH GOVERNMENT.



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**DIGEST OF DECISIONS  
AND ANNOUNCEMENTS**

AND

**IMPORTANT SPEECHES**

BY

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

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No. 135.

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PERIOD 24TH MARCH, 1948, TO 10TH MAY, 1948.

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## SECOND CHIFLEY MINISTRY.

On 6th April, 1948, the Prime Minister (Mr. Chifley) announced changes in certain Ministerial duties. The Government was then constituted as follows:—

Prime Minister and Treasurer	..	Mr. J. B. Chifley.
Minister for External Affairs and Attorney-General	..	Dr. H. V. Evatt.
Minister for Labour and National Service	..	Mr. E. J. Holloway.
Minister for Air and Minister for Civil Aviation	..	Mr. A. S. Drakeford.
Vice-President of the Executive Council	..	Mr. W. J. Scully.
Minister for Supply and Fuel	..	Senator W. P. Ashley.
Minister for Post-war Reconstruction, Minister for Defence, and Minister-in-charge of Council for Scientific and Industrial Research	..	Mr. J. J. Dedman.
Minister for Transport and Minister for External Territories	..	Mr. E. J. Ward.
Postmaster-General	..	Senator D. Cameron.
Minister for Information and Minister for Immigration	..	Mr. A. A. Calwell.
Minister for the Interior	..	Mr. H. V. Johnson.
Minister for Health and Minister for Social Services	..	Senator N. E. McKenna.
Minister for Commerce and Agriculture	..	Mr. R. T. Pollard.
Minister for Works and Housing	..	Mr. N. Lemmon.
Minister for Supply and Development	..	Senator J. I. Armstrong.
Minister for the Army	..	Mr. C. Chambers.
Minister for Trade and Customs	..	Senator B. Courtice.
Minister for the Navy	..	Mr. W. J. F. Riordan.
Minister for Repatriation	..	Mr. H. C. Barnard.

## PARLIAMENT.

### REPRESENTATION—AUSTRALIAN CAPITAL TERRITORY.

On 5th April, 1948, the Prime Minister (Mr. Chifley) said—  
 “The question of according representation in Parliament to residents of the Australian Capital Territory was considered by the Commonwealth Government in September, 1944, and the decision was deferred, the then Prime Minister (Mr. Curtin) indicating that the matter would be approached again after the war and after the taking of the census. A deputation from the Citizens Rights League of Canberra has since waited on me and renewed the request that residents of the Australian Capital Territory be accorded representation in Parliament.

“ Cabinet to-day decided to make a recommendation to the Federal Parliamentary Labour party that the Australian Capital Territory should be given representation in the House of Representatives on the same lines as is accorded to the Northern Territory.”

REPRESENTATION—INCREASED MEMBERSHIP, BILL  
INTRODUCED:

*In Parliament.*—On 16th April, 1948, the Attorney-General (Dr. Evatt) introduced the Representation Bill. Dr. Evatt said—

“ The purpose of this bill is to enlarge the Commonwealth Parliament. During the first half century of Australia’s history as a nation, its population has more than doubled. During these years there has been a great expansion, under the stimulus especially of two world wars and a world depression, of the responsibilities borne by this Parliament. The purpose of the bill is to enlarge both Houses of the Parliament so that its numbers will be more in keeping with these fundamental factors in our political life.

“ To function efficiently, a democracy must devise a system of representation of the people in which the diverse views and interests of the community can find expression. This cannot be achieved if the number of representatives is too small. There is no automatic scale of numbers of areas for securing the best democratic results. Nevertheless, it is clear that Australia has altogether outgrown the small Parliamentary bodies with which the federation was equipped in 1900. How small numerically is the Commonwealth Parliament, in comparison with some of the State legislatures, can be seen from the following figures:—

	Legislative Council.	Legislative Assembly.
New South Wales .. .. .	60	90
Victoria .. .. .	34	65
	Senate.	Representatives.
Commonwealth .. .. .	36	74

“ The Constitution empowers Parliament to increase the size of the Parliament if it thinks fit, but lays down certain conditions which must be observed. The most important of these conditions is that the number of members of the House of Representatives must always be ‘ as nearly as practicable ’ twice the number of senators. If, therefore, the number of representatives is to be increased there must of necessity be a correlative increase in the number of senators. Accordingly, this bill effects an increase of the number of senators, with the appropriate correlative increase of the number of members of the House.

“ The bill provides that there shall be ten senators for each State instead of six. Thus, the total number of senators will be increased from 36 to 60. Authority for the proposals contained in the bill is provided by the Constitution which sets out that the Parliament may make laws increasing or diminishing the number of senators for each State, but so that equal representation of the several original States

shall be maintained, and further, that whenever the number of senators is increased, the Parliament may make such provisions for the vacating of the places of senators as it deems necessary to maintain regularity in the rotation.

"The Constitution lays down that the number of members of the House of Representatives shall be, as nearly as practicable, twice the number of senators. Therefore, if the number of senators is increased, as provided in the bill now presented, the number of members of the House of Representatives must be correspondingly raised to a number, as nearly as practicable, twice the number of the senators. The actual number will probably be 121.

"Pursuant to the Constitution, and the Representation Act, the actual increase of the number of members of the House of Representatives which will follow the passing of this bill will be from 74 to 121. There will be no change in Tasmania, but in the other States the numbers will increase as follows:—

New South Wales—from 28 to 47.  
 Victoria—from 20 to 33.  
 Queensland—from 10 to 18.  
 South Australia—from 6 to 10.  
 Western Australia—from 5 to 8.

"Since the establishment of the Commonwealth the population of Australia has more than doubled. It has increased from 3,765,339 in 1900 to 7,580,820 in 1947. At the 1903 Senate elections 1,893,586 electors were enrolled. To-day the number is 4,780,334, or more than two and a half times as many. In 1903, in the aggregate there was one senator for each 52,596 electors. To-day the ratio is one senator for each 132,787 electors. If the number of senators is increased to 60, the ratio at the next elections will be one senator to each 83,000 electors approximately, which is less, proportionately, than in 1903.

"In 1903, each member of the House of Representatives represented, on an average, 25,247 electors. To-day, the average is 64,599, whilst if Tasmania is omitted, and allowance made for the expected rise in enrolment in the meantime, the average for the mainland divisions towards the end of this Parliament will be about 69,000 electors. However, if the number of members of the House of Representatives be increased to 121, the average number of electors per member at the time of the next elections will be reduced to approximately 41,300, or, omitting Tasmania, 41,680.

"It is proposed to bring the Senate up to the full strength of 60 senators as from the day of the first meeting of the Parliament after the next dissolution of the House of Representatives. This will be necessary in order that membership of the Senate shall, from that date, be approximately half of that of the House of Representatives as is provided in the Constitution. Accordingly, the bill provides that apart from any long casual vacancies that may have to be filled, seven senators shall be chosen in each State at the next elections.

“Four of the new senators elected in each State will take office as from the date of the first meeting of the Parliament after the elections, and, according to the order of their election, will continue in office until 30th June, 1956, or 30th June, 1953. The 42 new senators, together with the eighteen who will not retire for a further three years, will bring the Senate membership up to 60.

“Under the present system, three senators will be elected for the ordinary six-year period of office which will commence as from 1st July following; that leaves four more to be elected. At each subsequent election of senators, five senators will normally be elected in each State, making 30 to be elected at each periodical election.”

[*The bill was passed.*

(For earlier references, please see No. 134, page 28.)

#### ELECTORAL ACT—PROPORTIONAL REPRESENTATION, SENATE, BILL INTRODUCED.

*In Parliament.*—On 16th April, 1948, Dr. Evatt introduced the Commonwealth Electoral Bill. Dr. Evatt said—

“The purpose of the bill is to make provision for the application of proportional representation to the election of senators. Before 1918, senators were elected by what is termed the ‘first past the post’ method. Each voter was required to place a cross in the square opposite the names of the candidates for whom he desired to vote, the number of crosses permitted being confined to the exact number of senators to be elected. Thus where three senators were required the three candidates with the greatest number of crosses were chosen, and as was usually the case the three elected were candidates of the same party.

“In 1918, the ‘preferential block majority’ system was introduced in respect of Senate elections. This system continued the principle of the old ‘first past the post’ system in that under it all seats in a State generally go to the party, or combination of parties, favoured at the time by a bare, or simple majority of the electors. It might be described as the ‘all or none’ system, either all or none of a party’s candidates being elected. The system used since 1918 may be considered an improvement on the old system only to the extent that it ensures majority representation as against possible minority representation.

“The great defect, from the representation aspect, of both the ‘first past the post’ and the ‘block majority’ system is that at an election, generally all seats in a State have been won by candidates of the one party, leaving a minority of between 40 to 50 per cent. of the electors without any representation at all in the Senate. For many years there has been a demand that the Parliament should provide a system of electing senators which would give more equitable results and enable the electorate to be more truly represented in the

Senate. The Government has decided that, in relation to the election of senators, where each State votes as one electorate, the fairest system and the one most likely to enhance the status of the Senate is that of proportional representation.

"The bill sets out in detail the method of counting to be adopted in respect of future elections of senators. The method is generally in accord with the practice laid down by the Proportional Representation Society. All I need say about the principle is that the name of the system indicates the result intended to be achieved, that the electors will be represented, in the number of those elected, approximately proportionally to their expression of opinion. For example, if five are to be elected and one party's candidates poll 55 per cent. of the total votes, the result would be that that party would have three candidates elected, and the remaining two elected, assuming that only two parties contested the poll, would be candidates of the opposing party and they would represent 40 per cent. of the electors. This system follows closely the provisions contained in the Proportional Representation Bill 1912 (Great Britain) and the system employed in respect of municipal elections in Britain and South Africa. It is virtually identical with the method used in the election of the Parliament of Eire and is similar to the system employed in respect of parliamentary elections for the New South Wales Legislative Assembly from 1920 to 1925. In principle, the method proposed is the same as that used in Tasmania although for reasons of workability and simplicity it differs slightly in its practical application.

"It is not proposed to alter the existing style of Senate ballot-paper nor the provision that candidates may be grouped thereon with their names in such order within the group as they desire. Nor is it intended to vary the requirement that voters must indicate the order of their preference for all the candidates. Whilst this latter requirement might have the effect of continuing to produce a fairly high informal vote, it definitely precludes the possibly greater evil of exhausted votes—that is, votes which become exhausted in the process of transfer. If a voter were to indicate his preference for only three of, say, seven candidates, his vote would be effective up to the number of preferences shown on his ballot-paper and after that it would be effective no longer. At that stage, the vote would be said to be exhausted. In Tasmania, the elector need not vote for all candidates and therefore on occasions a fairly high percentage of votes becomes exhausted in the process of transferring the votes of a lower candidate or the surplus of a higher candidate to the next candidate in order of preference. One result of a system which does not require the electors to vote for all candidates whose names appear on the ballot-paper is that a candidate may be declared elected although the total number of votes credited to him falls short of the required quota. At the parliamentary elections in New South Wales in 1922 and 1925, the exhausted votes, which far outnumbered the informal votes, were the cause of much dissatisfaction and disputation.

"The bill prescribes the manner in which the several vacancies shall be filled. As hitherto, the count will be carried out under the direction of the Commonwealth Electoral Officer for the State concerned in the offices of the respective Divisional Returning Officers. For instance, in New South Wales, where there are 47 divisions, there will be 47 points at which the count will be carried out. This will ensure completion of count with the greatest safety, The maximum of speed and the minimum of cost. When the Commonwealth Electoral Officer has received the final results of the count of first preference votes from all returning officers and has totalled them, he will determine a quota by dividing the total number of first preference votes by one more than the number of candidates required to be elected and by increasing the quotient so obtained by one. That appears to be complicated, but if in New South Wales, for example, there were 1,600,00 valid votes and seven senators had to be elected, the total number would be divided, not by seven, but by eight, giving a quotient of 200,000. This would give a quota of 200,000 plus one.

