

store for us if we drop the substance and pursue the shadow. I move—

That the Bill be now read a second time.

On motion by Hon. A. Lovekin debate adjourned.

House adjourned at 8.56 p.m.

Legislative Assembly,

Tuesday, 26th June, 1928.

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

BILL—FINANCIAL AGREEMENT.

Third Reading.

THE PREMIER (Hon. P. Collier—Boulder) [4.35]: I move—

That the Bill be now read a third time.

HON. SIR JAMES MITCHELL (Northam) [4.36]: I do not intend to deal at any great length with this matter, but I wish to refer briefly to one or two things that have happened since we adjourned on Thursday. Whatever the parties making up this House may think of the Financial Agreement. I am sure they all acquiesce in the view that we must do what we think is right by the State. There has been some misunderstanding. Apparently amongst persons outside Western Australia there is some feeling about the Financial Agreement as it relates to this State. I was surprised to find in yesterday's paper a telegram from Mr. Bruce to Sir William Lathlain, not to the Premier. The newspaper report is as follows:—

The Melbourne press reports that Sir James Mitchell moved certain amendments to the Financial Agreement in the Legislative Assembly in Perth, and that these were defeated. As some other amendments may be

moved in the Legislative Council it is essential that you should make it clear that the carrying of any of the amendments altering the agreement would nullify the agreement, and, to all intents and purposes, be equivalent to a rejection by the Council.

Many members of this House considered that the amendment I moved on Thursday should have been passed. It had to do with the distribution of the £7,584,000 that the Commonwealth have agreed to set aside for the States. The basis for that distribution is the population as it was in 1926. On that basis Victoria and New South Wales will receive a little over £5,000,000, and the other four States between them will receive the remaining £2,500,000. I should have been wanting in my duty if I had not moved the amendment I submitted. It has been contended that the population of all the States is increasing at about the same ratio, namely, 2 per cent. It cannot be shown that it ever has been so in any year in the history of the Commonwealth. My amendment merely provided that the distribution should be on the per capita basis. It did not mean that the Commonwealth Government would contribute one penny more than they are willing to contribute. It did mean that the States receiving an increase in population would receive an increased share of that sum in proportion to that increase. One can readily understand that to Tasmania this agreement would be acceptable, as it would probably be to South Australia. We know it is acceptable to Victoria and New South Wales, because those States are guaranteed a very substantial sum for 58 years. All I asked was that we should have an equal division on the basis of equal payment. That is all. The money the Commonwealth propose to give us is contributed by the people. Were it otherwise, we should have no right to look a gift horse in the mouth. But this is not a gift horse. It is merely an amount collected in addition to the requirements of the Federal Government, collected from year to year in order that it may be returned to the States. We ought to remember, the Federal Houses should remember, and everyone in Australia should remember, that this is the position. The people of the States are merely having returned to them the sums that they first must contribute. The Premier said he had tried to secure a distribution on the population basis. I have no doubt he did, and that he said this at a meeting of Premiers,

but Victoria objected, and it was ruled out. If we take the population in 1900 as against that in 1926 we find that Victoria had increased 43 per cent., while over the same period the population of Western Australia had increased 110 per cent. Victoria is a rich country growing richer every day. The trade of Western Australia will for many years to come make Victoria richer year by year. We all hope to see the day when Melbourne will do for Australia what London does for the Empire. Melbourne will be to Australia what London is to the Empire. We shall welcome the day when Victoria is big enough to do all the business that is required to be done. Victoria, and Melbourne in particular, have more to gain by the prosperity of Australia, than any other spot in the Commonwealth, Sydney notwithstanding. Melbourne can well afford to be generous. We, however, cannot afford to take any risks. We know that the Treasurer is faced with the necessity for paying out large sums in the development of the State, and in giving increased services consequent upon that development, and we also know that there is a limit to the amount of direct taxation that can be collected within the State. I merely desire to point out that we are asking that we should have returned to us an equal division of the sums we have given out on the basis of equal payment. These words are suggested to me by the *Corn Law Rhymers*, who, in defining a Socialist, said he was—

What is a Socialist? One who has yearnings
For equal division of unequal earnings.
Idler, or bungler, or both, he is willing
To fork out his penny and pocket your shilling.

