

Mr. MARSHALL: To-night I have had occasion to speak straight to the Government. On the whole, however, I am satisfied that the administration of the affairs of the State has much improved during the last two years. An improvement is also shown in the character of the legislation foreshadowed. I should say that practically every member of Parliament appreciates the fact that good solid, economic, and efficient administration has been the order of the day during the life of the present Government. I thank the Ministers for that legislation which has proved beneficial to my electorate, and to the State as a whole.

On motion by Mr. Coverley, debate adjourned.

House adjourned at 12.13 a.m. (Thursday).

Legislative Council,

Thursday, 19th August, 1926.

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QUESTIONS (2)—ROADMAKING.

Perth-Armadale Road.

Hon. A. BURVILL asked the Chief Secretary: 1, How much money has been allocated to the Perth-Armadale road during the last three years from (a) State funds or grants, (b) Commonwealth funds or grants? 2, What proportion of traffic fees has been allocated to this road during the last three years? 3, How much was contributed by local authorities?

The CHIEF SECRETARY replied: 1, (a) £10,007 15s. in year 1923-1924; (b) £30,000 in 1926. 2, For the past two years

in which the traffic fees have been allocated, the amount of £12,510 2s. has been expended on work outside of the City of Perth. 3, The information is not recorded in the department.

Perth-Fremantle Road.

Hon. A. BURVILL asked the Chief Secretary: 1, How much money has been spent by the Government on reconstruction and maintenance work on the Perth-Fremantle road during the last 25 years? 2, How much was contributed by local authorities?

The CHIEF SECRETARY replied: 1, £61,798 16s. 10d., and in addition £12,486 17s. 4d. from the Traffic Fees Trust Account. 2, The information is not recorded in the department.

QUESTION—DENMARK MEDICAL OFFICER.

Hon. A. BURVILL asked the Chief Secretary: 1, Is he aware that the medical officer at Denmark has definitely refused to attend group settlers' wives, when in a critical position, unless they are brought into the local hospital? 2, Is he aware that the doctor has refused to see female patients, in a delicate state of health, on a Sunday when they have been conveyed in from the groups? 3, If not, will he cause inquiries to be made as to the accuracy of these statements?

The CHIEF SECRETARY replied: 1 and 2, Complaints have been made to this effect. 3, Independently of such complaints, the medical practitioner resigned the position of District Medical Officer as from 31st July, and the resignation has been accepted. The doctor concerned remains at Denmark, therefore, purely as a private practitioner, who is not subject to the authority of the department.

QUESTION—HARBOURS, EXPENDITURE AND REVENUE.

Hon. A. BURVILL asked the Chief Secretary: 1, What amounts have been expended in the construction of the harbours of Fremantle, Albany, Geraldton, Bunbury, Busselton and Esperance respectively, since work was first started? 2, What were the respective sums provided annually on the Revenue and Loan Estimates during such periods? 3, What amounts still remain unexpended? 4, What is the annual net revenue derived from these ports?

The CHIEF SECRETARY replied: 1, 2, 3 and 4: The member should move for the preparation of returns. It would take some days and involve a considerable amount of labour to prepare the information. Question 4 is not explicit, but it is presumed that the member wants the figures showing the annual net revenue derived from each port in each year since the port was established. Time and labour would also be involved in answering this particular question, because some of the ports are operated by trusts, some by the Railway Department, and one by the Harbour and Lights Department.

RESOLUTION—FINANCIAL RELATIONS, COMMONWEALTH AND STATES.

Standing Orders Suspension.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central) [4.36]: I move—

That so much of the Standing Orders be suspended as is necessary to enable the Message from the Legislative Assembly relating to the financial relations between the Commonwealth and the States to be taken into consideration at this and subsequent sittings until it is disposed of.

There should be no occasion for me to advance reasons for the suspension of the Standing Orders in connection with so important a question. Those reasons must be present to the mind of every hon. member. The Legislative Assembly has passed a resolution dealing with the proposed abolition of the per capita payments by the Federal Government, and all members of this Chamber will recognise that to be a matter of urgency and one of infinitely more importance than the discussion on the Address-in-reply.

Hon. Sir Edward Wittenoom: Hear, hear!

The CHIEF SECRETARY: I trust there will be no opposition to the motion.

HON. J. CORNELL (South) [4.38]: Though I have no desire to oppose the motion, I wish to point out that in moving it the Chief Secretary gave absolutely no reason showing urgency. Whether the question of expediency enters into the consideration I will not discuss now. However, whether the matter is one of urgency or of expediency has not yet been established. From the aspect of urgency the position is not now what it

was when another place carried its resolution. At that time there was before the Federal Parliament a Bill for the abolition of the per capita grant, which matter is the subject of a motion to be considered later. At that time there was a reasonable doubt whether the Bill would be dealt with in the current session of the Federal Parliament. The resolution was carried in another place on the ground of urgency. Another place made its protest while the Bill might be taken into consideration by the Federal Parliament. Since then the position has altered. The Federal Parliament has adjourned, and the Bill which prompted the resolution of another place is not being proceeded with, but is more or less a lapsed Bill. On the potent word of the Prime Minister we have it that the next meeting of the Federal Parliament will not take place before January or February at the earliest. Therefore the ground on which the suspension of our Standing Orders is sought, the gravamen of the whole situation, has ceased to exist, seeing that the Bill in question cannot be considered by the Federal Parliament during this year at all events.