"This formula for determining a quota, which, in effect, produces the lowest number which, when multiplied by the number of candidates to be elected, leaves a remainder of votes less than that lowest number, is the one recommended by the Proportional Representation Society and is used in Tasmania, in Eire, and generally in all places in British communities where proportional representation has been applied. Any candidate who, either on the count of the first preference votes or at any subsequent stage, obtains a number of votes equal to or greater than the quota shall be elected, and until all vacancies have been filled, the surplus votes—that is, any number in excess of the quota—of such elected candidate will be transferred in the manner set out in the bill to the continuing candidates in strict proportion to the voters' next preferences.

"The method of disposing of an elected candidate's surplus votes prescribed in the bill is the one recommended by the Proportional Representation Society and is precisely the same as that used in Eire and in municipal elections in Britain and South Africa, and it is similar to the method employed in connexion with the parliamentary elections in New South Wales in the early nineteen-twenties. It differs from the Tasmanian practice in that whereas in Tasmania all the votes of the elected candidate are transferred at a fractional value so that every single paper is looked at under the proposed method only such number of votes as equals the surplus, taken in strict proportion to the preferences on the whole of the votes of the elected candidate, are transferred. No doubt that provision will require some consideration in committee. It is thought that the Tasmanian system, while suitable where the number of votes is comparatively small and all such votes are concentrated at one centre, is not readily capable of being efficiently worked by too remote a control. Consequently, to employ that system at a Senate election, it would first be necessary to assemble the whole of

the ballot-papers for the State at one centre. Not only would this delay completion, involve risks of loss in transit, and increase costs heavily, but also in the larger States the Commonwealth Electoral Officer would be faced with the almost insuperable task of securing for a period of several weeks the extensive accommodation, equipment and staff needed.

"While it might be claimed that the Tasmanian system is mathematically more exact, tests that have been made reveal that a similar result is obtained by the employment of the method proposed. As an illustration, I shall state a hypothetical case in New South Wales and for this purpose I shall assume for the moment that a Labour candidate has received 900,000 votes of the total number of 1,600,000. The quota being 200,000, he has a surplus of 700,000 votes for distribution. This would usually result in three full quotas being obtained for other candidates on the list. The proposal embodied in the bill is that the officers will not look at all of the votes. They will take the surplus available and will assume that the No. 2 vote, which would be the effective vote in the first instance, would reproduce a proportion in respect of the surplus of 700,000 that would be true of the total of 900,000. Tests have shown that the result would be the same as if all of the 900,000 votes were scrutinized. Questioned as to the likelihood of difference, eminent mathematicians advised the Proportional Representation Society of England that—

Whenever a considerable number of votes is in play the element of chance involved is so small as to be negligible.

"Dealing with the point in its comprehensive report on electoral systems, the British royal commission of 1908 said—

The chance of the result being affected is too small to be seriously considered. We agree with the Proportional Representation Society that the additional labour involved (in the Tasmanian system) is greater than it is worth.

"The bill further provides that if after the count of the first preference votes or after the transfer of the surplus votes of an elected candidate at any stage, no candidate or less than the number required to be elected has or have obtained the quota, then the candidate with the fewest votes shall be excluded and the whole of his ballot-papers transferred to the continuing candidates; and if thereupon no candidate has yet reached the quota, the process of excluding the candidate with the fewest votes and the transferring of his ballot-papers will continue until a continuing candidate has received a number of votes equal to the quota or in respect of the last vacancy a majority of the votes. Where candidates are elected at the same time, the order of their election shall be determined to the extent of their surplus votes. The candidate with the largest surplus shall be the first elected and so on. The same principle will apply in relation to the transfer of surplus votes. The largest surplus will be transferred first and so on. If on any count two or more candidates have an equal number of votes and one of them has to be excluded the Commonwealth Electoral Officer shall decide the candidate to be excluded, or if two or more candidates are elected with an equal number of votes the Commonwealth Electoral Officer will



decide the order of their election and the transfer of their votes, or if in the final count for the filling of the last vacancy two candidates have an equal number of votes, the Commonwealth Electoral Officer will decide which shall be elected but that except as so provided the Commonwealth Electoral Officer shall not vote at the election. That is really the last resort. The chances against its happening in a Senate election are enormous.

"The result of the system is clear. There will be two major groups of political parties, and seven senators will be elected, in the absence of any casual vacancies, in each State. The party which secures 53 per cent. or 55 per cent. of the aggregate votes will, provided the party ticket is followed, have four of the seven candidates to be returned. The three remaining seats will be filled by the candidate from the other party which secured 47 per cent. of the votes. That is certain".

*[The bill was passed.]*

## CANBERRA.

### FURTHER DEVELOPMENT.

On 5th April, 1948, the Prime Minister (Mr. Chifley) said—

"In September, 1947, the Minister for the Interior (Mr. Johnson) arranged for a committee consisting of representatives of the Public Service Board, Departments of the Treasury, Works and Housing and Interior, to discuss proposals for the future development of Canberra. Cabinet to-day considered the committee's report and made the following decisions:—

**ADDITIONAL DEPARTMENTS.**—The first stage of from one to three years involving the transfer of 882 officers to Canberra; the second stage of three to five years involving the transfer of 1,703 officers of the Departments of Repatriation, Social Services, Labour, Civil Aviation, Transport, Works and Housing, the Office of Education, the War Service Land Settlement Division, the Public Relations Division, and the Re-establishment Division of the Department of Post-war Reconstruction; the third stage of five to seven years involving 772 officers of the Postmaster-General's Department, the Meteorological Division of the Department of the Interior, the Grants Commission and Tariff Board; the fourth stage of seven to ten years involving 3,670 officers of the Departments of Defence, Navy, Army, Air, Munitions, Supply and Shipping, Secondary Industries Division of the Department of Post-war Reconstruction and the Defence Division of the Treasury.

**ADMINISTRATIVE BUILDING.**—The question of a second building to house additional departments to be transferred and to cope with the extension of permanent departments (on lines similar to the one already approved) will be considered by the Cabinet sub-committee appointed to deal with the dispersal of Government buildings.

**CLUB HOUSE.**—A Club House to be erected by the Government to cater for the needs of young male and female officers living in boarding houses and the like. The club to be run by a committee of the officers. It may be possible to extend facilities of the club to young persons not employed by the government.

**JERVIS BAY.**—Cabinet had already decided that this area should be developed as a tourist resort and that a short route trunk road between Canberra and Jervis Bay will be taken up with the New South Wales Government.

**NATIONAL CAPITAL PLANNING AND DEVELOPMENT COMMITTEE AND CIVIC BRANCH OF THE DEPARTMENT OF THE INTERIOR.**—The organization to accelerate the work of the committee is under consideration.

**CIVIC MANAGEMENT.**—An inter-departmental committee considered the constitution and powers of the Australian Capital Territory Advisory Council and the appointment to various boards and committees of non-official persons. If a suitable person can be found an appointment will be made so that an investigation could be carried out into the present system of management in Canberra.

**MOUNTAIN AND SEASIDE RESORTS AND TOURIST FACILITIES.**—A suitably qualified person will be obtained to report on this matter and also on the question of development of facilities to attract tourists.

**ESTABLISHMENT OF INDUSTRY.**—This matter will be referred to the Secondary Industries Commission for advice."

## WAR WITH JAPAN.

### OCCUPATION FORCE—COMMITTEE'S INQUIRY.

On 5th April, 1948, the Minister for the Army (Mr. Chambers) announced that a committee of investigation had been appointed to inquire into allegations of immorality and black marketing among British Commonwealth Occupation Forces troops in Japan. The party included Chaplains-General the Revs. T. McCarthy (Roman Catholic), A. H. Stewart (Presbyterian), A. Brooke (United Churches), Major-General C. E. M. Lloyd, and Mr. J. M. Stanley.

### PUBLISHING INDUSTRY.

On 5th April, 1948, the Prime Minister (Mr. Chifley) said—

"In December, 1946, after considering a report on the publishing industry prepared by the Tariff Board, Cabinet appointed a sub-committee consisting of the Ministers for Post-war Reconstruction (Mr. Dedman), Information (Mr. Calwell) and Health (Senator McKenna) to consider and advise on means of assisting this industry other than those means coming within the province of the Department of Customs.

"In March, 1948, a meeting of the Cabinet sub-committee, with the Minister for Customs (Senator Courtice) attending, examined a report made by an inter-departmental committee on the subject.

"Cabinet decided to-day that a committee comprising the Director of Education (Professor R. C. Mills), the National Librarian (Mr. H. White) and Mr. A. J. Day of the Department of Commerce, to investigate and recommend to Cabinet on suitable means of assisting this industry. The Department of Customs will provide an executive officer for the committee."

## WESTERN AUSTRALIA.

### WATER SCHEME.

On the 5th April, 1948, the Prime Minister (Mr. Chifley) said—

"Cabinet decided to-day that the Commonwealth Government should provide assistance towards the cost of a scheme to reticulate water to certain rural areas of Western Australia, to towns along the Great Southern Railway and to increase the supply to the eastern gold-fields areas. This proposal has been the subject of representations by the present and previous Western Australian Governments.

"The estimated cost is £4,300,000 spread over a six years' period and the Commonwealth proposes to meet half the capital cost. Due to shortages of plant and materials, it may not be possible to commence the work for some time."

## ANTARCTICA.

### POLAR RESEARCH INSTITUTE.

On 5th April, 1948, the Prime Minister (Mr. Chifley) said—

"In 1913, the Scott Polar Research Institute was established at London in memory of the late Captain R. F. Scott to promote polar research work and exploration. Recently, the institute asked the British Treasury for a further grant to increase its income. Cabinet decided to-day that a grant of £500 be made to the institute, continuation of the grant to be reviewed after a year."

### AUSTRALIAN EXPEDITION—PROGRESS.

On 5th April, 1948, Mr. Chifley said—

"Cabinet to-day considered a report on the progress of the Australian antarctic expedition.

"Cabinet decided that the scientific and meteorological bases successfully established at Heard and Macquarie Islands in December, 1947, and February, 1948, be maintained in accordance with original plans. The Minister for External Affairs (Dr. Evatt) indicated that the development of a full programme (including the establishment and maintenance of a permanent base on the Antarctic Continent itself) would involve the acquisition of a new ship in addition to the vessel *Wyatt Earp* at present being used.

"Reviewing the finances of the expedition, Cabinet approved of an expenditure of £327,000 for the current financial year's activities. This includes the establishment of fixed instalments at Heard and Macquarie Islands and considerable supplies of technical equipment for the parties there also for the scientific activities carried out by the *Wyatt Earp*. A sum of £200,000 has been set aside for operations in 1948-49.

"Cabinet agreed that further consideration should be given to the exploitation of sea elephants on Heard and Macquarie Islands if this should be proved commercially profitable.

"An inter-departmental committee consisting of representatives of the Departments of the Treasury, Public Service Board, External Affairs, External Territories, Commerce, and Council for Scientific and Industrial Research will be set up to make recommendations regarding future administrative arrangements for Australia's antarctic work."

### AUSTRALIAN EXPEDITION—ADMINISTRATION.

On 4th May, 1948, Mr. Chifley said—

"Cabinet to-day adopted the recommendations of an inter-departmental committee set up to consider an appropriate organization for the future administration of the Antarctic Expedition. This will be

done by the organization of an Antarctic section within the Department of External Affairs which will be temporarily located at Melbourne. In addition, a committee will be established as an advisory body to the Department and the Antarctic section on matters connected with exploration, scientific research, development and the like of the Antarctic Territory. This committee will replace the existing advisory committee. The facilities of the Council for Scientific and Industrial Research will be used as much as possible in the planning of scientific research in the Territory and in the collation and distribution of the resulting information."