I do not say that these words can be applied to this agreement, but they do suggest to me that we ought to have an equal division on the basis of equal pay. That is all we are asking for, and it is what we are entitled to get. The Premier has submitted the agreement to this House, and the House must stand by the divisions which have been taken. In round figures, the population of the Commonwealth is six millions. Of the Federal revenue, 72 per cent. comes from indirect taxation. All the people contribute that 72 per cent., without exception. The latest baby born and every one is responsible. Only 28 per cent., however, of this revenue is collected from

direct taxation. In Great Britain, the percentage of direct taxation is 82, and of indirect taxation it is 18. I make this explanation this afternoon because I think we are fully justified in asking for a proper division of the money. We are not asking for one penny more than the £7,580,000, but we are asking that it should be distributed on a fair basis between the States. It is unthinkable that our State will not increase in population more rapidly than any other State, with the exception, perhaps, of Queensland. If it does not increase, and Queensland does not increase very considerably in population in order to produce more customers for Melbourne and the manufacturing centres in Australia, I do not know what will happen to them. They certainly will not be able to maintain their present population. But we shall increase our population, for the good of Australia as a whole and particularly for the good of the manufacturing States. Now let us turn to Mr. Bruce's statement about the agreement. He says that it must not be altered, and that to alter it will nullify it. That is not the position as I see it, and it is not the position as he himself provides in the referendum to be submitted to the people. He there says that any such agreement may be varied or rescinded by the parties thereto. It may be varied. The reference to the people will provide for variation of the agreement. In fact, recently the Premiers of the States, with the exception of the Premier of Western Australia, met in New South Wales and sought an amendment of the provision which sets up the sinking fund trust. Another statement has appeared on that subject, and it is a statement with which the Premier could, I think, hardly have been pleased if he saw it. I wonder whether the hon. gentleman will take any action in regard to it before we send the Bill to another place. Referring to the sinking fund he ought to have a satisfactory answer. There is the statement made by Senator McLachlan and published in the Press under the heading "A Burglar-proof Sinking Fund." The sinking fund of Western Australia, ever since the days it was a Crown colony, has been vested in trustees in London. They hold the sinking fund.

The Premier: The Senator was speaking from South Australian experience.

Hon. SIR JAMES MITCHELL: But he was speaking in Western Australia, and one can only apply what he says to Western Australia.

The Premier: Speaking in Western Australia, but on the basis of South Australian experience.

Hon. SIR JAMES MITCHELL: Anyhow, we have nine millions sterling in our sinking fund in London, and I did think it was burglar-proof. If any sinking fund is, certainly ours is. I believe it to be the only Australian sinking fund held by trustees; certainly it is the only sinking fund of any magnitude held by trustees in London. South Australia began to accumulate a sinking fund, but, like the Commonwealth used its surplus to meet unforeseen happenings. In any case, our sinking fund is firmly tied up, and it will not be any more firmly tied up when it is in the hands of the proposed National Debt Commission. Indeed, it would not then be so firmly tied up, because the National Debt Commissioners would be subject to the Federal Government or the Federal Parliament.

The Premier: It will be no more burglar-proof under those conditions than it has been in the past.

Hon. SIR JAMES MITCHELL: No; not so far as this State is concerned.

The Premier: But as regards other States the position will be different.

Hon. SIR JAMES MITCHELL: We have been perfectly honest about our sinking fund, and have kept it going as prescribed by the Loan and Inscribed Stock Act, and not only by contributions from revenue but by the pledging of State assets as provided by the Act. For 22 years out of the 28 since Federation we have had deficits, but we have kept faith. Therefore I consider that such a statement as Senator McLachlan's should not be made. There is no question of the new fund being a better fund.

The Premier: I do not think it was a very tactful remark.

Hon. SIR JAMES MITCHELL: In future, the Senator says, the sinking fund will be burglar-proof. Such a statement ought not, I consider, to go out to the people of Western Australia without contradiction or correction. Not for a single moment have we broken faith with regard to our sinking fund, during all the years we have had a sinking fund. We have always scrupulously obeyed the letter of the

law dealing with the matter. When we do contribute to the sinking fund it is proposed to set up, the contributions will be under the control of the proposed National Debt Commissioners, and no doubt the amount will be invested by them in Australia although the loans have been raised in London. The Senator, naturally, advocates acceptance of the agreement. The agreement suits South Australia, especially having regard to the relative increases of population. We should do well to remember that our rate of interest is about 10s. 4d. per cent. better on the average than the interest paid by South Australia on its £81,000,000 of debt. It follows that our sinking fund must be a very real and proper thing, or we could not have done so much better than South Australia. As regards the Financial Agreement, what is good for South Australia may be, and in fact will be, bad for this State. I am sorry Mr. Bruce thought it necessary to wire as he did, and I am sorry that the report on which he based his telegram was incorrect. The House will remember that only one amendment to the Financial Agreement was considered. Several amendments were attempted in connection with other parts of the Bill, but they had no bearing on this particular phase. We were perfectly right in attempting to alter the agreement. No one can contend that the rough and ready method adopted for the distribution of the proposed payment by the Commonwealth, on the basis of the population of 1926, is fair. Before the 58 years are over we shall, on that basis, be paying more than we are receiving. In opposing the Financial Agreement we have done our duty by the State as we have seen it. Probably we are as well able to judge what is right for Western Australia as anybody else, and certainly we are as well able as anyone in the Commonwealth, including the Prime Minister. We know what is ahead of us a good deal better than outsiders can possibly do. We know best how our population is likely to increase and what our financial responsibilities are likely to be. We should be wanting in our duty to the State if we calmly sat here and said, "Let the agreement go through; if the Federal Parliament want the agreement, let them have it whether it is good for us or bad for us, whether it is fair or unfair." Whilst we can applaud the proposed Federal payment of seven millions odd to the States since the per capita payments have been abolished,

