

I travelled through the Eastern States for a couple of weeks recently and everywhere, in trams and buses and trains, I heard women complaining that there was no wool except baby wool, and they wanted to know what could be done about it. They talked about it amongst themselves and were not too pleased. I know it was said that there was to be no wool until the price went up; so if the Honorary Minister knows anything about the requirements of the people she should know that women have no wool and are not likely to get any until something is done about the price. If the Honorary Minister is interested in the requirements of women in this State she should bestir herself to see that something is done to provide the wool that is so badly needed. I see that the time is up, so I will not delay the House any further. If there had not been so many interjections I might have finished earlier.

On motion by Mr. Smith, debate adjourned.

*House adjourned at 6.15 p.m.*

## Legislative Council.

Tuesday, 10th August, 1948.

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The PRESIDENT took the Chair at 4.30 p.m., and read prayers.

### QUESTIONS.

#### ELECTRICITY SUPPLIES.

*As to Government Charges to Municipalities and Railways.*

Hon. A. THOMSON asked the Chief Secretary:

(1) What are the terms and conditions of control whereby electricity is supplied—

(a) to the Perth City Council;

(b) to the Fremantle Municipal Council;

(c) to the Commissioner of Railways?

(2) What is the price per unit?

(3) What is the total accumulated loss sustained by the Government in supplying electricity to these bodies since the inception of these contracts or agreements?

The CHIEF SECRETARY replied:

(1) (a) These are set out in the schedule to Act No. 34 of 1913, copy attached. Agreement was for 50 years terminating in 1963. Maximum rate chargeable 0.75d. per k.w.h.

(b) Terms and conditions of control whereby electricity is supplied to the Fremantle Municipal Tramways and Electric Lighting Board (not to the Fremantle Municipal Council) are as set out in an agreement between the Premier and the Commissioner of Railways on the one part and the board on the other. Copy of agreement attached. Term 25 years with right of renewal for further 25 years. Terminates 1966. Maximum rate chargeable 0.85d. per k.w.h.

(c) No special agreement exists between the Electricity Commission and the Commissioner of Railways regarding electricity supply. The conditions regarding price are shown in reply to question (2).

(2) (a) 0.75d.

(b) Fremantle Municipal Tramways and Electric Lighting Board 0.85d.

(c) (i) Tramways—0.85d.; (ii) Midland Junction Workshops—0.8d.

(3) The Electricity Commission has only controlled electricity supply over the last two years. Owing to variations in load factor, varying efficiency of the generators at East Perth, and varying lengths of transmission mains it is not practicable to make an accurate estimate of the losses incurred as between these three supplies.

The approximate working losses for the two years in supplying electricity to the three bodies total around £90,000.

Papers.—The Act No. 34 of 1913 and the agreement, referred to in (1) (a) and (1) (b) above, were laid on the Table.

## HOUSING.

*As to Number and Cost of Homes Built.*

Hon. Sir CHARLES LATHAM asked the Chief Secretary:

(1) What was the number of houses, and cost of same, built by the Housing Commission for the year 1947-48?

(2) What was the number built by private contractors for the Housing Commission for the same period, and what was the total cost?

The CHIEF SECRETARY replied:

(1) No houses have been built with labour provided by the State Housing Commission.

(2) The Public Works Department, however, undertakes a programme of home construction for the State Housing Commission and during the year completed 178 homes at an estimated cost of £223,000. Final figures are not yet available.

Hon. G. Fraser: That answer is only evading the question.

## ADDRESS-IN-REPLY.

*Sixth Day.*

Debate resumed from the 4th August.

**HON. H. K. WATSON** (Metropolitan) [4.39]: In supporting the motion for the adoption of the Address-in-reply, I should like to thank you, Mr. President, and other members for their congratulations on my election to this House. I also wish to express my keen appreciation of the many kindnesses and courtesies that all members have shown me since my election. Although I am a very new member, I do not feel a complete stranger here, for in this House I have some very old personal friends—personal friends with whom I have, over a period of 20 years, had some really good political fights, sometimes with them and sometimes against them. Seven years ago I engaged in a friendly contest with my colleague, Dr. Hislop, for the then by-election for the Metropolitan Province and, after leading on six counts, I finally lost the seat to him by one vote. On that occasion, the House gained a very able and industrious member, and my entrance here was delayed for seven years.

The Honorary Minister: Do not forget the fight we had for secession.

Hon. H. K. WATSON: Yes, we had a good fight in 1934.

Hon. G. W. Miles: That was when he was up against some of his friends.

Hon. H. K. WATSON: I would like to convey my congratulations also to Sir Frank Gibson and Sir Charles Latham on the honour which has been bestowed upon them by His Majesty the King. Sir Frank and myself once engaged in an election contest—a three-cornered contest—with our mutual friend, the late John Curtin. That was for the Fremantle Federal seat, which was won by John Curtin. Sir Frank probably shares my lack of enthusiasm for the fact that we are both 20 years older than when that contest took place.

As to Sir Charles Latham, I have not had an actual contest with him, but I think he has a sneaking personal regard for me, and an undying debt of gratitude to me for having saved him from himself at the referendum in 1937 when he was in favour and I was against the proposals then brought down by the Commonwealth Government to amend the Constitution by giving the Commonwealth Government power over aviation and to exempt from the provisions of Section 92 of the Constitution any marketing laws brought down by the Federal Parliament. Looking back on that particular event, I am prompted to observe that if Sir Charles's view had prevailed on that occasion we would have had only one air-line in Australia today—and that would not have been the A.N.A.—and I am afraid that Mr. Pollard would have had our own Minister for Agriculture and the farmers of Western Australia just where he wanted them.

The Honorary Minister: He has nearly got the wheatgrowers now.

Hon. H. K. WATSON: I agree. However, my oldest association with a member of this House goes back to 1916 when Hon. G. Fraser and myself were engaged in the road transport industry in Fremantle. I used to push a telegraph messenger's bike and he pushed a letter carrier's bike; and I have the happiest recollections of my association with him right from those days. Both of us—and indeed many other members of this House—matriculated in the school of experience and graduated in the university of life, and I think that fact as-

sists us in giving the lie direct to the suggestions which we sometimes hear that this is a House of reaction and that its franchise is undemocratic. I disagree entirely with that view. I believe that the franchise of this House is a very liberal one and that the House is a most democratic institution.