## RECONSTRUCTION.

### WORLD ORGANIZATION—UNITED NATIONS DAY.

On 5th April, 1948, the Prime Minister (Mr. Chifley) said—

"Cabinet decided to-day that 24th October be officially proclaimed 'United Nations Day' and appropriate celebrations over the radio and in the schools be arranged with the assistance of the Australian National Committee of the United Nations. The United Nations' flag will be flown on all Commonwealth buildings and State governments will be asked to do likewise."

### WORLD ORGANIZATION—FREEDOM OF INFORMATION.

On 18th April, 1948, the Minister for External Affairs (Dr. Evatt) said—

"The United Nations Conference on Freedom of Information has reached important conclusions. It recommends to all countries positive measures to spread factual information on international affairs and it condemns all propaganda designed or likely to provoke or encourage any threat to the peace. Unanimity between the eastern and western nations of Europe was obtained and this is, in itself, one step forward in the positive effort to prevent World War III.

"The part played by Australia has been notable. Our delegation's initiative has been widely and favorably commented on. Australia succeeded in securing the acceptance of one of the main resolutions. The chairman of the conference paid a special tribute to Australia, rebuffing the defeatist attitude of a tiny section of Australians who, in spite of the bitter lessons of the Pacific war, are opposed to the active participation of their country in international affairs.

"One of the greatest contributions to peace which can be made is to discourage propaganda and distorted reporting, which represents a real danger in times of international tension. The best way of preventing war-mongering propaganda is not any form of censorship, but fair and accurate reporting of the facts. The most effective way to handle war-mongers is not by suppression, but by free reporting.

"This Geneva success, following the General Assembly resolution, demonstrates that middle Powers like Australia can play a major role in composing differences between the great Powers, and in helping to prevent the world from crystallizing into rigid and opposing blocs.

"It is not enough to criticize war-mongering. Friendly relations between countries must be encouraged. Positive means of co-operation and assistance will soon arrest any 'drift' towards war."

## THE GOVERNMENT. MINISTERIAL DUTIES.

On 6th April, 1948, the Prime Minister (Mr. Chifley) said—

"The Minister for Supply and Shipping (Senator Ashley) has to-day been sworn in as Minister for Shipping and Fuel.

"The Minister for Munitions (Senator Armstrong) has to-day been sworn in as Minister for Supply and Development.

"Some minor administrative changes have been made and the duties of the respective Ministers will be:

Senator Ashley: Stevedoring labour and operations; coal production and distribution; liquid fuels and petroleum products and related matters.

Senator Armstrong: Procurement of supplies; manufacture of munitions; mineral resources; disposals; shipbuilding.

"Control of jute and flax will now be vested in the Minister for Commerce and Agriculture (Mr. Pollard).

"Mr. J. K. Jensen will be Secretary of the Department of Supply and Development and Mr. F. A. O'Connor will be first Assistant Secretary of the department.

"Mr. G. G. Sutcliffe will be Secretary of the Department of Shipping and Fuel."

## NO-CONFIDENCE MOTION, APRIL, 1948.

*In Parliament.*—On 7th April, 1948, the Leader of the Opposition (Mr. Menzies) moved the following motion:—

That in the opinion of this House—

- (a) Communist activities in Australia are subversive.
- (b) Communists in Australia have fomented widespread stoppages of employment, sought to weaken the authority of the industrial law, and inflicted misery and loss upon thousands of citizens.
- (c) There is good reason to believe that Australian Communists act in the interests of a foreign power.
- (d) Recent events in Europe have proved that Communist minorities in countries outside the Soviet Union are organized so as to overthrow by force majority rule in those countries.
- (e) The Government has failed to take any adequate steps to attack Communist activities in Australia, or to prevent the employment of Communists by the Commonwealth.

And that by reason of the above the Government deserves the censure of this House.

Mr. Chifley said—

"Mr. Menzies has made what purports to be a denunciation of a great social evil in this community, but, in a speech of more than 40 minutes' duration, he did not make one suggestion as to how that evil should be cured. The press has done him a grave injustice. The press, for some weeks now, has carried announcements that at last he has

been weaned or forced--I presume forced—from his previous views in regard to communism. One would, accordingly, have expected him to-day to have taken the high jump at the suggestion of the Australian Country party, and plump for the banning of the Communist party; but he did not do so. In a speech lasting for more than 40 minutes he did not say one word about banning communism, nor did he make one single suggestion as to how Communists should be dealt with.

“Unfortunately, a flood of communism has swept Europe. Communism is rife not only in countries that are under Communist domination but also in the countries that are still democratic. That is the fruit of hundreds and hundreds of years in which 80 per cent. of the people lived in the direst poverty. That is why the world has to suffer communism to-day. The soil in which communism has flourished was fertilized by people without any idea of democracy. From one extreme the people have swung to the other. In most countries there are Communist elements. Twenty-five years ago the Communists were supposed to be confined to common people, manual labourers and people of that character, but to-day communism has become something in the nature of a religion and has drawn into its ranks many intellectuals. They are classed as Communists, fellow travellers, and crypto-Communists by those who see in the movement, as I do, the grave menace to democracy that communism presents. But the evil will not be cured or the blight on the world removed by the sort of loose talk that goes on in Australia and other countries. I cast my mind back to five years ago, when, as Treasurer, I said to the then Prime Minister, the late Mr. John Curtin—

War or no war, I believe that every government has to stand up to the task of ensuring social security to the people, because, if it does not, I fear that, with the end of the war, the great mass of the people will be gravely dissatisfied and wonder what the war was fought for if they are left with only poverty and misery and no security.

“With the help and advice of my colleagues in the Australian Labour movement, I launched the system of social security that we enjoy to-day. In the previous 40 years, when for most of the time, the anti-Labour parties were in power—the Labour party had few years in office—not one piece of social legislation was passed by the Australian Parliament. I mention that because the only way in which to defeat communism is for the democracies of the world to be readily democratic.

“Much has been said about the suppression of minorities. According to press reports, Mr. Menzies made some rather scathing comments about my statement that the Australian Labour party would not lend itself to the banning of a political party, because it held a certain political philosophy. The Australian Labour party is entirely opposed to the principles of communism, including its economic theories for the management of a country, and its attitude towards religion. I speak for the Government as well as for myself when I say that we completely abhor the principles of communism for the attainment of the party's objectives. However, I shall never support any policy

which is designed to deprive minorities of the right of expression unless—I qualify that statement—those expressions are subversive, seditious or in some way detrimental to the safety of the country.

“I remind opposition members that not one English-speaking country, with the exception of Canada and Australia in war-time, has placed a ban on the activities, political or otherwise, of the Communists.

“I propose to place on record the statement of the Prime Minister of Britain (Mr. Attlee) from the *Hansard* report of the House of Commons, dated 15th March, 1948—

I desire to make a statement in regard to certain matters of employment in the Civil Service.

In answers to questions on the subject of the transfer or dismissal of certain Government servants, I have said that there are certain duties of such secrecy that the State is not justified in employing in connexion with them any one whose reliability is in doubt.

Experience, both in this country and elsewhere, has shown that membership of, and other forms of continuing association with, the Communist party may involve the acceptance of the individual of a loyalty, which in certain circumstances can be inimical to the State.

It is not suggested that in matters affecting the security of the State, all those who adhere to the Communist party would allow themselves thus to forget their primary loyalty to the State. But there is no way of distinguishing such people from those who, if opportunity offered, would be prepared to endanger the security of the State in the interests of another Power. The Government has, therefore, reached the conclusion that the only prudent course to adopt is to ensure that no one who is known to be a member of the Communist party, or to be associated with it in such a way as to raise legitimate doubts about his or her reliability, is employed in connexion with work, the nature of which is vital to the security of the State.

The same rule will govern the employment of those who are known to be actively associated with fascist organizations.

I should emphasize that this action is being taken solely on security grounds.

The State is not concerned with the political views, as such, of its servants, and as far as possible alternative employment on the wide range of non-secret government work will be found for those who are deemed for the reason indicated to be unsuitable for secret work. It may, however, happen that it is impossible to find suitable employment elsewhere in the Civil Service for individuals with specialist qualifications.

And in such cases there may be no alternative to refusal of employment or dismissal.

“I do not propose to read all the questions which members of the House of Commons directed to the Prime Minister in the course of this statement, but I do desire to read a question by Sir Ian Fraser, whose loyalty nobody doubts. Sir Ian asked—

In applying the restriction in the Government service, and as far as it affects the British Broadcasting Corporation and the country generally, will the right honorable gentleman advise that it shall be kept within the very narrow limits related strictly to security. Otherwise, does he not think that it is an unaccustomed and difficult course on which he may be embarking?

“I invite Opposition members to listen carefully to Mr. Attlee’s reply—

I think I made it abundantly clear in my statement that this was restricted to very narrow limits where security matters were of importance.

“I have been asked to explain what action the Government is taking against the Communists. The Government has not waited for this clamour and for what I may describe as this wave of hysteria which is

sweeping through the world and which could lead to the grave consequences of war, when a little cool-headedness may avoid it. The Government has always considered that, in matters involving security, all persons entering the Public Service should be checked; and all members of the Public Service, even though they may not have been engaged in security work, have been subject to close scrutiny. I give to the country a complete assurance that so far as the Commonwealth Investigation Service and the State police forces can detect, no person whom Mr. Attlee's description fits, is engaged in vital security work. The Government did not wait for the present clamour, which has been raised in the press, or any other agitation before taking steps to safeguard the country.

"The Australian Labour party is completely opposed to the principles of communism. Let us be quite honest about this matter and admit that within the ranks of every political party there are people out on the wings who are extremely radical in their views. That, incidentally, is the only reason why there is a Labour party to-day. There would never have been a Labour party if there had not been in the community radicals—democratic radicals—who loved their country and fought for what they believed to be in the interests of the majority of the people. The men who formed the Australian Labour party had to contend with the bitterest opposition, with talk of 'socialism' and the 'red tiger', and it was even alleged by their opponents that they advocated the breaking of the marriage tie. However, in the face of all that opposition they triumphed, and the history of the Parliament, and particularly that of the last six years, proves that. When this country was confronted by the gravest peril in its history—and I ask members of the Opposition to turn this one over in their minds—the people of Australia entrusted the administration of the country's affairs, not to a conservative party, but to the Australian Labour party, which represented the people. If any political party was ever condemned at the throne of judgment in its country's hour of trial it was the conservative parties opposite. Tens of thousands of people who had never voted for a Labour candidate in their lives voted Labour. They said, in effect, 'In a great crisis these are the only people who can do the job effectively', and the people of Australia virtually expressed the same opinion when they voted at the last general elections.

"Members of the political party to which I belong have as much love for this country and the safety of its people as the members of any other political party. Opposition members should not think that they possess a monopoly of love of country. Members of the Australian Labour party have always been independent in their regard for the welfare of the people. We have consistently advocated changes designed to improve the lot of the mass of the people of this country, and I think that that is proved by our political record.

"I do not intend to weary the House by reading the text of resolutions adopted by the federal executive of the Australian Labour party, but year after year that body has expressed, on behalf of the Labour



movement in Australia, its strongest opposition to the Communist party. As I said previously, it is true that in every political party, including the Australian Labour party, there are radicals and militants. However, many of those people are perfectly honest and quite sincere and have no association with Communists. Opposition members cannot blame the Australian Labour party for that. Behind the Opposition political parties are objectionable people, people whom Opposition members would disown and whom Mr. Menzies would disown. In the same way there are on the edge of the Australian Labour party men who are quite sincere, but quite radical and militant, and the views which they express can easily be misinterpreted as expressions of disloyalty.