Hon. Sir Edward Wittenoom: What will follow if we do not endorse the resolution of another place?

Hon. J. CORNELL: That is not the question under consideration now. The question we are considering is whether or not on the ground of urgency we should suspend our Standing Orders before disposing of the Address-in-reply. The only suggestion of urgency which could be advanced by the Leader of the House is that this Chamber will probably be prorogued before the Federal Parliament meets again, and thus might not have an opportunity of recording its opinion on a Bill which will be considered by the Federal Parliament before the Legislative Council re-assembles. But if that plea were advanced, there could be no question whatever of urgency, since it is to be presumed that this Chamber will keep the even tenor of its way for a few months. I have also to point out that to admit the plea of urgency, which is non-existent, might only result in obscuring the position and detract from the real essence of the debate which should take place on this all-important subject, I fear that the matter may be rushed through without that mature consideration which should be given to it by a House of review from the broad Australian aspect. Seeing that there is no urgency, the Minister's

better course would be to allow the Address-in-reply debate to proceed, and at its conclusion to move the motion in the ordinary course. If that line of action were adopted, the fullest possible discussion could take place at several or at many sittings of the House, if members so desire. There is another phase of the question: it is generally understood that country members return to their homes on Thursday, every possible facility being afforded them by the Leader of the House to do so. The resolution of another place should not be discussed on a Thursday but should receive consideration in a full House. I do not want to be a dog in the manger, but I must emphasise that there is no question of urgency whatsoever, though the question of expediency might be argued. Whatever hon. members think ought to be done, let them do it by all means. I have no special objection to the suspension of the Standing Orders.

HON. SIR EDWARD WITTENOOM (North) [4.45]: I am sorry that for once I cannot agree with the hon. member who has just sat down. I think this is a matter of considerable urgency. We have at present several Federal politicians from the other States going round Western Australia with all sorts of different problems, amongst them this per capita question. It was brought up only yesterday by the Federal Treasurer in the Perth Town Hall.

Hon. E. H. Harris: But he is not here on that commission.

Hon. Sir EDWARD WITTENOOM: I do not say he is; but amongst other things he introduced this problem. As I said last night, the per capita payment is one of our birthrights and we should stick to it. Therefore we ought to take the earliest opportunity to endorse the resolution received from the Assembly. Mr. Cornell said in effect that we should do it some other time. We may do it some other time or we may not, but it could have been done in the time taken up by the hon. member in objecting to it; for I am certain that everybody here agrees with the resolution. We ought to endorse that resolution, because if we give up our claim to the per capita payments, we shall be relinquishing the most legitimate claim we have on the Federal revenue. I strongly support the motion for the suspension of the Standing Orders.

HON. G. W. MILES (North) [4.47]: I support Mr. Cornell's remarks. I cannot see the urgency for this, nor for the rushing through of the resolution at one sitting. Moreover, as Mr. Cornell pointed out, on Thursdays there are absent a number of members who will be here again on Tuesday. If for that reason alone, the Leader of the House should withdraw his motion for the suspension of the Standing Orders, and bring the matter forward when we have a full House. That would give opportunity to all members to debate it.

HON. J. EWING (South-West) [4.48]: If I heard the Minister correctly, this matter has to go through in one sitting.

The Chief Secretary: Not necessarily.

Hon. J. EWING: Then it would be wise to allow the Minister to make his statement to-day, for it will be of great importance and we will then have opportunity to debate it next week. As far as I can I will assist the Minister, for I am sure he does not desire to do anything in a hurry. We could debate the question all next week, and in the meantime conclude the Address-in-reply debate. I will support the Minister.

Hon. J. Cornell: But where is the urgency?

Hon. J. EWING: It is very urgent indeed in view of the great number of Federal politicians at present in Western Australia.

Hon. J. Cornell: Great number! About four of them.

Hon. J. EWING: But others are coming, and we should do whatever we can to educate them as to our views. Consequently the sooner the debate gets into print the better.

Hon. G. W. Miles: But why should the suspension of the Standing Orders be moved now?

Hon. J. EWING: It is only right that we should accede to the Minister's desire in that respect. If the debate be not finished to-day there will be plenty of opportunity next week.

HON. J. E. DODD (South) [4.50]: There is just one point upon which I should like some enlightenment from the Minister. I notice that in the Governor's Speech the reference to this matter is addressed to the members of the Assembly. They alone are

addressed in the paragraph relating to the per capita payment. That being so why, at the eleventh hour, do the Government approach us and ask to carry a special resolution in respect of the question?