Let me say that I enter the House under no illusions at all. I do not expect to put a girdle round the earth in ten minutes; but I say this: So far as in me lies, it will be my endeavour, for so long as I may be permitted by the grace of Providence and the electors and the redistribution commissioners, always to make an intelligent contribution to the deliberations of this Chamber. We learned from the Lieut.-Governor's Speech of the projected visit of His Majesty the King. I understand it has been arranged that the King will open a session of the Commonwealth Parliament. That is most fitting. But since Australia is a Federation—at any rate, we still have control over rents and prices! I submit it would be quite fitting, too, that during his visit to Western Australia, arrangements should be made for His Majesty to open a session of the Parliament of Western Australia.

The question is, in my opinion, one of great constitutional significance as well as precedent. It is one of the few constitutional functions now exercised by our constitutional monarch and I suggest it is a function which should take pride of place in every State. But I am primarily concerned with Western Australia, and I trust that His Majesty's Government in Western Australia has made or will consider making arrangements of the nature I have indicated.

I want to congratulate the Government on its fine record of achievement during the past year in the many directions which have been touched upon in His Excellency's Speech. I trust it will not be too long before I can offer congratulations on the disposal to private industry of State hotels and a host of other industrial concerns that form no part of a Government's activities. I hope also the Government's role as landlord will be contracted to zero as soon as possible. I am concerned at the very heavy demands which have fallen upon the time and the health and the energy of Ministers in recent years. I feel this is largely due to the functions of government being cluttered and clogged up with all those unneces-

sary and in most cases losing propositions in industry. It seems to me that we have lost sight of the truth that politics is the art of government and not the science of administration. The Government's business is to govern the country and not to try to run the country.

The running of the country—be it the mining of coal or the tilling of the soil, the building of houses, the making of bricks or the running of omnibuses or furniture vans—may well be left to the private enterprise, initiative and industry of the 500,000 people in Western Australia. I am a believer in production for profit. The slogan of "Production for use and not profit" implies the absurdity that what is produced for profit does not go into use. Nothing could be more ridiculous. One sure way to increase production and assist in satisfying the needs of the community is to produce for profit. I suggest that if we tamper with the profit motive, we injure the mainspring of production.

I am opposed to government ownership of industry, nationalisation, socialisation or whatever else it may be called, for two reasons. Firstly, it is very necessary and desirable that as few persons as possible should be on the government payroll. We do not want a community of government employees for that, I believe, is the quickest and surest method of completely sapping the fibre of our national life. John Stuart Mill, in his monumental essay on "Liberty," written one hundred years ago, expressed that thought and its consequences this way—

The public, expecting everything to be done for them by the State, or at least to do nothing for themselves without asking from the State not only leave to do it but even how it is to be done, naturally hold the State responsible for all the evil that befalls them.

The second reason why I am opposed to the Government interfering in industry is that it almost invariably breeds inefficiency and results in heavy losses to the people. The Government's intention with respect to price control has been broadly referred to in His Excellency's Speech, wherein we have been informed that consideration is being given to the system of price-fixing with a view to achieving greater simplicity. It is also intended to relax controls in suitable cases as rapidly as circumstances per-

mit. I sincerely trust that the legislation which is to be brought down with respect to price control and also the control of land sales will not merely represent re-enactment of the existing Commonwealth legislation regarding these matters but that it will be legislation in which we will find all the irksome, cumbersome and repressive provisions of the existing controls removed. In the interests of our mining and other industries in this State, I feel that the capital issues control is another matter which might well be returned to the States, where it rightfully belongs. I feel, too, that the policy and administration of liquid fuel control should be completely vested in Western Australia.

From time to time we hear adverse criticism of parliamentarians. Some simpletons seem to think that a parliamentarian's duties and the time he devotes to them, begin and end with the sitting of the House. Members know that that is not so and that the time they spend in the House represents only a fraction of that which they have to devote to their parliamentary duties, if they are going to discharge them in a thorough and efficient manner. During this present session we have had presented to us dozens of reports, such as the reports of the Royal Commissions on Housing, Railways and Milk and other reports too numerous to mention, but reference to which covers some four or five foolscap pages in the minutes of the proceedings of this House. That, I consider, is one angle to which the public should give full consideration on any occasion when they are inclined to criticise members of Parliament for the apparently short time in which they are engaged in their activities.

We have before us the report of the Royal Commissioner on the milk industry. I prefer to devote more time to the study of that report before expressing any opinion on the price of milk which, judging by recent events, appears to be causing dissatisfaction in certain sections of the industry, but I do desire to offer some comment on a few of the recommendations which have been made. One of the recommendations is that consideration should be given to the vesting in the Milk Board of the control of milk. I trust that the Government will take no action in that direction because I do not want to see milk, or any other commodity, nationalised, or its control vested in any

board. I feel that what is required is not to enlarge the activities of these boards but to get rid of as many of them as we can, and let nature take its course.

Another recommendation on this subject is that consideration should be given to a scheme whereby mill offal can be made available to producers as a first priority over the supply to manufacturers of prepared stock foods. I confess I am unable to see any sense in that recommendation. The pre-war production of bran and pollard in Western Australia was under 50,000 tons per annum. Today it is over 70,000 tons per annum. That probably represents the maximum production possible. Notwithstanding this, however, the demand for mill offal still considerably exceeds the supply, and that is not to be wondered at when it is remembered that by Commonwealth policy the price of mill offal has been kept at a very low level. It has really been kept at a false figure. At the moment, the price of bran and pollard compared with the cost of other stockfoods is as follows:—

Bran and pollard—£7 17s. 3d. per 2,000 lbs.  
Wheat (ungristed)—£10 8s. 4d.  
Oats (ungristed)—£10 12s. 6d.

Hon. A. L. LOTON: Do those last figures relate to 2,000 lbs?

Hon. H. K. WATSON: Yes. The remaining figures are as follows:—

Barley (ungristed)—£12.  
Manufactured stockfoods—£11 to £11 10s.