"I have seen a great deal inside the industrial and political Labour movement, and I have read some history. I have never known of any minority movement in history that has not grown stronger by repressive action. Let me emphasize this: never is liberty more easily lost than when we think we are defending it. My recollection embraces the history of quite a few minority movements. Some were religious, some were political and others were national in aim. Strenuous efforts were made to repress many of them, but in almost every case they grew stronger by repression. I have said in this House before that the people will not finally accept brutal, repressive action. We can only overcome communism in one way. Communism can only be beaten by improving the conditions of the people; bad conditions are the soil in which it thrives. There is talk of gaining political advantage or positions in Parliament, but to me liberty is far more important than that. I should not be a member of this Parliament if some tolerance had been extended to the men who took part in the strike of 1917. All that harsh oppressive treatment did, as far as I was concerned, was to transform me, with the assistance of my colleagues, from an ordinary common engine-driver to the Prime Minister of this country. If an example of what harshness can do is required, my presence in this Parliament should be sufficient.

"This Government will leave no stone unturned in its efforts to encourage the trade unions to prevent their control by Communists. The unions have got to do that themselves; it is their task. From the political and defence point of view, the Government will do everything possible to provide that neither Communists nor fascists are associated with the work of ensuring the security of Australia. We shall not begin to chase shadows. If a ban is imposed on the Communist party, it will merely change its name, as it did in Canada, and go on in exactly the same way. We are going to fight Communism in the open. If there are persons in this country who are seditious, treasonable or subversive, there are laws by which they can be dealt with, and this Government will deal with them".

*[The motion was defeated.]*

## INDUSTRIAL.

## UNEMPLOYMENT—FIGURES.

On 7th April, 1948, the Minister for Labour (Mr. Holloway) said that the demand for labour in Australia reached a new record high level in February, 1948. Unfilled vacancies held by the Commonwealth Employment Service numbered 58,300 for males and 36,800 for females, the total of 95,100 being nearly 3,000 greater than the previous record high level. Unemployment, although practically negligible for months in all States, except Queensland, had fallen even further. Recipients of unemployment benefit (including re-employment allowance) numbered 6,410 males and 209 females. During February, 1948, the Commonwealth Employment Service had referred 27,200 males and 8,700 females to employers, and had given advice and information on various matters to 28,500 males and 6,400 females.

## BRITISH COMMONWEALTH OF NATIONS.

VISIT OF KING AND QUEEN TO AUSTRALIA—  
PROGRAMME.

On 14th April, 1948, the Prime Minister (Mr. Chifley) said—

“Advice has been received from the Private Secretary to The King that Their Majesties The King and Queen and The Princess Margaret will leave New Zealand so as to reach Australia on 4th April, 1949. Their Majesties and Her Royal Highness will leave Fremantle at the end of the visit on 13th June, 1949.

“The Cabinet sub-committee, in consultation with representatives of the Opposition parties, has considered the division of the period which Their Majesties and Her Royal Highness will spend in Australia. The outline of the itinerary, submitted to His Majesty for his approval, shows the proposed allocation of time in the Australia Capital Territory and in the States. The State Governments have been requested to prepare a suggested programme for the Royal Tour, covering the period in each State.

“The proposed itinerary and detailed programme throughout Australia will, in due course, be presented to His Majesty for approval.”

On 29th April, 1948, Mr. Chifley said—

“The following appointments have been made to the Commonwealth staff dealing with the visit of Their Majesties the King and Queen and The Princess Margaret to Australia in 1949:—

The Reception Officer, Prime Minister's Department (Mr. J. S. Murray) to be Secretary of the Royal Visit.

Mr. O. A. Hogue to be in charge of public relations, to be joined, as arrangements for the Royal Tour progress, by the Prime Minister's Press Secretary (Mr. D. K. Rodgers).”

## DEPARTMENT OF SUPPLY AND DEVELOPMENT.

## RECONSTITUTION BILL INTRODUCED.

*In Parliament.*—On 14th April, 1948, the Prime Minister (Mr. Chifley) introduced the Supply and Development Bill. Mr. Chifley said—

“In Britain, the services essential to the armed forces are provided by the Ministry of Supply, and in the United States by the Munitions Board. The Australian Government has decided that there must be a complementary body in the Commonwealth and has re-instituted the Department of Supply and Development. Under an act of 1939, a Department of Supply and Development was set up to be concerned with the procurement and manufacture of supplies and munitions for the armed services and to develop the resources of the Commonwealth so that we might be prepared in the event of war. On the outbreak of war the department was concerned with the procurement of war supplies and with the production of munitions and aircraft, but a separate Ministry of Munitions was set up in 1940, and, in 1941, a further Ministry of Aircraft Production was established. Meanwhile the Department of Supply was merged in a Department of Supply and Shipping.

“With the end of the war, the departments took up an active policy of reconversion to peace-time conditions in industry and a stage has now been reached at which they can merge again in a combined Department of Supply and Development with functions similar to those which obtained before the war. The principal change to be made in the act is the substitution of the expression ‘war materiel’ for ‘munitions’ wherever the latter occurs. The expression has a much wider meaning than ‘munitions’, and is so used in the British and United States forces. It may be defined as including everything used in war except the personnel. The intention of the amendment is that the responsibility for provision of the needs of warfare, except man-power, shall be placed upon the new department.

“The general organization of the department contemplates that there shall be boards responsible for the management and administration of the following four main groups of undertakings:—

Munitions production, including arms and ammunition factories; aircraft production factories; long-range weapons research and experimental establishment; ship construction and repairs.

“There will be branches concerned with procurement of supplies from industry for the services, including a Contract Board, mineral resources development, including geophysical and geological surveys, stores and transport services for the Commonwealth departments, and scientific research and technical advice for defence purposes and for assistance to industry generally.

“Provision is made in the act to ensure the safety of the public in connexion with the operations of the long-range weapons range and to acknowledge the possibility of compensation should accidents unfortunately happen. Provision is made for secrecy on the part of persons

employed on the operations, and for the steps necessary to prevent entry of unauthorized persons on secret defence undertakings and for search of suspected persons in such areas, particularly in respect of dangerous inflammable materials or explosive substances.

“The bill provides for continuity of service in regard to the technical staff and employees transferred from other departments during the war or engaged specially under regulations of the National Security Act, so that such rights and privileges as they may have acquired as a result of their service under the Commonwealth may be continued. Opportunity is being taken to amend the act so that those salaried employees formerly exempt from the operation of the Public Service Act will be transferred to the Commonwealth Public Service and be governed by the Public Service Act.”

[The bill was passed.]

## PRIMARY INDUSTRIES.

### RABBIT SKINS—EXPORT LEVY.

On 15th April, 1948, the Minister for Commerce (Mr. Pollard) announced that the exemption of rabbit skins shipments from export levy would be continued until 31st May, 1948. The exemption was due to expire on 30th April, 1948.

### EXPORTS TO BRITAIN—1947 FIGURES.

*In Parliament.*—On 26th April, 1948, Mr. Pollard said that Australian exports to Britain for the calendar year 1947 were—

Commodity.	Quantity.	Value.
	lb.	£A.
<b>MEAT PRESERVED BY COLD PROCESS.</b>		
Beef, chilled .. .. .	7,168	672
Beef, frozen .. .. .	202,393,533	5,110,471
Veal .. .. .	1,521,986	45,815
Lamb .. .. .	106,212,944	3,820,861
Mutton .. .. .	15,938,774	274,287
Pork .. .. .	3,940,642	195,349
<b>MEAT NOT PRESERVED BY COLD PROCESS.</b>		
Bacon and hams .. .. .	530,675	50,632
<b>MEAT IN TINS OR OTHER AIRTIGHT VESSELS.</b>		
Beef and veal .. .. .	30,700,858	1,782,245
Mutton .. .. .	1,926,709	127,184
Bacon .. .. .	3,777,305	390,445
Sheep's tongues .. .. .	506,526	46,968
Sausages .. .. .	5,220,715	391,071
Meat and Vegetables .. .. .	13,397,076	608,173
Other (including soup) .. .. .	10,743,741	581,498

Commodity.	Quantity.		Value.
		lb.	£A.
<b>DAIRY PRODUCE.</b>			
<i>Milk—Preserved, Concentrated and Frozen.</i>			
Full Cream	.. .. .	2,413,570	74,001
Unsweetened	.. .. .	2,776,655	88,962
<i>Milk—Dried or Powdered.</i>			
Full Cream	.. .. .	2,332,334	87,204
Skim	.. .. .	2,615,692	73,710
Butter	.. .. .	135,002,016	12,104,048
Cheese	.. .. .	40,298,712	1,924,913
<i>Eggs.</i>			
Eggs in shell	.. .. .	dozen. 12,786,058	1,323,950
Liquid eggs	.. .. .	lb. 19,975,092	1,536,187
Wheat	.. .. .	cental. 988,133	1,399,894
Flour	.. .. .	1,998,377	3,386,832

(For earlier references, please see No. 124, page 30.)

## PRICES.

### GOODS "DECLARED"—LAMB, REVOCATION.

On 16th April, 1948, the Minister for Customs (Senator Courtice) announced that lamb would be removed from price control from 19th April, 1948. The good season with the prospect of another wool clip at a high price had encouraged graziers to hold stock, with the result that a shortage of lamb could be expected during the coming winter. Although there would be no general shortage of meat the shortage of lamb created conditions favorable to the "blackmarketer" against whose competition reputable traders could not carry on except at a heavy loss.

## NEW ZEALAND.

### VISIT OF NEW ZEALAND GOVERNOR-GENERAL.

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

"His Excellency the Governor-General (Mr. McKell), on behalf of the Commonwealth Government, extended an invitation to the Governor-General of New Zealand (Lieutenant-General Sir Bernard Freyberg) and Lady Freyberg to pay a visit to Australia. Their Excellencies have accepted the invitation and propose to arrive in Australia some time in November, 1948."

## DEFENCE.

## COUNCIL OF DEFENCE—MEETING.

On 20th April, 1948, the Prime Minister (Mr. Chifley) said—

“At the meeting of the Council of Defence to-day, the normal review of the basis of Australian post-war defence policy was made before the council proceeded to the detailed discussion of other subjects. Among the items dealt with were the following:—

Consideration was given to matters relating to the scientific aspect of defence policy arising from the conclusions and recommendations of the 1947 meeting at London of the British Commonwealth Advisory Committee on Defence Science and from the first report of the Defence Scientific Advisory Committee.

The progress of the joint United Kingdom-Australian long range weapons project was considered.

Decisions were taken on the organization for the executive of defence research and development.

“Another meeting of the council will be held next week at which the progress of the defence programme will be reviewed, following which a statement will be made by the Minister for Defence (Mr. Dedman) in Parliament.”

## TRADE MARKS.

## PROPOSED LEGISLATION.

On 20th April, 1948, the Prime Minister (Mr. Chifley) said—

“The Attorney-General (Dr. Evatt) reported to Cabinet to-day that a licence by a proprietor of a trade mark to another to use the trade mark on goods other than those of the proprietor of the trade mark is a form of deception which invalidates the registration of the mark. This rule applies when the proprietor of a mark owns and controls the other party to whom the licence is given. Consequently, a parent company cannot license a subsidiary company. In Britain, legislation has been passed whereby a person, other than a proprietor of a trade mark may be registered as a ‘registered user’ of the mark. Conditions of registration are laid down and provision is made against trafficking.