THE CHIEF SECRETARY (Hon. J. M. Drew—Central—in reply) [4.52]: I did not consider it necessary to give a number of reasons for the suspension of Standing Orders; it seemed to me it would be nothing but a reflection on the intelligence of members. The entire Commonwealth has been convulsed by the proposals of the Federal Ministry. The Press of Australia are practically unanimously against those proposals. Every State Premier is antagonistic to them, and is supported by his Leader of the Opposition. Consequently the question is very important and of the utmost urgency. The very argument used by Mr. Cornell in opposition to the motion, namely the postponement of the question by the Federal Government, is one of the strongest grounds for immediate action. I give the Federal Government every credit for having postponed the question. It indicates that they are prepared to reconsider the matter. Consequently now is the time for us to express our views upon it. The Assembly has passed a resolution, and asks us to endorse it. That endorsement should be speedily forthcoming. If we delay, what conclusion can be drawn other than that we are prepared to accept the Federal Government's proposals? That would have a very bad effect indeed, and we all know what would be the ultimate result if the Federal Government's proposals were adopted. Mr. Cornell remarked that several country members were absent to-day. Possibly he thought it was my intention to endeavour to finalise the matter at this sitting.

Hon. J. Cornell: I did think so.

The CHIEF SECRETARY: Nothing is further from my thoughts. I want a long and intelligent discussion on this question. But I also want the Council to take prompt action in dealing with it. As to the point raised by Mr. Dodd, I was not in the State when His Excellency's Speech was framed, but it was probably because the financial proposals, as the phrase implies, constitute a financial matter, that the Assembly as usual was specially addressed in the paragraph relating to the subject. Whether or

not that is the true version, I am certain that no reflection was intended on the Council, as indeed is shown by the fact that the Council is not being ignored in this matter. It is not desired to conclude the debate to-day, nor perhaps even next week; but we want the Council's views on this important question, which adversely touches the finances of the State. I feel certain the suspension of the Standing Orders will be granted, no matter what may be the ultimate fate of the motion I have yet to move.

Question put and passed.

[Financial Relations, Commonwealth and States.]

Assembly's Resolution.

Message from the Assembly requesting the Council's concurrence in the following resolution—"That this House is of the opinion that there should be no departure from the basis upon which the financial relations of the Commonwealth and States have rested without the fullest consideration at a constitutional session of the Federal Parliament and the approval of the people by referendum; and that no financial scheme should be assented to by the States that does not provide for their receiving from the Commonwealth Government an annual payment of not less than 25s. per head of population," now considered.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central) [4.57]: I move—

That the Legislative Council concur in the Legislative Assembly's resolution.

Before discussing this motion I trust that you, Sir, will permit me to offer you my congratulations on your elevation to the distinguished office you now occupy. It was a matter of deep regret to me to hear, whilst some distance off the coast, that Sir Edward Wittenoom had resigned the position of President, which he filled for some years with ability and impartiality. I also wish to congratulate—I hope it is not premature, but it will be permitted by the Standing Orders—the Chairman elect on his selection. I have had long experience of him. I admire his acquaintance with the Standing Orders. I appreciate his keen intelligence and I feel sure that he will fill the office with conspicuous credit. I was pleased to learn that the good work you, Sir, had done as Chairman of Committees—the careful manner in which

you discharged your duties and the great assistance you at all times rendered to members—had been remembered with gratitude by the members of the Council. At the same time I wish to tender a cordial welcome to the new members of the House. Now, Sir, I will proceed with the task that has been allotted to me. In other circumstances I should regard that task as a difficult one in view of the limited time afforded me in which to prepare my case. But I feel that my audience is a sympathetic one, and that any shortcomings in my speech will be met, indeed more than met, by the assistance of many members of the House who think as I think and feel as I feel upon this important question. In the first place, I wish it distinctly to be understood that this is in no sense a party question, and that it is not being used for party purposes by the Government which I have the honour to represent in this House. I should be sorry indeed if there were any attempt to make it such. It has not been treated as a party question, so far as I know, in any of the Australian States. The attitude I propose to take is the attitude which has been taken in every portion of the Commonwealth by public men of different political creeds. Indeed, it may be said with truth that those who are most antagonistic to the party to which I belong are among the strongest and most influential opponents of the proposal to deprive the States of the per capita payments which they have enjoyed so long. That party politics do not enter into the question is clearly proved by the fact that not only are the six State Governments of the Commonwealth opposed to the proposals of the Federal Ministry, but every Opposition Leader in every one of the States has taken a similar stand. Any remarks I make on the subject will not, I hope, be regarded as having been inspired by political partisanship, but as the utterances of one who desires to see the interests of the State protected, and the pledges given to us 26 years ago, when the Bill for Federation was before the people, honoured at least in the spirit if not in the letter, which is rather too much to expect. What those pledges were there is no mistaking, and it is rather late in the day now, after more than a quarter of a century has elapsed, to call in skilled lawyers to give an interpretation to the Constitution Act which the founders of that Constitution Act could never have intended. When the Bill was before the people—and as a democrat I strongly advocated that it should go before the people—I op-