Incidentally, the price of mill offal in other countries is considerably higher. The prices are—

United States of America ..	£22
Canada .. .. .	£16
Argentina .. .. .	£12

And these prices are against our price of under £8! Foreign millers thus have a distinct advantage over our millers in the competitive field of flour exports. With such a good price for offal they can undersell our millers in the export flour trade, and it should be borne in mind that if our millers are unable to compete in the export trade, that in turn will reduce flour production in this State, with a consequential reduction in the output of mill offal. In New Zealand mill offals are not available as such, but are compounded with other foods.

Throughout the world, this course is followed, and bran and pollard is used as a

basic ration in balanced stockfoods. By this method the supply is increased by from 40 to 50 per cent. and food of a high feeding value is available to users. The flour mills will not be built for the main purpose of increasing the supply of mill offal beyond the present capacity of the flour milling industry, and its capacity in this State at present is sufficient to supply the flour needs of 2,000,000 people. In short, if bran and pollard at present supplied to stock-food manufacturers for processing were diverted to the users in the dairying and poultry industries, the present overall supply of foodstuffs available to those industries would be reduced by approximately 10,000 tons per year—a result directly opposite to the desires of the Royal Commissioner. It is not merely the milk producers who have to be considered in this matter. The poultry farmer and the pig breeders are equally entitled to consideration.

The stock food manufacturers have the stocks of proteinous material to draw upon and that would not be available except for their enterprise. To meet the feed requirements of the State, it is becoming recognised that compounded stock foods perform a useful function apart from the extra feed value, in extending the availability of foods to meet all demands. It has been suggested that all mill offal should be compounded. In my view the time is hardly ripe for the adoption of that suggestion. At the same time if the demand for foods is to continue upwards, the medium of supply must be through the agency of the stock food manufacturers. It is also worth mentioning that the rationing of mill offal in this State is conducted in a very thorough, painstaking and conscientious manner by the millers themselves without the usually cumbersome and costly interference by a Government department.

I notice also that the Royal Commissioner who dealt with the milk problem referred to the question of road transport charges and costs. In my view the proper and competent authority to deal with road transport charges on milk or on any other commodity is the Transport Board. My opinion is, therefore, that transport charges on milk should be a matter for regulation by the Transport Board and not by the Milk Board. I am mildly amazed at the faith

some of these boards have in their own capacity and ability to regulate anything under the sun.

The report of the Royal Commission on Railways is also before us for consideration. In addition, we have some comments supplied, which have been prepared in the nature of a reply by the Commissioner of Railways. It is one thing for the Royal Commissioners to report on the efficiency or lack of efficiency of our rolling-stock and mechanical system and on our railway system in general, but I suggest it is quite another thing when they try to give us some ideas on the question of enlarging the activities of our Railway Department. I refer particularly to that portion of the Royal Commission's report which appears to recommend that our railways should embark on an active policy of developing road passenger and goods transport.

The conduct of road transport is a highly specialised and diversified job. For example, in the realm of private enterprise we find that the goods operator would not think of entering into the passenger business. He has his hands full attending to the hundred and one details of his own particular industry, and it is only by careful attention to all those details that he is able to carry on his business efficiently and profitably. Even in that particular section of road transport activities there is a limit to what can be satisfactorily handled by one man or one group of men. That is why it comes about that there are some hundreds of goods transport operators carrying on business in the metropolitan area. In like manner the passenger transport operators confine themselves to the carrying of passengers and would not think of embarking upon the goods section of the transport business.

There is nothing surprising about that. It is simply the old, old story of free enterprise on the part of any man or group of men to render a service to the community, provide employment for a large section of the people and to make a profit for themselves. No-one will seriously suggest that the railway administration has made a success of the running of our railway system. Are we, therefore, going to view with equanimity the desire of the Commissioner of Railways, which apparently finds support from the Royal Commissioners, to launch in a big

way on the highly specialised business of road transport? Are we going to risk a capital outlay of many thousands of pounds in buying omnibuses and motor trucks, the operations of which will probably increase rather than decrease the losses on our railway system in this State? I certainly hope we shall not do so, particularly in view of the very serious condition of the State's finances at the present moment.

On page 99 of the report of the Royal Commissioners on the railway system there are set out various statistics relating to the operations of the road motor services of the South African railway system. The number of passengers carried, the tonnage of goods hauled and so on are shown but, curiously enough, in that report, which one would expect to be of a judicial character, there is no mention of the revenue or expenditure or of the working results of the road transport section of the South African railways. Such an omission prompted me to seek further afield for this vital information, and I find it anything but reassuring.

I ascertained from the last available report of the General Manager of the South African railways—the one for the year ended the 31st March, 1947—that for the year 1945-46 the expenditure exceeded revenue by £410,000 and that for the year 1946-47 the working losses increased to over £581,000. It appears, therefore, that the road motor service of the South African railways, which we are invited to accept as a pattern and guide for adoption in Western Australia, is running at an annual loss of £500,000, plus interest. For the year ended the 30th June, 1948, the working expenses of our railways in Western Australia exceeded the revenue by £1,127,000. Add to this the interest bill of £1,100,000, and we see that last year the railways of this State sustained a loss of £2,227,000.

It is clear from the report of the Royal Commission and the comments thereon by the Commissioner of Railways, that over a period of at least the next 10 years our railway administration will have its hands more than full in coping with the task of wiping out arrears of maintenance and regenerating the system both as regards rollingstock and tracks, and at the same time in providing a reasonable increase in

rollingstock. Therefore for that reason alone and quite apart from the other weighty considerations I have mentioned, I trust the Government will lay it down as a matter of policy, and direct the Commissioner of Railways accordingly, that the railway administration shall confine itself to railways and not embark upon the business of road transport whether it be in respect of goods or passengers. The question of road transport in both respects could well be left to private enterprise. Particularly is this so in the country districts where it would provide another line of industry for country residents. It would, for example, furnish an opportunity of employment for sons of farmers whose properties are not sufficiently large to provide work for all those sons on the farms.

I turn now to our Government tramways, trolleybuses and omnibuses in the metropolitan area. Last year their working expenses totalled £572,000 and their revenue £509,000. They thus showed a loss of £63,000, plus interest £48,000, making the total loss for the year £111,000. The privately owned buses in the metropolitan area had a gross revenue of between £500,000 and £600,000—a gross revenue similar to that of the tramways. Out of the gross earnings of the private buses the Government collects a license fee of six per cent. of the gross takings. That represents something over £30,000 a year to the Government. While paying that tribute to the Government, the privately-owned buses still return a profit to the owners. That return to the Government is obtained without the outlay of any capital at all on its part.