“Cabinet decided to-day that the Trade Marks Act should be amended along the lines of the British Act to provide for permitted users of trade marks and assignment of trade marks without assignment of goodwill. It has been pointed out that many Australian companies have subsidiary companies operating in different States, and if any of these separate legal entities uses the registered trade mark of the parent company the registration of the mark is invalidated. Further, many overseas manufacturers desire to make arrangements with Australian companies for the local manufacture of goods formerly manufactured overseas and sold under well-known trade marks. The proposed amendment of the act will help in the industrial development of Australia and the establishment of new industries.”

## INTERNATIONAL WHEAT AGREEMENT.

## BILL INTRODUCED.

*In Parliament.*—On 22nd April, 1948, the Minister for Agriculture (Mr. Pollard) introduced the International Wheat Agreement Bill. Mr. Pollard said—

“The object of this bill is to ratify the international wheat agreement drawn up in Washington in March, 1948, by the representatives of the governments of 36 countries. The agreement is subject to ratification, or formal acceptance, by the governments concerned by 1st July, 1948.

“At the outbreak of war in September, 1939, the f.o.b. Australian export price of wheat was around 2s. Australian currency a bushel. Some transactions took place at about 1s. 10d. a bushel at this time. Two years previously the average f.o.b. price was around 5s., Australian currency. For some years into the war, accumulated supplies and harvests were such that prices rose very slowly. At the end of 1943 the Australian Wheat Board's export price was 4s. 1½d. f.o.b. bulk, for sales west of Suez and 4s. 7½d. for sales east of Suez. At the close of the recent war there was a world-wide food shortage. There was a delay in getting European wheat countries back into production. Prices obtainable by exporters rose to record heights until in November, 1947, the price on the Chicago market for the shortest term futures rose to 3 dollars 20 cents, the export equivalent for shipments from Gulf of Mexico ports being 3 dollars 30 cents, or 20s. 9d. Australian. At this time and for some weeks afterwards Australia was obtaining 19s. 6d. a bushel for its wheat. Later, the Australian Wheat Board increased its price to 20s. 6d. a bushel.

“It is difficult to say precisely what world prices are, and it is clear that there is no world price in the pre-war sense. In normal times, wheat was traded freely at exchanges in Winnipeg, Liverpool, the Baltic, in London, and at Chicago and Minneapolis. Now Liverpool and Winnipeg are closed, and Chicago and Minneapolis deal largely with the huge American domestic consumption—a figure exceeding the Canadian and Australian production put together. At the end of January, 1948, when negotiations for the agreement opened, Canada had a contract, entered into in 1946, to sell a substantial proportion of its exportable surplus to Britain up to the end of July, 1950. The price for deliveries during the year, 1st August, 1947, to 31st July, 1948, was fixed at 1.55 dollars or 9s. 8d. Australian a bushel in store Fort William/Port Arthur. For deliveries during 1948-49, the price is to be 2 dollars or 12s. 5d. Australian a bushel. In January, Canada was selling to other countries at prices around 3.25 dollars—about £1 Australian—a bushel, which were comparable with the United States export price. Australia had negotiated contracts with Britain and India for the sale of 105,000,000 bushels, at prices of 17s., equivalent to about 2.7 dollars a bushel, in the case of Britain and of 18s. 6d., equivalent to about 3 dollars a bushel, in the case of India. The

Wheat Board's export price at the end of January was 20s. 6d. a bushel. The Argentine was selling at about 5 dollars or over 30s. a bushel. With all these varying prices, and with so little wheat being sold on a freemarket, it is clearly unsound to refer to a 'world price'.

"A world price of course means competition between suppliers. Now no competition exists. Where there is competition it must be expressed in comparable prices in the buying markets, whether these prices are brought back to f.o.b. for quotation or left c.i.f. Where a supplying country, Australia is an example, has one f.o.b. quote for all countries it is evident that there is no world price, since it means that each country is paying a different landed price for Australian wheat because of the difference in cost of freight. The Chicago market has been assumed by some to give world prices, but it is clear that this is not so when Argentina can obtain prices much higher than the export equivalent of the Chicago price. However, it can be said on the following reasoning that Chicago prices give a good indication of the trend of the market. Chicago prices, in the main, over a period are influenced by the quantity of wheat the United States Government takes off the domestic market. If a slackening in demand on American export wheat reduces pressure on Chicago, prices fall there and American wheat for export falls correspondingly. As soon as there is sufficient wheat coming from other countries to cause an exporter to offer wheat in the same market as America, competition will arise. A world price will then be quotable, and in the different supplying countries quotes will be based on competitive landed prices in importing countries.

"Following an exchange of views between their governments, officials of Argentina, Australia, Canada, the United States and Britain met in Washington in July, 1941. A preliminary report was submitted in August, 1941, in which the principles of acreage control, price ranges and export quotas were again put forward. The Governments agreed that their representatives should meet again to work over the details of the proposed agreement. The conference was resumed in October, 1941, and met at various dates up to April, 1942, when a memorandum of agreement, to which was attached a draft convention, was drawn up and accepted by the Governments of Australia, Argentina, Canada, the United States and Britain. This memorandum indicated agreement among the four principal exporters on quotas. On the basis of aggregate exports of 500,000,000 bushels, the percentages were, Canada 40 per cent., Argentina 25 per cent., Australia 19 per cent., and United States 16 per cent.

"From 1943 to 1946, frequent attempts were made to reach an agreement on price ranges for incorporation in an agreement for the stabilization of trade during the war and early post-war years. The stumbling block was always the price ranges, Britain being unable to meet the views of the exporters. By 1943, the Australian Wheat Board was in existence. It was constantly consulted by the department on details.



"At the conference in London in March, 1947, it was made clear that Argentina would not be a participant, and a new approach was attempted, the new feature introduced being guarantees by individual importers to take specified quantities. Though agreement was not reached on all details, the principles stated in 1947 were used as the basis of negotiations at the recent conference in Washington at which full agreement was reached.

"The quantity of wheat covered by the agreement is 500,000,000 bushels, of which Australia's share is 85,000,000. Australia is bound to supply this quantity if it possibly can. If it cannot provide 85,000,000 bushels, the United States and Canada will be first asked to make up the discrepancy. If they cannot do so, then Australia is released from its obligations, provided that its failure is due to crop losses and is not due, for example, to having made large sales outside the agreement. If Australia has more than 85,000,000 bushels to sell, it may sell additional wheat outside the agreement, either to countries not in the agreement, or by making increased sales to countries within the agreement. From conversations not yet on a formal basis, it is apparent that Britain together with the colonies for which Britain has assumed responsibility in the agreement, will require more than the quantity provided for it in the agreement—180,000,000 bushels. Some of this extra quantity will certainly be drawn from Australia outside the agreement.

"The 85,000,000 bushels is considered to be adequate. In fact, it was not considered that Australia would be justified, under the terms of the agreement, in seeking a higher figure. It is estimated that this will require an average harvest over the five years of about 170,000,000 bushels, and that an average of 180,000,000 bushels would not be an embarrassment. In the first year of the agreement it is certain that we will be able to sell all our excess over the 85,000,000, and it is almost certain that we shall do so in the second year—August, 1949, to July, 1950—and that we shall enter into the third year of the agreement with a low carry-over. Even with heavy harvests, therefore, some increase of carry-over in the later years of the agreement could be accepted without difficulty.

"No provision is made in the agreement for restriction of production, but if supplying countries produced more than their quota, and other quantities they could sell outside the agreement, they might be forced to limit output. However, it should not be necessary for Australia to contemplate restriction of production during the course of the agreement.

"In selecting a price range many bases were considered, but rather early in the negotiations—in 1941-42, in fact—Canadian sales were adopted as a basis, with equivalents to be worked out for Australian and United States sales. Although this basis was reviewed at different times, it was ultimately adopted. The views of Australia in regard to the treatment of sales to 'nearby markets' were accepted and given effect in the formula set out in the agreement. This formula means, in

effect, that in sales for delivery to Britain when prices are at the top of the range, Australia will charge the same c.i.f. as Canada, subject to any agreement for a difference on account of quality between Canadian and Australian wheat. As freight between Australia and Britain is greater than that between Canada and Britain, on the same c.i.f. price Australia would get a lower f.o.b. return than Canada. On present freights, Canada would receive the maximum of 2 dollars or 12s. 5d. Australian, and Australia would receive 12s. The same price would apply to such European countries as Holland, Belgium and France. We might call this category A.

"In the case of India, and the British purchases for delivery to Ceylon and Malaya, the Canadian c.i.f. price would be much higher than the Australian c.i.f., consequently, when the Canadian f.o.b. equivalent was the basic price of 2 dollars (12s. 5d.), the Australian f.o.b. equivalent would be much higher—perhaps 14s. 5d. In this case, under the agreed formula, Australia will charge 12s. 5d., the basic f.o.b. maximum. Canada cannot compete in these 'nearby markets' because its c.i.f. quote would be much higher than the c.i.f. equivalent of Australia's 12s. 5d. Thus, in sales to these countries Australia's maximum f.o.b. price will be a straight conversion from the Canadian f.o.b. to the same figure in Australian currency. This group of countries might be called category B.

"It follows that, over the whole of our exports, the return Australia will get on exports under the agreement will depend on the proportion of category A to category B. A fair estimate is one-third A and two-third B. On present freight charges and rates of exchange, this would give 12s. 3d. as an equivalent of the 2 dollars. If a quality differential of, say, 6d. were agreed to in the case of sales to Britain—there will be no quality differential for sales to nearby countries—the average would be about 12s. In the case of the minimum, much the same principles will apply, although in certain circumstances the Australian f.o.b. price for sales to 'nearby markets' would come down to the minimum f.o.b. price for sales to Britain.

"In the case of markets equidistant from Canada and Australia—Shanghai for example, when Canada is shipping out of Vancouver—it would be necessary for us to be able to come down to such a price in order to compete with Canada on a c.i.f. basis in those markets. However, where countries such as India, New Zealand, Java, Ceylon and Malaya want wheat, or flour, they will naturally come to Australia for it and pay the Canadian f.o.b. prices—converted, of course, to Australian currency. Here, again, the actual minimum return overall would depend on the proportions of the 85,000,000 bushels that go to the different destinations. A fair estimate would be that, if prices fell heavily and reached the minimum of 1 dollar 20 cents throughout the fourth year, the average return would be about 7s., and that, if they went to the minimum of 1 dollar 10 cents in the fifth year, the average return would be about 6s. 4d. The calculations which have been used in arriving at these figures are conservative.

"Alterations of freight rates would affect sales in category A. If freights fell, our f.o.b. return would increase. If they rose, the reverse would be the case. Alterations in exchange would also affect these equivalents if such alterations affected the relationship between Australian currency and the Canadian dollar. A special clause in the agreement provides that, if the Canadian dollar depreciates on the American dollar, there will be no change in the basic prices.

"There is no commitment under the agreement that wheat shall be preferred to flour. In practice, Australian mills should be able to sell their full output. The British allotment under the agreement covers flour for Britain, Ceylon, Malaya and British commitments in respect of other colonies. The Netherlands quota includes flour for the Netherlands East Indies. These, with the requirements of the Pacific Islands, should keep our mills going.

"It is true, of course, that in the first year Australian growers will make a monetary sacrifice; they will receive less under the agreement than if there were no agreement. This position might obtain also in the second year. It could even continue further. As time goes on, however, the risks the grower takes with no assured minimum become greater. When the slump comes—and all close observers say it will come sooner or later—the consumer will be the loser and the producer will gain. But no one can say what the severity or duration of the slump will be. Summed up, the agreement seems to strike a fair balance between the early contributions of the producer and the later contributions of the consumer. However, with heavy crops in all wheat countries, it could be a real boon to the producer. To my mind, its real service to the Australian wheat-grower is that it gives him security. While enjoying good returns, he may look forward for five years—I personally hope the agreement will be renewed long before the expiration of five years—with confidence—confidence that he will not have to face disastrous price falls such as the wheat-growers of Australia have experienced in past years."