posed with all the energy at my command the entry of the then colony into the Federal partnership at such an early stage in its advancement. And I was one of the witnesses called by the select committee appointed by the Forrest Government to give evidence on the question. I have, therefore, a good knowledge of the promises made and the inducements offered to the people of the colony to enter the Federation. The opposition of the anti-Federalists was based principally on these grounds: Firstly, we would lose £300,000 a year through the abolition of the Customs duties on goods imported from the Eastern States. Secondly, we were in the infancy of development, and it would be next to impossible to start and successfully carry on secondary industries without protection against the Eastern States. Thirdly, we would have only three-fourths of our Customs and Excise revenue returned to us by the Federation. To be sure, Section 87 of the Constitution reads—

During a period of 10 years after the establishment of the Commonwealth, and thereafter until the Parliament otherwise provides, of the net revenue of the Commonwealth from duties of Customs and of Excise not more than one-fourth shall be applied annually by the Commonwealth towards its expenditure. The balance shall, in accordance with this Constitution, be paid to the several States or applied towards the payment of interest on debts of the several States taken over by the Commonwealth.

But that section was not interpreted as meaning that the Parliament at its mere whim could deprive the States of all financial supplies. Mr. Holmes said the other night that we had entered into a certain contract, and he was not one who would violate a contract. I believe that; I believe that he would definitely adhere to any contract he made. He also told us that he had taken a prominent part in the anti-Federal campaign. But Mr. Holmes did not tell us—for he could not tell us—that he had warned the electors that after 10 years the Federal Government could commandeer all the Customs and Excise revenue and snap their fingers at the States. Such a point was never raised during the whole of the campaign, because even the most rabid anti-Federalist could not conceive that such a thing was possible under British rule. The thought that the return of three-fourths of the Customs and Excise revenue would be tampered with never entered anyone's mind. It was the loss of revenue through interstate free trade that caused some anxiety. In the

Legislative Assembly in 1899, Lord Forrest, then Sir John Forrest, expressed himself on this point as follows:—

The idea was that two years would elapse after the Commonwealth was established before free trade would be instituted, and the result will be that in this colony we will probably lose from the consequences of free trade with other colonies £300,000 a year of our revenue, unless some great convulsion comes about or some stroke of good luck occurs that we do not know of. No one who has looked into the matter has any doubt about that; and it means that we will have to curtail our expenditure, and our spending power will have to be reduced by that amount. I can assure hon. members that the loss of £300,000 a year to this colony is a very serious matter. The effect of the sliding scale was never understood by me or anyone else in this colony, till recently, and any hesitation members may think I have had in regard to entering federation at once under the Bill has been due to my fear as to the financial changes and difficulties which may be occasioned by the loss of one-third of our customs revenue.

Our position in that respect was also recognised by many of the founders of the Commonwealth. To allay the prevailing anxiety Sir John Forrest quoted other eminent statesmen who were connected with the movement for the establishment of the Commonwealth. He quoted Mr. Reid as follows:—

My great objection to this proposal is that it singles out one State from other States; but, on the facts of the case, I see it is absolutely impossible to ask Western Australia to come in with us, unless that colony is secured in some such way as we now suggest against a financial crisis.

Mr. Reid also said in Melbourne, when urging the case for Western Australia—

Western Australia does not say, "We want money to replace these identical duties that we have lost." They do not take up such an unreasonable position. They simply say, "It is clear that, with the tariff of the Commonwealth, our financial system will be subjected to a sudden shock and crisis; we wish some safeguard against that; and so long as the customs tariff of the Commonwealth, whether by duties on articles we do not tax or not, leaves us in the total result anywhere near where we were, we have no cause of complaint or of claim."

Sir George Turner expressed himself in this way—

I am quite of the opinion, so far as Western Australia is concerned, that if we are to induce her to come into the federation, we must do something to assist the representative men in that colony to bring her in with us. We have been told by Sir John Forrest very earnestly, and I have no doubt honestly, that he and his

honourable friends will have a very hard task before them to persuade the people of his colony to join with us at all. When we look at the great distance which divides Western Australia from the rest of the colonies, and remember that there are hundreds and thousands of people there who are hoping to develop their own natural industries, and that through intercolonial free trade they will be seriously injured in that respect, I can quite understand the difficulty that will arise, and that Sir John Forrest and his colleagues will have a very hard task indeed to induce their colony to join us. I believe that Sir John Forrest and his brother representatives are very anxious to induce her to enter the federation.