As I have mentioned, the gross revenue of the privately-owned buses is about equal to the gross revenue of the government tramways and yet the former after providing the Government with a clear profit of over £30,000 a year, can be run successfully while the government-owned service made a loss of £111,000 for the year. From these facts I suggest it would appear to be a good proposition for the Government to cut its losses and save the outlay of much fresh additional capital expenditure by restricting its own services and allowing private enterprise to expand on a basis which will ensure the Government a certain profit of six per cent. on the gross takings of the privately-owned buses.

The financial results of the State's operations for the year ended the 30th June, 1948, afford an immediate indication of the grave financial position of our State and of the problems which beset the Government in its strenuous endeavours to discharge its great constitutional obligations. There is, of course, no mystery as to why the financial resources available to the State are totally inadequate to its requirements. In a word, the trouble lies in the utter disequilibrium of our Federal and State financial relations. This is a subject and a problem which on the one hand is hoary with age and yet, on the other hand, is a very current problem. It is one which must engage the very serious attention of members in the immediate future. I say it is an old problem, because my first connection with it was with three very distinguished gentlemen who at one time or another were members of this House, and, indeed, representatives for the province which it is now my duty to serve. I refer to the late Hon. A. Lovekin, the late Hon. J. Nicholson and Sir Hal Colebatch.

In 1927-28, the four of us found ourselves fighting the Financial Agreement which was brought before the people at that particular time. This disequilibrium has been brought about by the action of successive Commonwealth Governments, by a series of onslaughts by successive Commonwealth Governments upon the financial resources of the States. These successive onslaughts were conceived in 1902; they began to roll in 1910, when Section 87 of the Constitution was rendered inoperative; they were renewed in earnest with the Financial Agreement in 1927; and they culminated in uniform taxation in 1942. These onslaughts have rocked the States to their financial, constitutional, political and economic foundations. These inveterate planners and schemers for unification were not confined to any particular party in the Federal sphere. Some of them dwelt in the tents of the non-Labour Parties, while others were to be found in the tabernacles of the Labour Party.

It was in 1927 that the Bruce-Page Government breached the reservoir of the States' finances and it was the Curtin-Chifley Government which demolished them in 1942. It has been suggested that if the State had returned to its pre-war taxing rights, Western Australia would be in one

devil of a mess. The fact is that by deliberate Commonwealth action, our State's finances were already in one devil of a mess, to use a current phrase recently coined by the Leader of the Opposition, when our present Government took over, and they have been in that position for at least 20 years. May I read this statement—

We have six States, poor and needy, and a rich bloated Commonwealth ending each year with fat surpluses that are the sign-manual of bad government. . . . Bit by bit the Federal authority is growing, at the expense of the States. We are drifting as sure as fate towards unification. That means ruin. This enormous country cannot be governed from a political centre by men almost entirely ignorant of conditions in far corners of the land.

These are not my words, profoundly though I believe them to describe the position as it is today and as it was when the present Government assumed office. That was a statement made on the 28th January, 1928, by the then Premier, Hon. P. Collier. That was the position in 1928. The heat was on again a few years later. On the 27th February, 1934, at a Premiers' Conference, the following declaration was subscribed to:—

We agree that unless unification is to be adopted as the ultimate goal, amendment of the Constitution is necessary to put the State Governments in a permanently stable position. Such amendment should secure to the States financial resources adequate to the proper discharge of their constitutional functions.

Nothing came out of that resolution. The Lyons Government proved itself bereft of wisdom and bankrupt in statesmanship. Then came the war, and with it the Curtin-Chifley Governments. They were not slow in using the exigencies of war as a cloak to complete the financial strangulation of the States by the uniform tax legislation. That piece of legislation demonstrated that the Commonwealth Constitution—the people's charter—was neither fool-proof nor judge-proof. The finances of the States were then well and truly in one devil of a mess. That Act surely and completely fulfilled the threat or prophecy which was made by Mr. Alfred Deakin, thrice Prime Minister of the Commonwealth, in a letter which appeared over his signature in the "London Morning Post" on the 1st April, 1902. In this letter Mr. Deakin said—

As the power of the purse in Great Britain established by degrees the authority of the

Commonwealth will ultimately establish in Australia the authority of the Commonwealth. The rights of self-government of the States have been fondly supposed to be safeguarded by the Constitution. It left them legally free, but financially bound to the chariot wheels of the central Government. Their need will be its opportunity. The less populous will first succumb, those smitten with drought or similar misfortune will follow, and finally even the greatest and most prosperous will, however reluctantly, be brought to heel. Our Constitution may remain unaltered, but a vital change will have taken place in the relations between the States and the Commonwealth. The Commonwealth will have acquired a general control over the States, while every extension of political power will be made by its means and go to increase its relative superiority.

As prophesied in that letter, the less populous States of Western Australia, Tasmania and South Australia began to feel the draught many years ago; but now, as also prophesied in that letter, we find the great prosperous States of New South Wales, Victoria and Queensland, to quote the words in the letter, have also "been brought to heel"; and this year I believe we shall find all the Australian States forced to budget for their greatest deficits since the inauguration of Federation. On the other hand, we find the Commonwealth Treasurer taxing for the sake of taxing, soaking the rich and soaking the poor, and collecting taxes of £50,000,000 over and above the extravagant estimate for which he budgeted.

In January, 1946, our then Premier (Hon. F. J. S. Wise) launched a constitutional reform movement, but it, too, was marked with a vivacity of conception, apathy of progress and prematureness of decay, and that reform movement began on the day when Mr. Wise left for that particular Premiers' Conference and ended on the day when the Premiers' Conference opened and the Prime Minister rudely dismissed the proposals as being "bloody nonsense." A great national question resolved by a public man in the language of the public gutter! Mr. Wise's letter to Mr. Chifley was published in "The West Australian" on the 17th January, 1946. That letter must be regarded as a notable contribution on the question of the relationship between the Commonwealth and the States. It is a matter for regret that the whole of the letter was not printed and published as a parliamentary paper, but from it I would like to read a few extracts. In the letter to the Prime Minister Mr. Wise said this—

At the outset I wish to state that my Government is opposed to the continuance of the present uniform tax system. . . . It is axiomatic that the power to control finance is fundamental to the power to govern, and if the State Governments surrender to the Commonwealth the power to impose income tax they lose their power to determine the economic and political policies of their States.