[The bill was passed.]

(For earlier reference, please see No. 134, page 35.)

## ROYAL AUSTRALIAN NAVY. AIRCRAFT CARRIERS.

*In Parliament.*—On 26th April, 1948, the Minister for the Navy (Mr. Riordan) said—

"The overall plan announced by the Minister for Defence (Mr. Dedman) on 4th June, 1947, envisaged the purchase by Australia of two aircraft carriers. The first of these ships will be commissioned in October, 1948, and will arrive in Australia early in 1949. The captain and some of the senior officers have already left Australia for England, where they are doing certain courses. The remainder of the crew of 600 will leave Australia in May, 1948, on *Kanimbla*, and will undergo certain training before the ship is commissioned.

"The Government still intends to purchase the second aircraft carrier, which should be commissioned towards the end of 1949 or in 1950. The reason why I cannot give any definite date at the moment is that the Australian Government is endeavouring to have these aircraft carriers so constructed that they will be modern at the moment when they are commissioned. That is one of the reasons why the first aircraft carrier will not be commissioned on 24th June, 1948, as was first thought possible. I am not able to give the date or even the month when the second aircraft carrier will be commissioned, because modern improvements are being effected while the ship is being constructed.

"As to whether the armament will be obsolete, it was only recently that an order was placed for the purchase of aircraft. The reason for the delay was that the Australian Government wanted to be certain that these ships would be equipped with the most efficient and up-to-date aircraft available for service on a carrier. Jet-propelled aircraft may be issued to the American navy some time this year. We are now examining whether it is possible, even by a delay of a few months, to secure jet-propelled aircraft for the two ships."

(For earlier references, please see No. 127, page 13.)

## ROYAL AUSTRALIAN AIR FORCE. RESERVE.

On 27th April, 1948, the Minister for Air (Mr. Drakeford) announced conditions of the Royal Australian Air Force Reserve as follows:—

### PERMANENT AIR FORCE RESERVE (OR ACTIVE RESERVE).

To comprise personnel immediately available for mobilization in an emergency to bring existing units to war strength and to man additional units required on the outbreak of war.

To be established, in the first instance, from personnel who have served during World War II. and able and willing to undertake such annual or periodic training as the Royal Australian Air Force might, from time to time, require. In the initial stages, training to be confined to lectures, films, and distribution of training pamphlets to be made available at centres. Subsequently, the reserve to be maintained primarily from personnel completing engagements in the permanent and citizen forces.

Conditions of service to be engagement for five years and further re-engagements each of five years; applicants to volunteer for service and be accepted for enlistment in the reserve, to possess honorable discharges; to be medically fit; and to report annually, notifying addresses or change of addresses, and other particulars required.

Personnel appointed to the reserve to be appointed in the temporary rank previously held.

Retirement from the reserve to be governed by the same retiring ages as applicable to the permanent air force.

### CITIZEN AIR FORCE RESERVE.

To consist of personnel possessing qualifications required for service in the various branches of a modern air force.

To be constituted initially from trained personnel, including the Royal Australian Air Force Nursing Service and the Women's Auxiliary Australian Air Force who served during World War II.

To be maintained partly from personnel trained in the active citizen air force, and partly from persons in civil life possessing qualifications required by the service.

Personnel not to be obliged to undertake any form of annual training but to be required to give an undertaking that, in the event of a national emergency, their services to be readily available to the Royal Australian Air Force.

Conditions of service to be: Volunteers with previous service to be entered in their last substantive or higher temporary rank; no time qualification in regard to service, and personnel might withdraw on giving due notice; personnel to be retired at the equivalent retiring ages for the permanent force; persons desiring to enrol must undertake to report for duty when called on in an emergency.

## AUSTRALIAN MILITARY FORCES.

### DIRECTOR-GENERAL OF MEDICAL SERVICES.

On 28th April, 1948, the Minister for the Army (Mr. Chambers) announced that Dr. F. K. Norris had been appointed Director-General of Medical Services.

## MIGRATION.

### GOVERNMENT POLICY—BRITISH MIGRANTS.

On 29th April, 1948, the Minister for Immigration (Mr. Calwell) said—

“The ‘open door’ of Australia is no empty phrase when applied to our kinsfolk from the British Isles. The Government and the people of Australia are determined to preserve the predominantly British character of the Australian nation by insisting that the highest possible proportion of our population gain through immigration should be from Britain.

“Australia’s immigration figures for 1947 show that the number of Britishers who came to Australia was twenty times as great as that from the next highest source (America), and three times as great as that from all other world sources put together. Of 31,950 new arrivals in 1947, Australia received 23,499 from Britain, 1,137 from the United States, 843 from displaced persons camps in Europe, and 6,471 from all other sources. This three to one overall ratio in favour of British migrants will be maintained.

“Would-be migrants in Britain may be assured that, wherever the Australian Government has any influence in the allocation of berths on ships ailing from Britain, no foreign national will be granted a passage at the expense of a waiting Britisher. No ships that can be obtained by the Australian Government will be allocated to the carriage of non-British migrants while British migrants await transport.”

## RUSSIA.

### EXCHANGE OF AMBASSADORS.

On 30th April, 1948, the Minister for External Affairs (Dr. Evatt) announced that the first Soviet Ambassador to Australia would be Mr. N. M. Lifanov and the first Australian Ambassador to Russia would be Mr. A. Watt. The appointments were in accordance with

the recent mutual agreement between the Australian and Soviet Governments to raise the status of their legations at Canberra and Moscow to that of embassies.

Similar exchanges had been agreed to with France and China and when those appointments were completed, Australia would be represented on an ambassadorial level in the countries of all permanent members of the United Nations Security Council.

## BRITISH COMMONWEALTH OF NATIONS. PROPOSED CONFERENCE.

*In Parliament.*—On 30th April, 1948, the Prime Minister (Mr. Chifley) said—

“No suggestion, either official or unofficial, has been made that a conference of Empire Prime Ministers should be held. I realize, of course, that on the economic side a very grave position has developed. I realize how delicate is the position, and that it affects not only Britain but ourselves and other countries with which Britain is associated. It may be necessary for me or some other Minister conversant with the economic aspects of the affairs of the Empire to visit London; but no suggestion has yet been received that such a visit should be arranged.”

(For earlier reference, please see No. 134, page 20.)

## SOCIAL SECURITY.

### PHARMACEUTICAL SERVICE—MINISTER'S BROADCAST.

On 2nd May, 1948, the Minister for Health (Senator McKenna) broadcast over the national network. Senator McKenna said—

“In 1947, the Government repealed acts of 1944 and 1945, and passed an entirely new act to enable pharmaceutical benefits to be provided. Since then the Government has concluded discussions with the Federal Council of the British Medical Association, the Federated Pharmaceutical Service Guild, the Friendly Societies Dispensaries and nearly all States.

“Administrative arrangements have been completed and regulations under the act will come into force within the next few days. The scheme will come into operation on 1st June, 1948.

“The benefits are listed in the Commonwealth Pharmaceutical formulary which will be published in book form. The Government had at its disposal in the preparation of the formulary the best specialist advice from the medical, pharmaceutical and pharmacological fields. The benefits include such modern drugs as those of the ‘sulpha’ group, preparations of penicillin, vaccines, serums, anti-toxins and other biological products such as insulin. The range of medication covered by the formulary includes preparations under more than 40 headings ranging from ear, eye and nose drops to children's requirements.

vitamin solutions and sundry medical materials and applications. Altogether, about 600 items are listed in formulary, but this gives no idea of its scope since provision has been made for ingredients of formulae to be omitted, reduced and in some cases increased. Provision has been made for certain drugs to be added to mixtures and other preparations. These provisions give great flexibility to the formulary and permit of so many variations as to extend its range to hundreds of thousands of prescriptions.

"These benefits can be made available only on a prescription written by a registered medical practitioner. The Government feels that, having regard to the high standards of the medical profession, the risk of unnecessary prescribing is negligible. This arrangement will provide a safeguard against unnecessary demands from patients, since they must consult their doctors as a preliminary to receipt of pharmaceutical benefits.

"There is no compulsion of any kind upon a doctor to co-operate in the scheme. When a doctor does take part he is not bound in any way to confine his prescribing to the formulary. If there should be some particular drug or compound which he considers more appropriate to his patient's need than any contained in the formulary then he will of course prescribe it, but in that case the patient himself must pay for the prescription, the Government accepting full responsibility for its omission from the formulary.

"After a doctor has studied the contents of the formulary and its flexibility I am sure that his decision regarding co-operation in the scheme will be determined by his medical judgment, his humanity and his good citizenship, and by no other consideration.

"The act provides for the establishment of a formulary committee. Its function will be to advise on the revision of the formulary in the light of experience, and of the latest developments in medical science. The Government provided in the 1947 act, at the request of the Federal Council of the British Medical Association, that the personnel of this committee should be predominantly medical in character. This constitutes one of the important points of difference between the original scheme and the one now about to be launched.

"A second point of difference lies in the fact that whereas in the 1944 scheme a penalty in the form of a fine, in default three months' imprisonment, was imposed for doctors who prescribed unnecessarily, this provision was wholly omitted from the 1947 act. This was done at the request of the Federal Council of the British Medical Association.

"The regulations embody a code specifying what constitutes proper prescribing. This is based on a code submitted by the council. No penalty or sanction whatsoever for breach of the code has been provided. The Government places its trust in the honour of the profession to observe the code and has intimated to the council that should the conduct of some few medical practitioners demonstrate the need for something of that nature it will consult the council as to the form of sanction that would be appropriate.

"The patient's part in the scheme is very simple. Where his doctor prescribes a pharmaceutical benefit he will hand the prescription to the patient in duplicate. The patient will then take the prescription to any approved chemist or approved friendly society dispensary. He will hand both copies of the prescription to the pharmacist who will supply the benefit without charge to the patient. Where the doctor has ordered a prescription to be repeated, the patient will still hand both copies of the prescription to the pharmacist who, in addition to supplying the benefit will hand to him a repeat authorization form with the duplicate of the prescription; these documents will enable him to secure a repeat supply of the benefit from any approved pharmacist.

"In chronic cases, for instance in the case of diabetics who are in constant need of insulin, a doctor may, at one consultation, prescribe a supply that will be adequate for up to 91 days.

"Special provision has also been made to meet the plight of persons living in outback areas beyond the reach of the dispensing doctor or chemist.

"A doctor may prescribe a benefit without a Commonwealth form in any case of emergency but is required to supply the prescription on a proper form at a later date to enable the chemist supplying the benefit to collect payment from the Commonwealth.

"Where a chemist is asked to dispense a prescription after usual trading hours he is entitled to payment from the patient of a late fee of 1s. In the case of a prescription endorsed by a doctor as 'urgent' the chemist is obliged to supply the benefit as soon as practicable provided the prescription is presented at the premises of the approved chemist. Should it be necessary for the chemist to deliver any pharmaceutical benefit he may make a charge equal to the actual cost of the delivery.

"There is a prohibition against any doctor, chemist or hospital dispenser parting with possession of or destroying any of the official forms or publications issued to him except in accordance with the act. As these documents are the basis of entitlement to receipt of and payment for costly and dangerous drugs, this provision is essential for the security of the community and for the proper protection of Commonwealth funds.

"All medicines needed by a patient occupying a public bed in a public ward are already provided for under the Commonwealth Hospital Benefits Scheme and do not come within the ambit of the act. Provision is being made by arrangement with the various States so that out-patients will receive pharmaceutical benefits without charge when the scheme comes into operation. Special arrangements will be made to meet the needs of patients in private hospitals or in intermediate and private wards of public hospitals. These arrangements will vary according to whether the hospital has or has not a pharmacist on its premises."