Sir Phillip Fysh said—

The extreme solicitude of the finance committee, joined to the extreme solicitude of the convention, to draw our friends from Western Australia into the Federation, leads us to desire to meet them in every possible way. These extracts show clearly that this State had great apprehensions as to its capacity to finance itself under Federation, even with the three-fourths of the Customs and Excise revenue which had been promised it. If there had been the slightest ground for concluding that the Federal Parliament of the future would rob it of all its revenue without making any compensating return, the colony would never have entered the Federation, and probably most of the other States would have acted similarly. I have here some extracts from a full page advertisement which appeared in the "West Australian" on the 30th July, 1900, the eve of Federation. It makes interesting reading in the light of succeeding and recent events. I will not read the whole of it. It appeared in the "West Australian" in very large type. I will select a number of paragraphs to show what was put before the public on that occasion. There is a wide variety of hooks calculated to catch all sorts of fish.

Hon. V. Hamersley: Plenty of birdlime, too.

The CHIEF SECRETARY: Here are some of the statements that appeared in the advertisement—

Federation for Western Australia.

"Join we together for the People's Good"—
Henry VI.

Referendum—31st July.

Messages from leading men. What union under the Commonwealth Bill means.

No surrender of existing rights. Freedom of intercourse.

Work and wages. A democratic constitution.

One man one vote.

Points for the people.

Fusion or Confusion.

Federation means union and progress.

Rejection of Federation means separation and retrogression.

What will our producers be without a market on the goldfields?

Intercolonial freetrade is all for the advantage of Western Australia.

Federation ensures intercolonial freetrade—

Therefore vote for the Bill!

The Federal Constitution is the most liberal and democratic on earth.

It provides for a senate elected by the people.

The franchise is the same as for the House of Representatives.

This franchise is one man one vote.

Democrats, vote for a democratic constitution.

Hon. members will see in this last reference the appeal to democrats. That was inserted for the purpose of influencing them. Here are some more—

The financial liability will be fairly adjusted.

Federal taxation will be uniform in all the States.

Therefore no colony will pay more than its fair share.

At least three-quarters of our net revenue from Customs and Excise must be returned to us.

Hon. J. Cornell: For how long?

The CHIEF SECRETARY: It does not say.

Hon. J. Cornell: That was pure electioneering stuff.

The CHIEF SECRETARY: It was never never stated how long that should apply. Here are some more—

The transferred services cannot cost more than at present.

Federation means cheaper living and increased trade—

In another part of the advertisement reference is made to a free breakfast table—

Increase of trade means increased prosperity and more work.

How, then, can Federation mean loss to the workers?

Federation means increase in the purchasing power of wages.

If Federation means reduction of wages, why do the local capitalists oppose it?

Is it because Federation means destruction to political monopoly?

What do you think?

Federation is the best possible investment for every citizen of Western Australia.

Think of your future and your children.

Hon. J. Ewing: We are thinking of them now.

Hon. E. H. Harris: What journalist wrote that up?

The CHIEF SECRETARY: This appeared in the "West Australian" as a full

page advertisement. I do not think anybody connected with the Labour Party could have written the advertisement, because even in those days the cost of a full page advertisement in the "West Australian" must have been considerable. Here are some more—

Vote for a United Australia.

The cost of Federation is practically nothing; its gain is enormous.

Vote for an Australia.

Vote that you may share in the greatness of the nation.

Think of those that advocate the Bill.

Then consider those that are against.

You cannot hesitate whom you will follow.

Vote for a prosperous Western Australia.

Federation means government by the Australian people.

It means equality of political power and opportunity.

Where your interest lies your duty lies also.

Federation will advance your interests.

Your duty then, is to vote for Federation.

The other colonies have federated without us.

To stand out means internal discord.

To enter means prosperity.

Vote for united Australia.

Here lies honour, safety and prosperity.

The Commonwealth Bill is a reasonable compromise, hence no colony gets everything it wants.

A compromise that satisfied everybody would be a marvel in this world.

That is the sort of stuff that was served up to the people at the time.

Hon. J. Cornell: It is the sort of stuff that is served up at every election.

The CHIEF SECRETARY: It was served out to the people every morning for breakfast and ladled out from scores of public platforms. But in less than eight years the Commonwealth commenced to look with envious eyes on the amount of money that was being handed back to the States. A conference of Premiers was called with the object of deciding what should be done when the 10 years mentioned in the Constitution had expired, and conferences of Premiers were held in May, 1903, March, 1909, and August, 1909. At the last-mentioned conference an agreement was arrived at. It is a lengthy document and I shall read portions of it that apply to the question under discussion—

Commonwealth and State finance—Agreement between the Prime Minister of the Commonwealth and the Premiers of the several States.

In the public interests of the people of Australia, to secure economy and efficiency in the raising and the spending of their revenue, and to permit their governments to exercise unfettered control of their receipts and expendi-

ture, it is imperative that the financial relations of the Federal and State Governments—which under the Constitution were determined only in part and for a term of years—should be placed upon a sound and permanent basis.

It is therefore agreed by the Ministers of State of the Commonwealth and the Ministers of the component States in conference assembled to advise:—

That in order to give freedom to the Commonwealth in levying duties of Customs and Excise, and to assure to the States a certain annual income, the Commonwealth shall after the 1st day of July, 1910, pay monthly to the States, a sum calculated at the rate of £1 5s. per annum per head of the population according to the latest statistics of the Commonwealth.