Later on, Mr. Wise said—

Summarised, the view of this Government is that the right to impose income tax, which is fundamental to the State's existence under Federation, should be returned to the States.

Hon. members may recollect that on the 6th April last, a conference of Premiers, convened by our present Premier (Hon. D. R. McLarty), was held in Perth and that it carried a series of resolutions, two of which were as follows:—

The appointment by the Commonwealth Government of a Royal Commission, comprising five members, one person nominated by the Chief Justice of the High Court of Australia as chairman; two persons nominated by the Commonwealth Government and two persons nominated by the State Governments.

That the terms of reference to the Royal Commission be: To examine the financial relationships of the Commonwealth and the States and to recommend what action should be taken in order to ensure to the States the finance necessary to carry out their constitutional functions.

When those resolutions reached the Prime Minister at Canberra they, too, promptly went into the waste paper basket. I believe that the most unenviable position in the world any person could fill is that of Treasurer of Western Australia. I feel that so long as there is a Treasurer of Western Australia, the profession of which my colleague, Dr. Hislop, is such a distinguished member, will never be without a patient. I know of no quicker method to start stomach ulcers than to take on the position of Treasurer of Western Australia. We can see how it has affected the health of Mr. Collier and Mr. Willecock, but it appears to have affected Mr. Wise somewhat differently, because, comparing his recent utterances with what he said in the letter I have just quoted, he seems to have suffered some lapse of memory. I do feel that when the next State Budget makes its appearance, most of us will have a slight touch of delayed concussion.

So it comes about that today the amount we can spend on our great constitutional obligations—police, hospitals, public works, and so on—is dependent on the whim and



caprice of the Commonwealth Government. We have the obligation, but the revenue is beyond our reach. The trouble is that failing direct action by the States, the remedy can only be instituted and supplied by the Commonwealth. The position, therefore, cannot be improved unless and until some sanity is knocked into the Commonwealth Government. It appears to me that so long as the present Federal Administration remains in power, the position will simply go from bad to worse.

But there is a ray of hope on the horizon, for although up till recent years Federal politicians of all parties have striven towards centralised government and the concentration of all power at Canberra, it does seem that the present Commonwealth Government, by its startling actions in recent years, has demonstrated to the Opposition parties in the Federal House that "the power to do ill deeds makes ill deeds done." I believe that for the first time since the inception of Federation, there has been a sincere change of heart in the Opposition parties in the Commonwealth Parliament. They can at last see the necessity of retracing their steps and making a really serious endeavour to restore the true spirit of Federation into the Constitution, and make our Australian Federation work usefully, effectively, peacefully and harmoniously.

Since it seems a certainty—all hon. members may not agree with me in this view—that there will be a new Commonwealth Government after the 1949 Federal elections, we can do little but wait patiently until then. That is the one ray of hope on the horizon. Meanwhile, I invite the House to consider and study the inroads which the Chifley Government has made into the pockets of the people and the financial resources of the State. In the last pre-war year, 1938-39, the Commonwealth income tax collected in Western Australia was under £500,000. In recent years it has been about £10,000,000 per annum. Members will find those figures in the pocket year books of Western Australia. It is true that out of the £10,000,000 a year which the Commonwealth now extorts from the people of this State by way of income tax, the wholly inadequate sum of £3,800,000 is returned to the State as compensation for its loss of the right to impose State income tax. But that still

leaves the Commonwealth with net income tax collections of over £6,000,000 a year as against less than £500,000 in 1938-39.

If to the £6,000,000 we add the further £9,000,000 a year which the Commonwealth collects in this State from other taxation—customs, excise, sales tax, land tax, entertainments tax, gift duty and so on—that makes £15,000,000 a year in all—as against a pre-war amount of £4,000,000—which the Chifley Government extracts from the people of this State. That £15,000,000 a year is taken from us by the Commonwealth, and the greater part of it is dissipated in socialistic experiments or in trying to buy votes by all the political three-card tricks imaginable, and it is over and above the £3,800,000 which is also taken by the Commonwealth from the people of this State and returned to our State Treasury as compensation for its loss of the right to impose State income tax.

By all the laws of reason, justice and common sense, the greater part of that taxation of £15,000,000 a year, which the Commonwealth extracts from the people of this State, ought to be returned to our State Treasury for its essential needs. But all we get, after an annual pilgrimage to the Commonwealth Grants Commission, is a couple of million pounds with, perhaps, an extra million thrown in at the end of the year to prevent a complete collapse of the finances of the State. There are various ways by which the Commonwealth Government could, and should, if it were so minded, solve the financial problems of the States and restore good government throughout Australia. But, as I have already indicated, the present position is that, as a result of deliberate Commonwealth action, the validity of which has been unexpectedly upheld by the High Court, the Commonwealth Constitution has miserably failed to protect and ensure the financial solvency of the States.

My proposition—which is really unanswerable—is that the following reorganisation on a threefold basis is required. What is needed is that there should be a joint agreement between the Commonwealth and the States whereby it would be agreed, firstly, to restore to the States their pre-war taxing rights with the consequential understanding that Commonwealth income tax would be reduced by such an amount that the combined Commonwealth and State income taxes then payable by taxpayers

would be less than the income tax of today. Secondly, it should be provided that all the States would, under Section 96 of the Constitution, have returned to them an adequate and fixed percentage of the Commonwealth collections from sales tax and customs and excise duties. After all, that is nothing more than the procedure envisaged by Section 87 of the Constitution and actually employed during the first ten years of Federation. The third point of the agreement should be for the making of further additional grants by the Commonwealth under Section 96 to Western Australia and Tasmania and, perhaps, South Australia, by way of compensation for the special and acknowledged disabilities suffered by such States by reason of Federation.