there is no reason why we should not question the method of distribution when we believe it to be unfair to this State. We have discussed the agreement for many days, giving it the closest attention. Probably the member for East Perth (Mr. Kennelly) will be disappointed when I say that I have considered it from the point of view of my own State rather than as an ardent Federalist and unificationist. We have treated the subject with the consideration it deserves, and I think it will be agreed that the whole question has been discussed without party feeling or party bias. I have noticed, however, that those who are opposed to us, with the exception of the Premier—the hon. gentleman put up his case, of course—have adopted the method of abusing all that we had to say against the Financial Agreement. I do not think any one of them put up an argument in favour of the agreement, with the exception of the Premier.

Mr. Panton: No one abused you very much.

Hon. Sir JAMES MITCHELL: It was really misrepresentation of what we said in opposition to the agreement, by those who support the agreement. However, in the words of Kipling, I can bear to hear the truth I have spoken dealt with in the way it has been in some quarters. Like the Premier, I naturally regret that the per capita payments have been cancelled; and I realise, with him, that to carry on by direct taxation is almost impossible for this State. I realise that there are some features of the Financial Agreement which we can approve, while whole-heartedly disapproving others and strenuously opposing them.

HON. W. D. JOHNSON (Guildford) [4.58]: The Premier, in introducing and supporting the agreement, has spoken well with regard to matters upon which he touched; but what he has left unsaid would, in my opinion, cover many more pages of "Hansard." I regret that in his reply some of the points raised during the second reading debate were not touched on by the hon. gentleman, because I am really concerned with regard to questions which I emphasised, and which I desire to emphasise again as we have no further information with regard to them. I believe this agreement will in due course exercise a depressing effect upon Western Australia. I am prepared to admit that the immediate advantages it offers the State are enormous. Under the agreement we shall be flush of money for a while, and

during the centenary year we shall be able to have a good holiday; but the day will come when this State will feel the bad effects of the agreement, and my concern, as I view the matter, is that we shall be feeling them just at that period when we are proceeding with our further schemes of land settlement. It is then this State will have a hard struggle to meet its responsibilities from a revenue point of view. I refer more particularly to the Government's policy, which I support whole-heartedly, of endeavouring to open up and settle that large tract of country known as the outer fringe of the eastern wheat belt; or, in other words, the 3,000 farms scheme. Anyone who is associated with the development of the eastern wheat belt must appreciate the enormous financial responsibilities and the great anxiety involved to this State in the various stages of development of the belt. We have to anticipate that the position further east will prove much more anxious than the development of the wheat belt so far. We cannot expect to get away from that. It is true that we have made progress in agricultural knowledge. I will admit that we have now better types of wheat and know better how to grow them. We have more knowledge of the kind of manures that are required, the quantities to be used, and much more information of that description. Giving all that in, however, I consider that anyone who participates in developing that tract of country must anticipate a very strenuous time for years to come. I believe that we will be at the height of our troubles regarding the development of that part of the State in ten or twelve years hence. It will be just at that stage that we will begin to experience a loss of revenue, compared with what we would have received had the per capita payments of 25s. been continued; it will be then that the Commonwealth will commence to gain an advantage under the agreement as compared with what would have been paid had the per capita arrangement continued. In other words, the time that we shall begin to feel the strain with regard to that extensive developmental scheme, will be just the time when the Commonwealth will start to get results, and we will have to carry an increased burden. I have pointed out, and I will repeat it again, that we will be involved in very large loan expenditure in the country on the eastern fringe of present-day settlement. The railways to be constructed will be extensive; water supplies will be greater than we have had to cope with in other parts. It will be