## NETHERLANDS EAST INDIES.

## PETROL.

On the 3rd May, 1948, the Prime Minister (Mr. Chifley) said—

“I have had discussions with representatives of the Vacuum Oil Co. Pty. Ltd. and the Shell Co. of Australia Ltd. on the question of increased production of petrol in the Netherlands East Indies which will require arrangements for certain equipment. These arrangements are going on satisfactorily.

## AUSTRALIAN BROADCASTING COMMISSION

## REVENUE FROM LICENCES.

On 4th May, 1948, the Prime Minister (Mr. Chifley) said—

“Cabinet to-day decided that the Australian Broadcasting Commission be authorized to spend, during the three months ending September 30, 1948, an amount equivalent to an amount on the same basis as during the current financial year plus such inescapable expenditure as would enable the Commission to meet additional costs to which it is already committed and other expenses of an essential nature.

“The Cabinet sub-committee appointed to consider conclusions reached by a committee of which Mr. A. A. Fitzgerald was chairman on a long-range plan for financing the commission has not yet completed its deliberations.”

## FIGHTING FORCES.

## WAR SERVICE MORATORIUM—EXTENSION.

On 4th May, 1948, the Prime Minister (Mr. Chifley) said—

“A discharged member of the forces remains a ‘protected person’ for three years after being discharged or ceasing to be engaged on war service. The protection of female dependants and parents of discharged members of the forces also exists for a similar period of three years. The period was originally six months but was increased from time to time so that it is now three years. In many cases the three years’ period from discharge has recently expired or will expire in the near future, and, unless the period is extended, there may be a considerable number of evictions of ex-servicemen.

“The Re-establishment and Employment Act provides that land owned by a member of the forces shall not be required compulsorily without the prior consent of the Attorney-General. The Act provided that the protection afforded should continue for a period of twelve months after the date of discharge of the number or the period of the length of the member’s service whichever was the shorter period. As a result of representations made last year by various organizations of ex-servicemen, the period of twelve months was extended to two years, so that ex-servicemen might not be deprived of land on which they

hoped to build homes. In view of the present building difficulties, the Director of the Legal Service Bureau has expressed the opinion that it is desirable to extend the period of protection from two years to three years. Representations have also been made by organizations of ex-servicemen to the same effect.

"Cabinet to-day decided that the period of protection under the War Service Moratorium Regulations to discharged members of the forces and their dependants be extended from three years to four years; and that the period of protection under the Re-establishment and Employment Act to discharged members of the Forces be extended from two years to four years."

### SERVICE PAY RATES.

#### PERMANENT FORCES—RETIREMENT SCHEME, BILL INTRODUCED.

*In Parliament.*—On 5th May, 1948, the Minister for Defence (Mr. Dedman) introduced the Defence Forces Retirement Benefits Bill. Mr. Dedman said—

"The bill proposes to establish a scheme for improved retirement benefits on a uniform basis for members of the Permanent Defence Forces. The existing provisions for retirement benefits are deficient. In particular, they lack uniformity as between the three services. This is no longer justifiable since comparable standards of pay and service conditions have been provided for all three services. Moreover, it would be impossible under the existing retirement provision to deal adequately with the peculiarly difficult problem created by the practice, now common to all services, of retirement at comparatively early ages. Early retirement of members of the forces has been made necessary by the requirements of a modern defence system. It is now the rule in the British armed forces and the other British Commonwealth countries. In view of our special needs for defence forces of the highest efficiency under conditions of present warfare, we cannot afford to lag behind in this vital matter.

"Nevertheless, the practice creates a problem which is intensely human, and has an important practical bearing on our ability to recruit and retain men of the requisite calibre for the services. The practice means that men will in many cases come to the end of their service careers while still in the early middle years of their lives. In the Air Force, retirement of officers commence at the age of 41, in the Navy, at the age of 45 and, in the Army, at the age of 47. Men who leave the services at such ages have before them the acute personal problem of finding new occupations in civil life. Since the exigencies of the defence system impose these conditions of retirement, the Government has a clear obligation to provide a special scheme of retiring benefits, which should be sufficient to tide the member over the period of readjustment and to supplement substantially his earnings in his civil occupation. Similar considerations apply into a perhaps somewhat lesser degree to

men who retire from more senior service positions at a rather higher but still relatively early age. On the practical side, it has to be considered that unless provision of this kind is made, the prospect of early retirement will act as a discouragement to men contemplating careers in the services.

"I outline existing retirement provisions for the forces. Naval personnel are credited with deferred pay, payable on the retirement of the member, or to his estate if death occurs during service. For officers serving to the full retiring age of their ranks, the cumulative deferred pay would amount to approximately £4,000 for lieutenant-commanders rising to approximately £6,500 for captains. Permanent personnel of Army are contributors to the Commonwealth Superannuation Fund and have the same pension cover for themselves and their dependants as have members of the Commonwealth Public Service.

"Before the amendment of the Superannuation Act in 1947, the maximum pension obtainable by any officer at the age of 60 was £416 per annum. Under the amendments to the Superannuation Act, there was a general increase by 25 per cent. of the pensions of all officers and other ranks, and officers were enabled, according to their rate of salary, to contribute for a maximum pension of £845 per annum at the age of 60. The general effect was that 60 per cent. of the cost of all pensions would be provided by the Commonwealth. The Air Force provisions are not in line with those of either the Navy or the Army. Permanent Air Force personnel below officer rank are contributors to the Superannuation Fund under conditions similar to those obtaining in the Army. Air Force officers contribute to the Superannuation Fund to provide for benefits on death or invalidity during service. The major retirement provision for these officers is a system of deferred pay which is a benefit paid to the member on retirement or to his estate if death occurs during service. The rates of deferred pay are substantially less than those of Naval personnel of equivalent rank. The review of these provisions led to the following conclusions:—

First—Wide disparities exist between the different schemes.

Secondly—In view of the recent reduction of retiring ages for Army officers from 55 or 60 to ages ranging from 47 years upwards, and even lower retiring ages in the other services, it is necessary to provide a scheme of pension for retirements at age 40 or later.

Thirdly—A deferred pay scheme makes inadequate provision for the officer or his dependants in the event of death or invalidity in the early stage of his career.

Fourthly—Payment of deferred pay in a lump sum on retirement may lead to an unwise or unfortunate investment resulting in the loss of the retirement benefit.

Fifthly—Now that comparable ranks in each service receive generally the same rates of pay and allowances, it is most desirable that a uniform system of retirement benefits for all services should be adopted.

"An exhaustive investigation of all aspects of the problem was made, and recommendations subscribed to by representatives of the three service boards form the basis of the bill.

"The bill provides for a scale of pensions to officers rising from £360 per annum for majors, and equivalent ranks in the other services, up to a maximum of £845 per annum for lieutenant-generals, and equivalent ranks in the other services, who serve until retirement at age 60. The maximum pension of £845 is also the maximum pension payable to a member of the Commonwealth Public Service.

"The pension provision in the case of other ranks is based on twenty years' service after the age of twenty, and the rates range from £95 per annum for able seamen, private or aircraftman, 1st class, to £155 per annum for a chief artificer, warrant officer 1. (Army) or warrant officer (Air). For service beyond twenty years, the annual rate of pension increases by £6 to £8 for each additional year of completed service. Provision is made in the bill for the payment of a half pension to the widow, and allowances to the children, on lines similar to the Superannuation Act. After retirement of the member, the rate of widows' pension is related to the pension previously payable to the ex-member.

"The existing deferred pay and superannuation schemes cover only permanent members of the forces. This bill extends pension benefits to personnel on long-term engagements. Those who do not serve for a sufficient period to qualify for a pension will be entitled to a refund of their contributions if their period of service is less than ten years, although throughout this period they will be covered against death or invalidity. Where the term of service is in excess of ten years, but less than twenty years, the member will be entitled to a refund of his contribution, plus a gratuity equal to one and a half times the amount he has contributed. Provision has been made for certain officers who, because of their late age on entry, cannot complete twenty years' service for pension before reaching the retiring age for the rank held, to receive a pension on a reduced scale after the completion of fifteen years' service.

"Naval, Army and Air Force cadets, and all personnel under the age of eighteen years, will be covered by the scheme, but will not be required to contribute to the fund until attaining the age of eighteen years. They will not be pensionable until reaching the age of 40 years.

"The existing deferred pay entitlements of Naval and Air Force members presented particularly difficult problems. These have been met by granting these members the option to become contributors to the Defence Forces Retirement Fund, or, alternatively, to retain their existing rights. The deferred pay of those members who elect to become contributors to the fund will be transferred to the new fund to be established under this act, and the amount so transferred will be used to reduce their future contributions for pension entitlement. Army personnel, who are contributors under the Superannuation Act, will be transferred to the new defence forces retirement scheme on the same terms and conditions as regard benefits and contributions as those to which they are entitled under the Superannuation Act. The reserve values held on their behalf will be transferred from the Superannuation Fund to the new fund, and will be available to meet part of the cost

of the benefits they will ultimately receive. The contributions of members of the services will be precisely the same as in the case of the Commonwealth Public Service, and relate to a member's rate of pay, and the age at which he becomes a contributor or obtains pay increases.

"To finance a scale of pensions such as is proposed for early retirements in the defence forces will entail a much greater government contribution than in the case of the Commonwealth Public Service superannuation scheme, where retirements occur at age 60 or 65. The subsidy under the Superannuation Fund, namely, 60 per cent. of the cost of pensions, is inadequate for the retirement fund. On the average, because of early retirement benefits, the Commonwealth will have to pay much more than 60 per cent., but because of the impossibility of forecasting retirement rates, no precise statement can be made of what the percentage is likely to be. The Commonwealth undertakes to meet the deficiency between the value of benefits payable and the accumulated value of the members' contributions. The method followed is similar to that under the Superannuation Fund. The Commonwealth meets its liability in respect of each payment of pension or gratuity as it arises.

"No precise information is at present available as to the ultimate cost of the defence forces retirement scheme, but, based on the present approved strength of the forces, it is estimated that the annual commitment may reach £2,000,000 in fifteen years' time, and increase comparatively slowly thereafter. This commitment is much in excess of the present liability of the Commonwealth in respect of deferred pay and superannuation for the forces.

"Provision is made to establish a defence forces retirement fund, administered by a board comprised of the president of the Commonwealth Superannuation Fund, the Commonwealth Actuary, a representative of the Treasury, and one from each of the three services. They will hold office for two years.

"The bill provides for the control and investment of the fund under the direction of the board along lines similar to those provided in the Superannuation Act. It also provides that the fund shall be audited by the Commonwealth Auditor-General; that it shall be valued by the Commonwealth Actuary every five years, and that the annual report of the board's operations and a statement of accounts shall be published.

*[The bill was passed.]*

(For earlier references, please see No. 134, page 6.)

## BARLEY POOL.

### NO. 9 POOL—SECOND ADVANCE.

On 7th May, 1948, the Minister for Agriculture (Mr. Pollard) announced that a second advance of 4s. a bushel less freight on malting grades and 1s. a bushel less freight on feed grades have been approved for barley in No. 9 pool. The payment increased advances in the pool to 8s. 9d. less freight for malting barley and to 4s. 4d. a bushel less freight for feed barley.

## CONSTITUTION.

## AMENDMENT—REFERENDUM, PRICES.

On 10th May, 1948, the Prime Minister (Mr. Chifley) broadcast over the national network. Mr. Chifley said—

Fellow citizens,

On Saturday, 29th May, you will be asked to record a simple vote, either "Yes" or "No" at a referendum to indicate whether the Australian Constitution should be amended to give the Commonwealth Parliament power to control rents and prices (including charges).