This proposition is by no means an unreasonable one. It is just as reasonable and ought to be just as natural as the everyday occurrence of an estate agent collecting rents from various people and, in due course, distributing them to their rightful owners. In 1938-39, the total taxes collected by the Commonwealth throughout Australia amounted to £74,000,000 of which £11,000,000 was income tax. During the year just ended the total taxes collected by the Commonwealth were £414,000,000, of which £232,000,000 was income tax. On the basis I have just outlined, the restoration to the States of their right to levy income tax could be achieved without depriving taxpayers of the convenience they have today of making one return and receiving one assessment notice; and without making their combined State and Federal income tax as high as the income tax they pay today. This could readily be arranged in the following manner:—

(1) One assessment Act to determine the assessable income of the taxpayer.

(2) A single return.

(3) A single collecting authority.

(4) Separate rates of tax to be levied by the Commonwealth and by each State.

(5) Each State's tax to be levied at the State rate appropriate to the taxpayer's total Australian assessable income, but only on the income derived by him from that particular State.

(6) The single collecting authority to determine the proportion of each taxpayer's income derived from each State.

(7) A single form of assessment to be issued covering both Commonwealth and States levies.

Of course, all this presupposes that there will be found in the Commonwealth Parliament a statesman or two who will be capable of dealing with this question on a national plane and not from the angle of party politics, or power politics. As an alternative to the first limb of the threefold proposition I have submitted, it might be arranged for the Commonwealth to continue to be the sole authority to impose income tax, and for the States to get a much larger return than they secure today. Before uniform taxation, three-quarters of the total income tax collected in Australia was State income tax. On that basis, £174,000,000 ought to have been returned to the States out of last year's income tax collections of £232,000,000, but the amount actually returned was only £45,000,000.

I feel I have trespassed far too long on the time of members, and I would like to convey to them my appreciation of the attentive hearing given me. As I have already indicated the matter of the financial relations of the Commonwealth and States is a subject on which I have brooded and browsed quite a lot over a period of 20 years. I am not without hope that it will be on a policy something along the lines that I have indicated, that the next Commonwealth Government will be returned to power in 1949. Otherwise, I think it will be found that all the States, through sheer necessity, will be waging one of the most bitter fights against the Commonwealth Government since the inauguration of Federation, and the States will have to succeed if the Australian Federation is to be preserved and if we, as a people, are going to fulfil the motto of "Advance Australia." That, I hope will become unnecessary if, at the next Federal elections, there is returned to power a Government that is anxious, willing and prepared to treat all the States on the basis which I have indicated—a Government that is prepared to adopt and apply the dictum of Edmund Burke: "Magnanimity in politics is not seldom the truest wisdom; for a great country and little minds go ill together."

**HON. A. L. LOTON** (South-East) [5.47]: I congratulate you, Sir, on your re-election as President of this Chamber. It was fitting that you should be elected unanimously and I think it was a true reward for the excellent manner in which you have conducted the business of this House. You have given all members fair play and I trust you will enjoy better health this session than you experienced last year, and that members of this Chamber will have you with them for many years to come. To the three new members—Hon. J. M. A. Cunningham, Hon. H. Hearn and Hon. H. K. Watson—I offer my congratulations. I trust that their sojourn with us will be a happy one.

The new members are rather fortunate in entering this Chamber at the time they did. They have come here when the proceedings are going along smoothly; they have had a lot of nice things said to them and everyone is very friendly, and thus they will get into the routine of things with no hurly-burly of politics. For anyone entering the Chamber, other than through a by-election, the atmosphere is very different. Not that members were unfriendly to me; far from it. But when a new member arrives here he may want to vote one way but feels he should vote in another way. It takes some time for one to find one's feet in these circumstances. I hope the new members will not encounter that trouble.

I am not going to make any apologies to members for calling for a ballot to elect standing committees for this Chamber. I believe in the secret ballot and while it is within my power I will always ask for that procedure to be adopted. I was rather surprised at the Chief Secretary—certainly outside this Chamber—making an attack on me regarding the holding of a ballot, which, in his opinion, was a waste of time. No doubt we all waste time in various ways. As I said before, while it is within my power I am going to exercise that right, regardless of who is Chief Secretary or Leader of this House, so long as it is laid down in Standing Orders that a member has that right.

The first subject with which I wish to deal is workers' compensation. I have a particular reason for taking this course. When one looks at the Workers' Compensation Act one finds this long Title—

An Act to amend the Law with respect to Compensation to Workers for Injuries suffered in the course of their employment.

That sounds very well; very broad! Then we come to the definition of "worker"—

"Worker" does not include any person whose remuneration exceeds five hundred pounds a year, or a person whose employment is of a casual nature and who is employed otherwise than for the purpose of the employer's trade or business, or a member of the police force, or an outworker, or a member of the employer's family dwelling in his house . . . .

The point I wish to raise refers to the words: "a member of the employer's family dwelling in his house." I fail to see why a member of the employer's family, simply because he lives in the same dwelling, should be exempt from the benefits of worker's compensation, and I refer particularly to the farming community. I know something about the country areas, and for that reason I think I am entitled to speak. I fail to see why a member of the family—a son, for example—is precluded from enjoying any benefits under the Workers' Compensation Act.

During the war years, members will recall that old men, boys and girls not eligible for military service, wives of Servicemen, all worked for the common need, the need to produce. Yet every one of those people was precluded from receiving any benefit under the Workers' Compensation Act. Where are there greater producers than the people on the land? If the son of an employer wishes to protect himself he has to take out a personal insurance for sickness and accident, that is, if he works on the property of his father and lives in his dwelling. If the son lives in a shed a few hundred yards from the house, he is then eligible for compensation. If he goes to work on his neighbour's farm, he is eligible for compensation. If he is employed by a neighbour but still works on his father's property and lives in his father's house, he is again eligible.

That is one of the anomalies we have to remedy in the Act today. It was not intended to work in that way. When one talks about the worker, it is rather interesting to notice that the coalminers are asking for a shorter working week. This is what the president of the Western District branch of the Miners' Federation of N.S.W. (Mr. E. Mara) is reported to have said

in a Sydney newspaper, dated the 22nd July, 1948—

That a 35-hour week for miners would:—

Stop rising discontent among miners about the reduction of hours in other industries.

Increase production by reducing absenteeism.

Bring greater stability to the industry.

Attract more men to the industry and prevent the drift of miners from it.

Reduce the element of danger in mining because miners would be less fatigued after a shorter working week.