borne in mind that the eastern wheat belt was favourably situated owing to the existence of the Goldfields Water Supply Scheme. With the advantage of that scheme, we have been able to meet the requirements of a large area that was developed very fast, and we shall find it of assistance in developing the remainder of the areas within the scope of possible supplies from that source. That will not apply to any great extent, although it will to a limited portion, of the area to which I have referred. The fact remains, however, that we will have a very large area where we will have to depend upon local conservation of water supplies, and that will entail heavy expenditure. Then again, expenditure on roads will have to be faced and as settlement expands, we shall have to be responsible for the provision of educational facilities and for the provision of other requirements associated with new settlements and expansion throughout the agricultural areas. Again, we have large sums of money advanced to settlers through the activities of the Agricultural Bank. I do not know how the funds of that institution will be affected under the Financial Agreement. The Premier stated that he had been assured that the Agricultural Bank funds would not be affected by the agreement. Personally, I cannot see how, from my reading of the agreement, that can be so. If we have to raise money for that institution, it must be loan money and unless we elect to establish the bank on a totally different administrative basis, then, in my opinion, the operations of the bank will have to be brought within the scope of the agreement, and the raising of funds will be subject to the Loan Council.

Hon. Sir James Mitchell: It certainly will be subject to the Loan Council in regard to all new capital.

Hon. W. D. JOHNSON: Yes. Therefore I believe that just at that period when we shall have the greater burden to carry, some provision should be inserted in the agreement—it is too late to do it now, but it is well to put this point on record—to the effect that the conditions as proposed in the 1926 agreement should be associated with the present Financial Agreement. In the 1926 agreement it was proposed that the per capita basis should be abolished and that in return, the Commonwealth should withdraw from certain direct taxation, leaving that taxation to be re-imposed by the States. By that means the States were to be recouped by the amount that would have been received under the per capita payment system. Thus

the position would have been equalised. At that time the Federal Government asserted that the States would actually have received an advantage. In that year, it was suggested that the Commonwealth in the terms of the proposed agreement, would surrender the land tax, estate duties, the entertainments tax, and 40 per cent. of the income tax on individuals. It was suggested by Dr. Earle Page, when dealing with the proposal to surrender those avenues of taxation here, that it would mean for Western Australia a sum of £375,852 per annum, and the idea was that we would avail ourselves of the opportunity to increase our taxation so as to absorb that amount of money, which had been left in the State through the Federal Government evacuating that field of taxation. Then there was an adjusting grant of £152,000 and the special grant of £450,000, which it was proposed to continue. Comparing the funds available on that basis with the per capita payment of 25s., it was estimated that the State would reap an advantage at that time of £413,164. That is the point I desire to make and to emphasise again. I claim that that was a practical proposition and was a financially sound one from the Commonwealth point of view. That proposition was submitted by the same Government who proposed the agreement now under discussion. They should be asked to vacate those spheres of Federal taxation, and I claim the time will come when we will have to renew our claim under that heading. I contend we will have to do that, particularly in view of the difficulties that will confront us in ten or twelve years time, at which stage we will be forced to increase taxation to meet the additional responsibilities to which I have referred. The point I desire to emphasise is that the day will come—and recognition of that fact should have been disclosed in the agreement—when the Commonwealth will have to surrender some of the taxation they are imposing, to enable Western Australia to so adjust her taxation as to meet the increased obligations she will have to shoulder.

Hon. G. Taylor: They could not make that binding upon future Governments.

Hon. W. D. JOHNSON: This agreement is binding, and any agreement can be made binding too.

Hon. G. Taylor: Even the proposal of 1926!

Hon. W. D. JOHNSON: That could have been made binding in the same way

as the Financial Agreement is to be made binding.

Hon. G. Taylor: That would have meant putting it in the Constitution.

Hon. W. D. JOHNSON: Just as this agreement is to be made part of the Constitution.

Hon. G. Taylor: They would not do that regarding the 1926 proposals.

Hon. W. D. JOHNSON: Then in that event it will be for us to seek to review the agreement. At any rate, it is a practical proposition, because the Federal Government themselves made the suggestion. I do not say that that should be done straight away, because it would be ridiculous to suppose that anything of the kind could be done just now. On the other hand, I claim that there will be a period when our difficulties will be increased because of the operations of the Financial Agreement. When we reach that period in 10 or 12 years time, the Federal Government should be prepared to take into consideration the surrendering of certain avenues of taxation to enable us to meet the position.

Hon. G. Taylor: The Leader of the Opposition said that that would be reinstated as soon as they got into power.