That the Government of the Commonwealth bring before the Parliament during this session the necessary measure to enable an alteration of the Constitution (giving effect to the preceding paragraphs, Nos. 2, 3, and 4) to be submitted to the electors.

I have not read all the clauses, but merely those that apply to the point at issue. The agreement was signed by the following:—

Alfred Deakin, Prime Minister of the Commonwealth of Australia.

C. G. Wado, Premier of the State of New South Wales.

J. Murray, Premier of the State of Victoria.

W. Kidston, Premier of the State of Queensland.

A. H. Peake, Premier of the State of South Australia.

N. J. Moore, Premier of the State of Western Australia.

N. E. Lewis, Premier of the State of Tasmania.

That agreement was not regarded as satisfactory by many people in Australia, and especially in Western Australia. It was generally considered that we had sold our birthright for a mess of pottage. It was claimed, as Sir Edward Wittenoom claims now, that we should have stood firm in insisting that three-fourths of the Customs and Excise revenue should be returned to us.

Hon. Sir Edward Wittenoom: I meant of the present returns from Customs and Excise collections. They amount to about 40 millions, I believe.

The CHIEF SECRETARY: That is what I meant. However, there was an attempt by the Federal Government to make it binding. I admit frankly that it was a Liberal Government. Simultaneously with the Federal election of 13th April, 1910, the question was submitted to the electors of the Commonwealth but it was rejected by 670,838 votes to 645,514.

Hon. J. Cornell: That was an attempt to include the provision for the 25s. per head in the Constitution.

The CHIEF SECRETARY: That is so. The proposal was rejected because there was strong opposition to it from the Press of the States on the ground that it was in conflict with the understanding arrived at when the Bill was before the people. A second question was submitted to the people at that time. It was a proposal to give the Commonwealth power to take over the debts of the States, whenever incurred. That question was agreed to by 715,053 votes to 586,271 votes.

Hon. J. Cornell: They had a mandate to take over the State debts before that.

The CHIEF SECRETARY: That makes my point all the stronger.

Hon. Sir Edward Wittenoom: Well, they can have them at any time.

The CHIEF SECRETARY: I am not aware that any Federal Government have attempted to exercise the power that was then specifically granted to them by a large majority of the people. Despite the refusal of the electors to acquiesce in the arrangement, the then Commonwealth Government—I admit it was a Labour Government—passed the Surplus Revenue Act in 1910. That measure largely gave effect to the repudiated agreement.

Hon. G. W. Miles: It was part of their policy, but their actions were directly opposed to that policy.

The CHIEF SECRETARY: I have made it clear that it was a Labour Government. An important alteration was made in one section. I refer to the one relating to the payment of 25s. per head of population. The section was prefaced with these words—

The Commonwealth shall, during the period of 10 years, beginning on the 1st day of July, 1910, and thereafter until the Parliament otherwise provides . . .

The Act also provided the following in Section 6—

In addition to the payments referred to in Section 4 of this Act, the Treasurer shall pay to the several States, in proportion to the number of their people, all surplus revenue (if any) in his hands at the close of each financial year.

Hon. J. Cornell: How much have the Federal Government paid over?

The CHIEF SECRETARY: I will come to that. It will be seen that there was a definite provision that all surplus revenue should be returned to the States. The intention undoubtedly was that after the Gov-

ernment had used sufficient revenue to finance its legitimate activities, the balance should be handed back to the States. But that portion of the Act has been scandalously evaded. During the years from 1919-20 to 1923-24 surpluses accumulated totalling £10,015,758. Not a penny of that money was returned to the States in accordance with the provisions of the Surplus Revenue Act.

Hon. J. Cornell: You could excuse that procedure after the declaration of war, but not before.

The CHIEF SECRETARY: Of that sum, £4,915,755 was used in debt redemption, and £5,100,003 was transferred to trust funds. That was a gross breach of a statutory agreement for which there can be not even a shadow of justification. At the end of last year—the same result has been experienced at the end of almost every year—they had a further surplus of £2,500,000 that they are illegally holding. To give an idea of what we are losing through the substitution of the 25s. per capita grant for the three-fourths of the Customs and Excise revenue, I may state that the ratio of the 25s. per capita grant to the total Customs and Excise collections has diminished from 47.09 per cent. in 1917-18 to 19.74 per cent. in 1924-25. The Customs and Excise duty has increased during that period from £2 13s. to £6 6s. 8d per head of the population. The per capita grant was bad enough in all conscience, but even that is to be filched from us. As hon. members know, the Commonwealth Government have introduced, or propose to introduce, a Bill to abolish the grant and throw us upon our own resources. The Commonwealth Government say they are surrendering taxation amounting to £375,000. The sum now received from the Commonwealth is £564,000, and for the first year they are prepared to make what they call an adjustment grant of £152,000. But that is for one year only. What is to happen in the years ahead? There is nothing for the succeeding year and from that time onwards we shall be thrown upon our own resources to carry on the administration of the State. The calculations of the Federal Government in reference to the taxation we could raise are inaccurate according to our Commissioner of Taxation. He shows clearly that to raise the amount of land tax, namely, £80,600, we would require a higher rate than that imposed by the Federal Government. Otherwise, only £65,000 would be collected and to raise the £80,600 we would have to

increase our rate by 53.73 per cent. Regarding the income tax, to obtain the £166,000 estimated by the Federal Government, we would have to increase our existing rate by 36 per cent. We would also have to increase the dividend duties by 27 per cent. and the probate duties by 69 per cent. Members must know that the Federal Government do not intend to give up the income tax altogether. They intend to retain no less than 60 per cent. of the tax now levied on individuals and 60 per cent. of that levied on companies.