For anyone to believe that statement and think that a person can be sincere in making those remarks concerning a 35-hour week, is beyond my comprehension. I have no objection to a man working a 35-hour week so long as he produces in that week, but today we see men who are just killing time during the normal working week and who then go on time-and-a-half and double time. That is the trouble. Until something can be done to make people work during the hours they are supposed to work, I am afraid we are going to keep drifting and drifting until we get in a backwash. We are fast approaching that stage.

We are all living in a fool's paradise. Today the God is sport. If one goes down to the oval on any Saturday, one sees more people watching the games than playing them. I have no objection to sport within reason but do object to its being looked upon as a God. I believe there has been some move to set up a Minister for Sport. There are far more important things that should receive attention today than to have a Minister for Sport. Perhaps the Honorary Minister would care to have that portfolio, as it would be far better than his present one of Agriculture.

Hon. E. M. Davies: He is in enough trouble now.

Hon. A. L. LOTON: I want him to get out of some of the trouble that he thinks he is in; I do not say that he is in trouble. The next matter concerns the Honorary Minister for Agriculture directly. Week after week we see, as a result of the sales throughout the country areas, and more particularly at Midland Junction, the number of heifer calves that are being slaughtered. Early in July, on looking through one of the "Farm Gazettes," I noted that over 50 heifer calves were offered for sale. Most of those would be slaughtered. I made it

my business to institute inquiries and I found that in 1919 an Act was passed to prevent the slaughtering of female calves. Section 4 states—

No person shall, within any district, slaughter any female calf under the age of six months, without having first obtained the written permission of the Chief Inspector so to do. Penalty: £10.

I know that that has not been enforced in my area. If the practice is allowed to continue with the attractive prices for veal today, we shall find, in a very short time, that as a result of death through old age or slaughtering, there will be no cows. I hope the Minister will do what he can, with regard to this matter. I know that in certain cases it is not possible to keep the heifer calves. A man might get outside the ordinary ratio of one and one. The objective is to get the bull calves up to a certain stage, then sell them off and keep the heifers. Today however, the attractive price for veal is the cause of so much slaughtering. Some of the calves are just hit on the head at birth and used as pigfeed, whilst others are reared until they are fit to sell as vealers on the market.

The Honorary Minister: Do you ever sell ewe lambs to the butcher?

Hon. A. L. LOTON: Yes, so has the Honorary Minister.

The Honorary Minister: Why not make it applicable to pigs also?

Hon. A. L. LOTON: I am referring to the restriction on the slaughtering of calves. No doubt the Minister would also make this apply to pigs. There was one matter mentioned on the opening day that I would like to bring before the House. Sitting in my seat, I glanced up at the public gallery and noticed an ex-Premier, Hon. J. C. Willecock. I do think it would be an excellent idea to give any ex-Premier the chance of having a seat on the floor of the House. It is a courtesy that we could extend to ex-Premiers and it would certainly be a commendable gesture on future occasions.

There has been some talk of altering the conditions under which books may be taken from the parliamentary library. I do not favour the adoption of more stringent regulations, particularly as applying to country members, who like to take out three or four books at a time and are not always in a position to return them within the period

allowed. If a librarian were appointed, I am afraid that the library arrangements would not work as smoothly as they do at present. Whenever the Clerk of the Assembly, Mr. Islip, has been asked to secure a certain book, he has always done so if the book was available, and this procedure has been satisfactory.

One matter that has been exercising the minds of country members since last session is that of water supplies for rural districts. Last year we passed, with very little debate, a Bill to provide the Great Southern towns in particular with an adequate supply of potable water from Wellington Dam. So far, little progress has been made with the scheme. At a meeting held during the last fortnight, the responsible Minister stated that the agreement had not yet been ratified by the Commonwealth. If that is so, the announcement is rather alarming, and within the next few days I shall submit a question seeking information so that we shall know what the actual position is.

Meetings have been held throughout the country and the plea offered has been that a supply of pipes is not available. Yet at Mt. Yokine, in the metropolitan area, a reservoir is being built with a capacity, I believe, of 15,000,000 gallons to provide water for the people in that area. I suppose that when the Great Southern was first settled, Mt. Yokine did not have a solitary settler. Yet the people of the Great Southern, after waiting for many years, are still without a supply of water, while Mt. Yokine, through pleas and pressure, has been given preference. Pipes seem to be available and, if not pipes, other material is, and yet people in the country are put off with sob stuff about material and manpower not being available.

I trust that before the end of 1949, when the present Government will have to face the electors, a flat rate will have been adopted for both water and electric current. There are members in this Chamber who voted against a flat rate for electricity, but if we could only have a division on the question today, the result might be different. Last session, pages of regulations promulgated by the Electricity Department under the Electricity Act were tabled. These regulations were quite voluminous. They consisted of nine parts, as follows:—Part I, definitions; Part II, electrical workers; Part III,

cinematograph operators; Part IV, radio workers; Part V, electrical contractor's licensing; Part VI, general regulations; Part VII, penalties; Part VIII, supply authority service regulations; Part IX, overhead wiring workers—in all, 319 regulations. With such a mass of restrictions, it is difficult for John Citizen to find out where he stands.

Hon. A. Thomson: He does not stand at all.

Hon. A. L. LOTON: That is so. Unfortunately, these regulations seem to have been drawn up mainly with the idea of establishing a very close preserve for those who are already in the industry as employers or workers. If any legislation ever introduced were designed to bring about socialisation, I believe this is it. Last session, this House disallowed some of the regulations, and they have again been presented in amended form, but amended only to the extent of inserting one word in one paragraph or deleting one word from another paragraph. I hope that further action will be taken in the matter of these regulations. Certainly, more reason should be brought to bear in considering the conditions governing radio workers.

I congratulate the Government on its endeavour to retain the woollen mills in operation at Albany. Quite recently the Government undertook to make a concessional grant to the municipal council of Albany so that power might be supplied to the mills at a cheaper rate. The mills have had an uphill struggle and it was suggested that some sections should be transferred to Fremantle where cheaper current would be available. The Government has shown considerable foresight in granting this aid, which has delayed, perhaps for all time, the transfer of these mills.

Hon. G. Fraser: Not "perhaps." They are coming.