Hon. W. D. JOHNSON: But the Leader of the Opposition did not propose to do anything in that way, because he knew that the agreement was to be made a part of the Constitution. If that can be done in 1928, it could have been done in 1926. Of course it could have been done had it been the desire of the Federal Government. I am also concerned, and not at all 'convinced, with the Premier's assurance that the loan proposals do not mean that the details of our loan proposals must go before the Federal Loan Council. I am seriously concerned in regard to that phase. If it were the loan proposals, I could understand the position, but when we have to deal with loan programmes, we are getting into deeper water and I can foresee arguments in store when they get round the table to deal with the loan requirements of Australia. Then, again, there is the 3,000 farms scheme. Obviously that scheme will depend upon the British and Commonwealth co-operation in procuring the capital necessary for that huge development. According to the statement of the Premier to-day, he indicated that £150,000 would be advanced and that the rest of the funds

would be subject to negotiations. What I cannot understand is how we can continue raising money apart from the Loan Council. The agreement sets out definitely and conclusively that all loan raising must be subject to the Loan Council along certain set lines. How can we continue to negotiate for the raising of money from the British Government under a special agreement? I cannot see—I have tried hard to discover, and I have not received any assistance by way of explanation—how we can continue to participate in our share of the £34,000,000 other than by negotiation with the consent of the Loan Council, in lieu of the State itself negotiating as in the past.

Hon. Sir James Mitchell: That would give the Loan Council greater powers than are possessed by this Parliament.

Hon. W. D. JOHNSON: That is so. We might say that this ought to be, but the Loan Council may say that it must not be. The Leader of the Opposition may be able to discover how we shall be able to continue to negotiate for the raising of funds under the migration agreement.

Hon. Sir James Mitchell: At any rate, that money would have to be taken into consideration as part of the authorisations for the year.

Hon. W. D. JOHNSON: Then money under that heading will have to go to the Loan Council. That is my point. The raising, and negotiations in connection with the raising of the money for the development of the 3,000-farms scheme must be regarded as part and parcel of the annual loan authorisation and, therefore, it will not be subject to any special arrangement between the State, Commonwealth and British Governments, but must be subject to the special arrangements made by the Loan Council as representing Australia, and not as representing Western Australia. We can quite understand, if that is so, that the other States will raise objection to any special consideration being extended to this State. One cannot imagine that the people associated with the Loan Council will agree to special consideration being given to any one State in regard to the British money. I am prepared to admit that we are getting it to-day, but we are getting it as direct negotiators. We are approaching the subject of dominion development with a great deal more enthusiasm and with greater

possibilities than are evident in other parts of Australia. While we can view that to-day free from any interference by the Federal people, we have to bear in mind that all our future development will be subject to the consideration of the Loan Council, and as such the whole business ceases to be the advantage from the State point of view that it is under existing conditions. I take it that the money we have raised under the migration agreement for group settlement is included in the £61,000,000. If that is included in our loan indebtedness, as I claim it must be, all other loans raised under the agreement will become part and parcel of our loan indebtedness. We have, therefore, to anticipate that the total loan raisings of the States will include all their requirements from every point of view. We must not forget there will be an enormous burden cast upon Western Australia, and that we shall be unable to place her special difficulties before the British Government in the way we are doing at the moment. Everything must be done through the Loan Council.

Mr. North: Surely the Loan Council would not object to our getting cheap money.

Hon. W. D. JOHNSON: The Loan Council might object to any one State receiving special consideration. Under the agreement we are expected to pool all loans raised. I do not think it is going to be all smooth sailing when it comes to the submission of the requirements of the various States. The States may submit special propositions, but, unless these are equally advantageous to the other parts of Australia, I imagine there will be some arguments around the table, and these arguments can be determined by a majority vote, to whose decisions we must bow. We have to take a big responsibility for our group settlement. We are not out of the wood over that by a long way. We still have to carry a big interest bill because of that expenditure. We also have to contribute our share of the sinking fund. We are now coming on to the 3,000 farm scheme I have referred to. In addition to that, we have to develop our North-West. I have been disappointed for years past that a greater effort has not been made to develop that wonderful belt of pastoral and tropical country. So far as I can be, I have been enthusiastic concerning the great possibilities of that part of

the State. Government after Government have found themselves unable to cope with the demand for the loan expenditure required in developing that part of the State. We must appreciate the fact that all this financial responsibility from the loan point of view must fall upon Western Australia during the next few years. We have to bear the burden of the groups, and now we have the 3,000 farms scheme touched upon by the payment of the first instalment of £150,000. We also have the clamour for a more vigorous development of the North-West. Our loan submissions to the Loan Council will, therefore, be very extensive indeed, so extensive that, in my opinion, the passing of this agreement will finally determine the future of the North-West. I believe that within a short time arguments will be advanced, after this agreement is finalised, to show that it is impossible for Western Australia to retain that belt of country north of the 26th parallel, and that it is a responsibility that must be accepted by some other body. That other body will be the Commonwealth. I believe it can be taken as settled already, when the agreement is passed, that the future development of that part of the State must lie in the hands of the Commonwealth, and that it is beyond this State to undertake it when we view the method by which moneys will have to be raised as a result of the passing of the agreement. I have viewed this document purely from the point of view of its effect upon Western Australia, though not its immediate effect. It is in 10 or 12 years' time that we shall feel the pressure. Members may say, "Why worry about the future; you may not be here in 10 or 12 years." Possibly that is so, but one has the responsibility of viewing as far as one can the immediate future. Whilst the immediate present looks bright, the future, in my opinion, is such that I am justified in hesitating to support an agreement of this kind.