Hon. V. Hamersley: They want to keep all the big stuff.

The CHIEF SECRETARY: This State is already groaning under a heavy burden of taxation, and it was the hope of the Government that they might soon be able to afford some relief. Instead of a decrease, however, an enormous increase seems inevitable if the country is to be financed. Further, there is nothing to prevent the successors of the present Federal Government from re-imposing the tax. Where might is right, a hundred reasons could be given why such a tax was necessary for the Federal Government. With the immense surpluses that the Federal Government have enjoyed in recent years, there has been a demand for a reduction in direct taxation. That demand could not be resisted for long. Some action would have to be taken by the Federal Government to relieve the burden on the people, but the Federal Government seek to avoid that and to retain the full financial strength that has been theirs during recent years. So they have thrown the whole responsibility upon the States to further tax the people. The States are responsible for many services rendered to the community. We have to provide for education, and the expenditure under that heading is ever increasing. We have to maintain charities; we have to establish hospitals, and we have to keep a police force. We have to increase our interest bill in order to construct railways and public works to keep pace with the development of the State. Our primary industries have to be fostered by the State Government and, even with the 25s. per capita grant, it has been exceedingly difficult to balance the ledger.

Hon. J. Cornell: It has not been balanced yet.

The CHIEF SECRETARY: Relying on the continuance of the per capita payments, the States have embarked on soldier settlement schemes which will involve them in considerable losses. I am speaking now not only of Western Australia but also of the other

States. This was purely a Commonwealth responsibility, but the Federal authorities have evaded it.

Hon. J. Cornell: No, the States said they were willing to undertake it.

The CHIEF SECRETARY: I am advised that the Commonwealth have evaded it.

Hon. J. Cornell: The Hon. W. D. Johnson wanted to put the responsibility where it should rest, namely on the Federal Government.

The CHIEF SECRETARY: For every unit that has been added to our population we have been getting 25s. a year, and, according to Knibbs' figures for 1921-25, the Federal Government have been getting £6 1s. 8d. a year in Customs and Excise revenue. We develop our State and rear our chickens, and now the Federal vulture is about to swoop down and take the lot.

Hon. J. Cornell: The Federal fox, I think.

The CHIEF SECRETARY: The Federal Government propose to treat the States shamelessly. They propose to cut off all our financial supplies, cast us adrift and let us fend for ourselves. And the Federal Government are acting with utter disregard of the understanding upon which Federation was consummated. They tell the States to go and increase their taxes while they themselves still retain the heavy direct taxation—60 per cent. of the present income tax and tax on companies. Every year they increased Customs duties the Federal Government handicap enterprise and diminish the sources of direct taxation enjoyed by the States. In deciding to abolish the per capita payments the Federal Government have no mandate from the people of the Commonwealth. There was a general election last year, but the question was not raised on any public platform. The full page advertisement in the "West Australian" in July, 1900, extracts from which I have read, was inserted by the founders and advocates of Federation. The words in that advertisement now sound like satire:—

Federation is the best possible investment for every citizen of Western Australia.

The cost of Federation is practically nothing.

Vote that you may share in the greatness of the nation.

At least three-quarters of your net revenue will be returned to you.

Don't forget to strike out "No." Here lies honour, safety and prosperity.

Few people now will deny that Federation is proving a very bad investment for Western Australia. It could have been otherwise; it would have been otherwise if the assurances and pledges given us had been substantially honoured by the various Federal Governments. The question is a serious one, and I think the course suggested by the motion is the proper one to adopt. The question should certainly be considered at a constitutional session of the Federal Parliament. It should then, in accordance with the principles of the Federal Constitution, be submitted for the approval of the people by referendum; and this House should express the opinion that no financial scheme should be assented to by the States that does not provide for their receiving from the Commonwealth Government an annual payment of not less than 25s. per head of population.

HON. SIR EDWARD WITTENOOM (North) [5.40]: I have pleasure in seconding the motion. Having said so much on the subject last night, there is very little more to be added. Much of what the Leader of the House said has been extremely interesting, but to my mind a good deal has been superfluous. The whole point lies in the concluding paragraph of the motion, "That no financial scheme should be assented to by the State that does not provide for their receiving from the Commonwealth Government an annual payment of not less than 25s. per head of population." The 25s. payment is a continuing recognition of what was given to us under the original Constitution—a large share of the Customs and Excise duty. Therefore we wish to stick to that. Whatever arrangement is made in the future should be made on the basis of the 25s., which is our birthright.