Hon. A. L. LOTON: I said that this aid had delayed the transfer of the mills for the present, or perhaps for all time. I can quite understand the hon. member's desire to see them transferred to Fremantle.

Hon. G. Fraser: I do not care whether they are or not.

Hon. A. L. LOTON: The Government is to be commended for the action it has taken.

Hon. A. Thomson: It is really subsidising a country industry—something that should have been done long ago.

Hon. A. L. LOTON: Yes, we have had to wait for a Liberal-C.D.L. Party Government to show such foresight.

Hon. G. Fraser: Why not get a few more industries down there?

Hon. A. L. LOTON: It is better to make progress slowly than to make no progress at all. Another pleasing feature is the inauguration of the Government scheme of land settlement south of Mt. Barker. That area contains a huge tract of country with an assured rainfall and close to an excellent port. Nature has certainly been very kind to that part of the State. Last year, when consideration was being given to the question of clearing this country by means of bulldozers, it was revealed that only a little more than 7 per cent. of the land in the Plantagenet Road Board area had been cleared. Thus members will realise what a huge area is still available for development.

Hon. A. Thomson: And for increased production.

Hon. A. L. LOTON: That is so. I believe that soil analyses will be made almost immediately, and if they prove to be satisfactory—and I see no reason why they should not—the scheme could be got under way in a very short time. According to the newspaper yesterday, the Premier has approached the Prime Minister for the allocation of additional bulldozers for this work. Bulldozers are essential for developmental work. We cannot expect men to go into that class of country and undertake clearing with axe and mattock. This new method of clearing has revolutionised the outlook for that land, land that in years gone by was declared to be unsuitable for settlement owing to the tremendous human effort required to clear it. Under present-day methods, such land can be brought into production in the space of two or three years. Dams are also sunk by the same method.

If we can only get the right type of settler to take up that land, we should have a very flourishing industry in the space of a few years. When I mention the "right type of settler," I have in mind the type that is being brought to this country at

present. It is astonishing that the State Government, which has to accept the bulk of the responsibility in the matter, should have little or no choice in the selection of the migrants.

Hon. A. Thomson: The State Government has no say at all.

Hon. A. L. LOTON: That is so. If there is a change of Government in the Federal sphere after the next elections, perhaps the State will be given a greater say.

Hon. E. M. Davies: Where will you get the right type of migrant?

Hon. A. L. LOTON: The conditions here are attractive, and migrants will come as soon as we can guarantee them homes to live in.

Hon. E. M. Davies: You have said it!

Hon. A. L. LOTON: There is sufficient timber on the area to build all the homes that would be needed. It is a matter of getting suitable people who will not expect to confine their work to 30 hours a week.

*Sitting suspended from 6.15 to 7.30 p.m.*

#### *Personal Explanation.*

Hon. A. L. Loton: I feel that I should make an apology to members for something I said, perhaps in the heat of the moment, when I first started my speech. I make reference to what I said about the Chief Secretary and what occurred outside this Chamber. I did resent at the time what was said, but I tender my apology to the Minister and hope he will accept it in all good faith. I hope members of this Chamber will also accept my apology.

The Chief Secretary: Mr. President—

The President: Will Mr. Loton please resume his seat?

The Chief Secretary: I take it, Sir, that there is no occasion for an apology to myself but to the House for the repetition of something which was said in the precincts of the House.

Hon. A. L. Loton: I apologise to the Minister because it was on him that I made the attack, and I apologise to members for breaching one of the privileges of the House. I make a full apology, and ask members to accept it.

*Debate Resumed.*

The PRESIDENT: The hon. member may proceed.

Hon. A. L. LOTON: Another matter about which I would like to speak and which I think concerns every member of this Chamber, and perhaps everyone in the State, is the supply of superphosphate to rural areas. During the last two seasons, Nature has been very kind to us in the matter of rainfall and we have not had an early season, which would have brought about a complete hold-up of super supplies. The railways are deteriorating in their capacity to haul super. On the other hand there will be a keen demand for the super that is going to be available.

As a matter of fact, I expect that between 370,000 tons and 380,000 tons will be required in the rural areas; and since railway rolling-stock has deteriorated, I am wondering what will be the position if the season breaks early—and we are just about due for an early break, probably about April. We might be placed in a very peculiar position with regard to supplies. During the last two years road transport has been helpful to a considerable degree, but that cannot continue for all time because of the condition of the roads—particularly between Perth and York—which have been cut about by heavy motor transport. When such transport gets on to the gravel roads, the conditions are even worse. I know that a proposal has been made that the delivery of super shall be spread over a longer period this year. I think all farmers are supposed to lodge their orders some time in the current month, about the 23rd or the 25th August.

The Honorary Minister: The 31st August.

Hon. A. L. LOTON: Then allocations will be made on a percentage basis. Farmers with a big delivery last year will have to take 75 per cent. of their delivery before Christmas. I think that is the proposal. Time is passing and up to date very little publicity has been given to the desire of the Government to have that super ordered early. I am afraid that a worse condition will prevail next year than has obtained in the last two years. We do not want that to occur, and I think that publicity should be given to the matter. The super manufacturers should be approached to ensure that immediate delivery will be given and

steps should be taken to see that when trucks go out to the country areas, they are unloaded at once and returned to the works.

The Honorary Minister: That depends on the farmers.

Hon. A. L. LOTON: Yes, to a great degree; but last year a lot of trucks lay in small, unattended sidings for a week at a time. It was not possible to bring back loads of coal, and trucks were left behind in a few cases for a week. That must not be allowed to recur. Another urgent matter is one about which Dr. Hislop gave us such a fine address. I refer to the position of country hospitals. His idea of securing trainee nurses at an earlier age is a very worthy one; and if that could be achieved, the shortage of nurses would be overcome in a very short time. It has been unfortunate that girls, before they could start their training as nurses, have taken on, as a relief measure, some other occupation; when the time for their entering hospitals for training has come, they have decided to remain where they were. Dr. Hislop's proposal should overcome that. I have pleasure in supporting the motion.

On motion by Hon. H. Hearn, debate adjourned.

*House adjourned at 7.37 p.m.*

## Legislative Assembly.

Tuesday, 10th August, 1948.

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The SPEAKER took the Chair at 4.30 p.m., and read prayers.