THE PREMIER (Hon. P. Collier—Boulder—in reply) [5.20]: One or two points have been raised by the member for Guildford to which I would like to reply. I am afraid that he, in common with nearly every other member who has opposed the agreement, has kept to the old beaten track of comparing it with the per capita payments. The hon. member stressed the point that, having regard to the scheme which is now under consideration, that known as the 3,000 farm scheme, this State will most

likely, in the course of the next 10 or 12 years, be involved in heavy financial responsibility in order to carry that scheme to fruition, in addition to other public works. He went on to say it was just at that time the agreement would change over and be advantageous to the Commonwealth as compared with the per capita payments. It is for the very reason that I realise the responsibilities, the financial needs of the State in 10, 15 or 20 years, that I am supporting this agreement. Under this agreement, this State is assured of the equivalent of the per capita payments based on the population of 1926. Without this agreement we are not assured of one shilling of the £432,000. As the hon. member knows, the per capita payments have been abolished, and nothing has been put up in place of them. If we do not accept this agreement we may get nothing. It is because we are absolutely guaranteed, no matter how Governments may change in the Federal arena, a share equal to an annual payment of £432,000, that I am supporting this agreement. From now on until 15 years hence, and 58 years hence, we shall receive that amount. For the very reason that the hon. member is opposing the agreement, I am supporting it.

Hon. W. J. George: I wonder who is right.

The PREMIER: I am sure I am right. Without this agreement we have not the slightest assurance that we shall obtain one penny from the Commonwealth. It is of no use talking about per capita payments.

Hon. Sir James Mitchell: They have gone.

The PREMIER: They have entirely disappeared. Here is an agreement that we have had a say in negotiating, and under which we are distinctly assured an annual payment for 58 years. Surely there is greater security in taking that than there is if we reject it, and trust to whatever the Commonwealth in its generosity may offer to us from year to year. That is the attitude of members opposite. Which is the better thing to do? Here is a certainty of these payments year by year. We shall be getting them in 10 years, in 12 years, in 15 years, in 20 years, and in 58 years. Which is the greater security? Which will better enable us to meet the financial responsibilities mentioned by the member for Guildford? Shall we reject this agreement, and say we will accept from year to year whatever dole the Commonwealth likes to hand out to us?

Hon. Sir James Mitchell: That is not the position.

The PREMIER: The hon. member must face the facts.

Hon. G. Taylor: But this is a dole.

The PREMIER: Without it what have we got? We have only what the Commonwealth like to give us from year to year, without any security that we shall get it for two years, for any number of years, or that we shall get any particular amount in any year.

Hon. W. J. George: We have no security now.

The PREMIER: The hon. member knows well that if this agreement is adopted we shall get £432,000 every year for 58 years.

Hon. W. J. George: We had an agreement under which we were to get three-fourths of the Customs revenue, but we never got it.

The PREMIER: No one can say that this is not a permanent payment for 58 years.

Hon. W. J. George: It is intended to represent a permanent payment.

The PREMIER: Everyone who has given a moment's thought to this matter knows well that this is a permanent payment of £432,000 a year, and that the payment is secured for 58 years.

Hon. W. J. George: I do not think so.

The PREMIER: I cannot help the hon. member's view. It is a fact no matter what he says.

Hon. W. J. George: I know you believe it, but I doubt it.

The PREMIER: I know it is a fact.

Hon. Sir James Mitchell: Why?

The PREMIER: Because it will be the law of the land. Whatever the Commonwealth has failed to do in the past, it has failed to do because it was not legally bound to do it.

Mr. Thomson: That is the point.

The PREMIER: They have escaped from payments which we think, and the other States have thought, should have been made, because there was no binding legal obligation upon the Commonwealth Government to make those payments.

Hon. W. J. George: They wriggled out of them.

The PREMIER: This is different. There will be a legal obligation in this case. Can we afford to reject this agreement when we have this huge territory to develop and all

these financial responsibilities, not knowing from one year to the other what we are going to get from the Commonwealth, or whether we shall get anything at all? The Federal Government can say to us at the end of every year, "We will give you £300,000 or £200,000, or whatever sum the financial position of the Commonwealth at the time may seem fit to us." They can also say, "We will give you nothing." Which is the better alternative?