It is my purpose to-night to put to you squarely the matter which you should take into consideration when making your decision.

This is not a matter of politics. This is a matter which affects your pocket and the welfare of the people and, particularly, of the less favoured section of the people.

First I will tell you why this referendum is being taken and, secondly, I will indicate why the Government thinks that the only efficient method of operating price control is through the Federal Government on a uniform basis. Thirdly, I will give you an indication of what I believe will happen if this referendum is not carried and it is held that the Commonwealth Government cannot exercise price control.

As you know, price control was first exercised under the compelling necessity of war and the power was, and is still, exercised under the Defence powers of the Commonwealth. Price control was introduced because it was realized that rapidly rising prices would throw our economy completely out of gear and reduce our capacity to make a full war effort. Price control was then, and is now, a brake on inflation.

The power, as I have mentioned, was exercised under the Defence power. That power is liable, because the war has ended, to be successfully challenged. Should such a successful challenge be made, the whole price-fixing structure would vanish and the people would immediately be at the mercy of those who are prepared to charge any price for goods in short supply. To say that the States could pick up the task of fixing prices is a deliberate attempt to mislead you. The States have neither the staff, the experience, nor the machinery to undertake this task. In fact, only two have legislation on the subject.

It was realized after the cessation of hostilities that the price fixing power which was operated under Commonwealth control could be in danger.

Consultations were held with the State Premiers—comprising both Labour and conservative Premiers. They agreed unanimously that it was necessary to continue price control. They were anxious to avoid the 'boom and bust' policy which followed World War I. and which caused so much unemployment, misery, hardship and degradation in this country.

In 1946, the Premiers unanimously agreed—subject to their parliaments' concurrence—to pass legislation which would enable price control powers to be exercised by the Commonwealth Government for as long as shortages of commodities persisted. But hostile legislative councils—bodies not elected by the people—blocked that effort in some of the States. Here, briefly, is what happened to the Economic Stability Bill in the various State parliaments—

New South Wales.—The act expires on 31st December next.

Victoria.—The act expired last June, the Legislative Council refusing to extend it past then.

Queensland.—The act continues until a date to be proclaimed.

South Australia.—The act expired last December.

Western Australia.—The act expires next December.

Tasmania.—The act expires next month, the Legislative Council refusing to extend it beyond then.

Without the concurrence of all State parliaments the promise was nullified. The Queensland and New South Wales Governments were prepared to give effect to this promise. I believe all the Premiers were prepared to carry out the promise they made but in some States the parliaments refused to endorse the promise. Had the States done their job and provided you with complete insurance against rising prices and the grave danger of inflation there would have been no need for a referendum. Having tried to give you protection in that way and failed, the Commonwealth Government is now faced with the national responsibility of asking you to give it the power to protect your interest and the national economy.

I now come to the second point. Any intelligent Australian will realize that price control must be operated on a Commonwealth basis if there is to be uniformity. To have six price-fixing authorities fixing prices on goods that are manufactured in one State and distributed into all the other States must appear to any thinking person as ludicrous. No effective control of prices can be exercised on prices of goods by a State when those goods have been brought from another State. A State would have no power to investigate the cost of producing such goods. Here is another instance. If one State did not fix the price of a commodity in its own State, any other State into which such a type of goods was sent would not have any guide as to what price should be fixed.

I have already mentioned that, apart from this difficulty, the States have neither the experience nor the machinery to undertake the task.

My third point is that if this referendum is not carried and the power now carried on under the Defence Power is successfully challenged, there can only be one result—inflationary prices and immediate demands by workers for increased wages to overtake the increased cost of living. And out of all that would be chaos.

There is another aspect of price control I place before you—an aspect vital in maintaining a stable economy. Without price control the Commonwealth Government could not continue fully its system of subsidies that is keeping down the price of a wide range of everyday commodities. The Commonwealth meets part of the cost of every

pound of butter, tea, potatoes and of every pint of milk purchased by the Australian consumer. The price of all Australian made woollen goods and most other items of clothing is much lower because of these subsidies.

I give you a few examples of what these consumer subsidies mean to the family budget and living costs generally. If the Commonwealth Government were forced to abandon its subsidy plan, the price of tea would overnight rise by 2s. 6d. to 5s. 3d. per lb.; butter would go up by 6½d. per lb.; milk by ½d. a quart and the price of potatoes would nearly double. An ordinary three-piece suit would cost another 35s.; shoes would go up by 2s. a pair and those who prefer kid shoes would have to pay 6s. more a pair.

The subsidy of £5,500,000 being paid on textiles other than wool is saving consumers about £8,000,000 a year on their clothing bill.

The farmer would have to pay nearly 50 per cent. more for his superphosphate.

The Commonwealth Government is also paying subsidies on such items as coal and coastal shipping freights. These are indirectly keeping down living costs.

At present the Commonwealth is spending about £40,000,000 a year on these consumer subsidies. The Government has announced that its object is to remove or reduce many of these subsidies when circumstances permit, but in a world of great economic difficulty and inflated prices, they are being retained for the time being to ease the burden of consumers.

People must realize, however, that if the Commonwealth's power to control prices failed many of these subsidies would have to be terminated. The Commonwealth could scarcely accept a position in which State authorities had control over the factors which determined the effectiveness or otherwise of Commonwealth subsidies costing more than £40,000,000 a year.

Some opponents of the Commonwealth's request that you vote 'yes' on May 29th, try to make you believe that the States can themselves do the job when the Commonwealth's war-time powers run out.

Any wise Australian will realize very quickly that price control must be exercised on a Commonwealth-wide basis and could not be carried out effectively by individual States with separate and differing systems.

As to the catch-cry about 'Canberra bureaucrats', Commonwealth price control is decentralized to such a degree that 90 per cent. of the decisions are made in the States; the whole work being co-ordinated by the Prices Commissioner at Canberra, where only 12 per cent. of the total prices staff is stationed. As a matter of interest, Commonwealth price control costs each Australian exactly one half-penny a week.

I turn now to give you a warning—a warning of what can happen if Commonwealth control of prices ends. Unhappily, we have a first-hand example in what has occurred in the United States.



I will now give you a picture in figures of what has happened since V.P. Day. In Australia, the price rise has gone from 22.86 per cent. on V.P. Day to 36 per cent. to-day. In Britain, where price control is maintained, the increase has been only from 30.4 per cent. on V.P. Day to 33.3 per cent. in December, 1947. But in Canada, where considerable decontrol has been forced by the proximity of the United States, the rise has been from 19 per cent. to 42 per cent., and in the United States from 30 per cent. to the astonishing figure of 66 per cent. Here is what happened in the United States:

Price control, which had been effectively handled during the war years, was extended until 30th June, 1946. A clamour was set up to abolish the system. President Truman decided to lift price control. In the following 25 days, food prices rose by 25 per cent!

The President put controls back on July 25th, 1946, but pressure groups maintained their activity and in the following November all controls were lifted except those on rents, sugar and rice. Some of the actual price rises since price control lapsed are roast beef from 2s. 1d. per lb. to 4s. 2d.; butter from 3s. 10d. per lb. to 5s. 8½d.; cheese from 2s. 7d. per lb. to 4s. 1d.; bacon from 2s. 7d. per lb. to 4s. 11d.; eggs from 2s. 11d. to 4s. 2d. a dozen.

Food prices in the United States in December last year were 118 per cent. higher than in September, 1939—more than double.

In this talk, I have explained why the referendum on 29th May became necessary. I have shown that the States cannot, of themselves, provide Australia with an efficient system. The dangers confronting Australia have been clearly put to you.

I now give you the same assurance as was given to the Australian Parliament when the bill to enable this referendum to be held was introduced in November last. The Government does not consider that it will be necessary to operate price control indefinitely, or to operate it in the detailed and complete form to which we have become accustomed in recent years. Price control in that form is necessary only in a period of general excess of demand over supply; a condition which is being steadily removed. As shortages disappear, so can price control disappear until it will become a reserve power, operating only when and where it is for the well-being of the national economy.

It would be utterly impossible for the Federal Government, once given this direct power to control prices, to use that power to socialize anything—as is being alleged by anti-price control elements. How could price control be used to socialize industry? Only by fixing unpayable prices which would drive private enterprise out of production. What then? The Commonwealth Government cannot, under the Constitution, operate any form of primary or secondary production, except such things as munitions and uniforms for its own use. It cannot engage generally in wholesale or retail trading.

So far, in this talk with you, I have dealt almost entirely with prices as such. Included in the question upon which you are asked to vote "Yes" or "No" on 29th May, is Commonwealth control of rents and charges.

The power over rents would cover the fixing or pegging of rents and would include power to provide for the determination of fair rents and to protect tenants against eviction.

The power would also apply to rents of goods as well as rents of land and buildings. It would enable the Commonwealth Parliament to control and regulate the prices at which property of any kind, including commodities, are sold.

Charges are specifically mentioned as included in prices to remove any doubt about charges which are in the nature of prices or rents, but, in relation to which, the term "prices" or "rent" may not be ordinarily used. Examples are the charges for hairdressing or for board and lodging. Another example would be the charges for the use of money, or in other words, interest.

It may be said that the State Governments could control rents. But it is unlikely that the States would do so at the same time and in the same way. That was the case after World War I. Under Commonwealth control, rents rose only 1 per cent. between 1914 and 1918. But after World War I. ended and Commonwealth control ceased, rents went up by nearly 50 per cent. between 1918 and 1929. The States did not control rents then and it is dangerous to risk another failure by the States now.

In any event, if rents were allowed to rise in one State, but not in others, wages would rise in that State above the general level. With wages, many other costs and prices would rise as well. As a result, the whole Australian economy would be thrown off balance. In practical terms, in safe terms, unified control of rents can be secured only through the Commonwealth Parliament.

I will deal with one other misleading argument advanced by opponents of a "Yes" vote on 29th May. It is claimed that, if the referendum is carried, the Commonwealth would have power to fix wages and to conscript labour.

The simple answer to that argument is that the Commonwealth has no "industrial power" under the Constitution and there is no possibility whatever that the High Court would regard power over prices as a power to regulate wages and employment.

Throughout this talk, I have stressed that this is a simple issue, arising because of the simple fact that the State Parliaments failed to carry out the Premiers' undertakings. This is not even a political issue. Party politics do not enter into it. The State Premiers who gave the undertaking I have mentioned were a mixture of Labour and anti-Labour leaders. The Leader of the Opposition (Mr. Menzies),

who is leader of the Liberal party in the Commonwealth Parliament, is pledged to Commonwealth control of prices. Here is what he said in giving you his policy at the last Commonwealth elections—

We shall unhesitatingly maintain price control as a means of preventing inflation during the period in which production is inadequate to meet the demand for goods which arises from the enormously increased purchasing power of the people.

Mr. Menzies went on to say—

Let me, speaking for the government which introduced price control within a week of the outbreak of war, give the lie to those whisperers who tell you that a Liberal victory will mean an upward leap in prices. We stand for controlled prices.

I make those two quotations to show you that Mr. Menzies and the Government are of one and the same mind on this question.

I sound one warning note before closing. In the world to-day peace has yet to be won. The awful cost of war has not yet been paid. The democracies face enormous problems; the peoples of the world who gave their all to win a little happiness, a better way of life, face grim prospects. Britain poured out all she had in a war to the bitter end. To-day, her economic wounds are still bleeding. Australia is determined to play her part as a member of the British Commonwealth in the economic struggle now going on. Australia cannot carry out her part if she be weakened internally. A breakdown in the Australian economy would be another setback for Britain. I ask you to maintain Australia's economic stability. I ask you to vote "Yes" on 29th May for your security; for the economic welfare of yourself and your children.