Hon. W. J. George: It shows what a farce Federation is.

The PREMIER: That is getting away from the question. It is for the very reasons I have set forth that I have accepted the agreement. Another point made by the member for Guildford is in regard to the time when the agreement will be of advantage to the Commonwealth. That will be a different time in different States. In this State it will be in 15 years time.

Hon. W. D. Johnson: Some say it will be in six years, and others state different times.

The PREMIER: Anyone who has said six years has expressed an opinion that is not worthy of consideration. I have produced figures worked out by the Treasury officials, showing that it will be of advantage to this State for 15 years, and no member has questioned their accuracy.

Hon. W. D. Johnson: You have to take the average from the Commonwealth point of view.

The PREMIER: It will happen in different States at different periods. In some States it will work to the benefit of the Commonwealth in about six years, probably that time in Queensland.

Mr. Thomson: Which has accepted the agreement.

The PREMIER: And it will work out at other times in the other States, according of course to their indebtedness, which affects the Commonwealth contributions to their sinking fund. In our State, however, the period is 15 years.

Mr. Teesdale: None of the other States is better in that respect?

The PREMIER: No. Not one of the other States goes 15 years. Most of the other States have a less period. Queensland's period is six years.

Hon. Sir James Mitchell: No one can tell, of course.

The PREMIER: We cannot tell exactly. The figures are based upon a loan pro-

gramme of five millions a year and a 3 per cent. increase in our population.

Hon. W. D. Johnson: In speaking of 10 or 12 years I was taking an average between all the States.

The PREMIER: Probably the average for the States would work out at 10 or 12 years.

Hon. Sir James Mitchell: My point is that we shall eventually be contributing far more than we ought to.

The PREMIER: I would have no difficulty myself in showing where the agreement could be improved to the advantage of the State, but we get back all the time to the question of what is possible of achievement. The hon. member suggests that the Commonwealth Government might have agreed to do what they suggested in 1926; that is to say, in 10 or 12 years, the period benefiting the States, after which the agreement would turn to the advantage of the Commonwealth as against the States, the Commonwealth might have agreed, that point having been reached, to withdraw from certain fields of taxation. However, I think the hon. member will realise that it would be impossible for any Federal Government to state in a binding agreement willingness to abandon certain fields of taxation 10 or 12 years later, without any knowledge whatever as to what the financial needs of the Commonwealth would be at that time.

Hon. W. D. Johnson: Did not the Commonwealth propose that in 1926?

The PREMIER: Yes, because the Commonwealth Government then knew what their financial position was for the year. They had decided to abolish the per capita payments, and by way of balancing the gain to the Commonwealth they said, "We will withdraw from certain fields of taxation this year." They were in a position to make that offer because they knew exactly what their financial position was that year. But they did not guarantee to extend the proposed withdrawal to the next year or the year after. They gave no guarantee to remain out of those fields of taxation except for the one year. They were in a position to know what they could do financially that year, but did not propose to bind themselves for the next year or the year thereafter. How could any Government undertake to bind themselves to the giving up of fields of taxation 10 years hence? How

could any Government state what their needs would be in the matter of taxation 10 years hence?

Mr. Stubbs: Is there anything to prevent the Commonwealth Government from doubling the present taxation?

The PREMIER: Of course not. There is nothing to prevent them from trebling it. What the Commonwealth Government do regarding taxation has nothing to do with the Financial Agreement. Would any Government, State or Commonwealth, with any sense of responsibility whatever, handcuff themselves with regard to what they should do in the matter of taxation 10 or 15 years hence?

Hon. W. D. Johnson: Figures would enable them to arrive at a calculation as to how it could be done. Just as your figures work out at 15 years, theirs could be arrived at on the basis of 10 years.

The PREMIER: No. Is there any member of this House who can say what our needs in the way of taxation will be 10 years hence?

Hon. W. D. Johnson: That is not suggested.

The PREMIER: That is what the hon. member suggested.

Hon. W. D. Johnson: You misunderstood me. I suggested that a formula could be arrived at to show just where the Commonwealth gains by this agreement, and at that point the Commonwealth could review taxation.

The PREMIER: I have no doubt that if we asked the Commonwealth Government to review taxation as suggested, they would put that in the agreement; but it would not bind them in any way. They might review taxation by way of increase. Hon. members will admit that no Ministry, under our system of responsible government, could tie itself as to what it might do in the matter of taxation during the years that lie ahead. Therefore it is impossible to ask the Commonwealth Government to commit themselves to a withdrawal from taxation. After all, the taxation that any Government, State or Federal, levy upon citizens is controlled by the electors. At the forthcoming Federal election the Commonwealth electors will have the power to effect a reduction in taxation.

Hon. Sir James Mitchell: Whom would you vote for if you wanted it?

The PREMIER: At all times Governments are subject to periodical control; that is, by elections. They are subject to that control in regard to what they do in the way of taxation. How could a Government to-day tie their hands in respect of something occurring 12 years hence and necessitating an increase of taxation? Suppose the electors of the Commonwealth were thoroughly alive to the need for an increase of taxation, would the Government then have to deny the expression of the will of the people because of something agreed to 12 years previously? Could any Government tie themselves up by an agreement which would preclude them from giving effect to the will of the people in future?

Hon. W. J. George: Sufficient for the day is the taxation thereof.

The PREMIER: From that aspect I consider it absolutely impossible to ask any Government to tie themselves up. Now as to the other point raised by the member for Guildford (Hon. W. D. Johnson), regarding funds needed for development. Let us take the 3,000 farms scheme, which will involve the State in the expenditure of large sums of money. So far as migration money is available for that scheme, that is to say so far as the Commonwealth Government and the British Government come into that scheme, the cheap money for railway construction or water supplies or roads, migration money as one may call it for the sake of brevity, has nothing whatever to do with the Loan Council and will not come within the purview of that council. Suppose the Commonwealth and British Governments should approve of an expenditure of £5,000,000, we will say for the sake of argument, in connection with the scheme, that sum would not be included in our loan programme at all, and would not come before the Loan Council in any way, for the reason that the migration agreement contains a provision whereby the Commonwealth finds all the money required. Therefore, it is not State borrowing, and will not come into our annual loan programme.

Hon. W. D. Johnson: Shall we be subject to sinking fund contributions in respect of that as a State?

The PREMIER: Yes. It is a State debt, but the Commonwealth finds the money.

Instead of my submitting it as included in our annual loan programme, the Commonwealth finds the money.

Hon. W. D. Johnson: And then it becomes our State debt, and on it we shall receive the 5s. per cent. and pay the 5s. per cent.?

The PREMIER: It is a State debt, the Commonwealth finding the money. Insofar as we spend such money on the new scheme outside migration, the expenditure will not be cheap money. The cheap money will be available, as I have said, for expenditure on railways, water supplies, roads, and other public purposes. However, the scheme will involve Agricultural Bank funds and other expenditure which will not come in our annual loan programme. All migration money will be outside the Financial Agreement altogether.

Hon. W. D. Johnson: One could never gather that from the Financial Agreement.

The PREMIER: No, because the matter is provided for in the migration agreement. In order to obtain that information one would have to read the migration agreement which this State has signed with the Commonwealth and British Governments.

Hon. Sir James Mitchell: But all the States have the same right in that respect.

The PREMIER: Certainly they have. I am still convinced, having regard to the position in which we shall be left without some agreement, that it is essential for the security of the State for us to have some binding agreement with the Commonwealth, so that we may not be left at the whim of any Federal Government from year to year to cut off financial supplies, as it were. It is essential that this State should have some binding agreement which will give stability to our finances and enable us to know, down the years ahead, where we are. The next question is whether it is reasonably possible for us to get a better agreement.

Hon. G. Taylor: I believe it is.

The PREMIER: If the hon. member thinks that, he is entitled to vote against the agreement; and so is any other hon. member who holds that opinion. Personally I believe that having regard to the fact published in this morning's newspaper, that the Commonwealth Government are in a different position from that which they held 12 months ago, when the agreement was drawn up, we should accept the agreement. At that time the Commonwealth Government

had a surplus of £2,000,000, and they had had surpluses for some years. This year the position is changed, there being a Federal deficit of £3,000,000. Having regard to the fact that the Commonwealth is faced with a deficit, and having regard to the fact that 12 Houses out of 13 have adopted the agreement, I do not think this State would be justified in standing out in the hope of getting a better agreement.

Question put and passed.

Bill read a third time and transmitted to the Council.

ADJOURNMENT—SPECIAL.

THE PREMIER (Hon. P. Collier—Boulder) [5.44]: I move—

That the House at its rising adjourn until Tuesday, the 3rd July.

Question put and passed.

House adjourned at 5.15 p.m.

Legislative Council,

Wednesday, 27th June, 1928.

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

ADDRESS-IN-REPLY, PRESENTATION.

The PRESIDENT: I desire to inform hon. members that in accordance with their resolution I presented to His Excellency the Deputy Governor the Address-in-reply passed by this House, and received from him the following acknowledgment:—

Mr. President and hon. members of the Legislative Council, I thank you for your expressions of loyalty to His Most Gracious Majesty the King, and for your Address-in-reply to the Speech with which I opened Parliament. (Sgd.) R. F. McMillan, Deputy Governor.