Hon. J. Cornell: Our birthright was three-fourths of the Customs and Excise revenue.

Hon. Sir EDWARD WITTENOOM: But the payment of 25s. was substituted for it. Therefore let us maintain our hold of the 25s. By all means let us make any additional arrangements that may be possible, but let us adhere to the basis of 25s. The distribution of the money is unfair seeing that the population in one State exceeds a million while in our unfortunate State it is under 400,000 souls. When the question of distribution is dealt with, we might be able to get some consideration. I subscribe to

the motion, and thank the Leader of the House for his informative speech.

HON. J. CORNELL (South) [5.42]: In offering a few remarks on the motion I do so more as a Federalist and from an Australian point of view than from a parochial point of view. I am firstly an Australian and secondly a Western Australian. I wish to make my position absolutely clear. Heretofore there has been manifested too much of a State spirit rather than a Federal spirit. It is true the States have combined to fight the Federal Government on the proposed abolition of the per capita payments. This may be regarded more or less in the nature of an act of self-preservation. Whilst it is right and only fitting that the States in preserving their sovereignty and privileges should fight steadfastly together, they should not fight so steadfastly as to obscure by parochialism the big Australian issue. I voted "Yes," 26 years ago, and have seen no cause to regret it. Were I called upon to exercise a similar vote to-morrow under similar conditions, I would willingly record it in favour of Federation.

Hon. J. Ewing: In the light of all that has happened?

Hon. J. CORNELL: Yes. I do not wish to indulge in a long dissertation as to what the State has suffered as a result of Federation, or to what extent it might have gained if it had not federated. If we weigh calmly and dispassionately, and without bias, the whole situation, we must see that the State has gained much more by entering Federation than she would have gained by taking a contrary step. When Western Australia entered Federation she made it possible to found a united Australia. It must not be forgotten that in the great war it was the part that Australia as a whole took that was reckoned and not that of individual States. There are countless ways of estimating the advantage of being part of a federated union as opposed to being one of a number of separate units. It is natural that those who opposed Federation should adhere to their views, as I have adhered to mine in favour of it. It was in the best interests of Australia that all the States should have joined together in a united Australia. After 25 years of Federation it is time that the question whether this country should or should not have joined in with the other States, and also the subject of secession, and how the people voted so many years ago, were

dropped. We are part of an indissoluble federated union, and I trust we shall ever remain one great Australia. More striking results could be consummated by a united Australia than by a dis-united Australia. If we look at the situation broadly, we must admit it is only a quibble to suggest that the Federal Parliament has not the power to take unto itself the whole of the Customs and Excise duty. In the beginning it was laid down that there should be returned to the States three-fourths of the Customs duties. That is limited by the Constitution to a term of 10 years. Throughout the Constitution appear these words, "Until Parliament otherwise provides." After ten years, as the Leader of the House pointed out, the Federal Parliament attempted to come within the scope of those words: "otherwise provided." If my memory serves me rightly when the late Mr. Alfred Deakin, then Prime Minister, endeavoured to get away from the 10 years provision, the constitutionality of his endeavour was not questioned. When Mr. Andrew Fisher, then Prime Minister following Mr. Deakin, brought down a Surplus Revenue Act, its constitutionality was not questioned. We can dismiss from our minds any doubt as to the constitutional right of the Federal Government to abolish the per capita grant. Even the boy in the street would interpret the Constitution in that way.

Hon. Sir Edward Wittenoom: It would be a pretty unpopular move.

Hon. J. CORNELL: Whether the arrangement that has stood between the States for the last 14 years should be so drastically departed from, as is contemplated by the Federal Government, is a question that can reasonably be argued without any reference to whether or not we should have entered the Federal union, or have voted for it 25 years ago. If this House and all Parliamentarians were to proceed on the lines of the justification for taking away this per capita grant, or as to the suggestion of the Commonwealth Government not to contribute to the States some of the Customs and Excise revenue being unwise and not in the interests of the States, I am sure a feeling of antagonism as between ourselves and the Federal Parliamentarians would bring about a set of circumstances that I do not think any true Australian would desire to see. We must remember that the Federal Parliamentarians are supreme. The subject matter of what we are really asking for, the

whole crux of it, has nothing to do with Federation or as to how we voted on the question. The Federal Government have endeavoured to put in motion that machinery which exists in the Constitution, and which says that they shall take the whole of the Customs and Excise revenue. The result of such action would be that the States would need to have recourse to direct taxation in order to make up the loss of revenue they were receiving through the per capita grants.

Hon. J. Ewing: A very interesting position.

Hon. J. CORNELL: How best should we face that position? On previous occasions I have said I was opposed to money being handed over by the Federal authorities to the States as a sort of gift or dole. I join with the Premier in believing that if we were not careful and had not some reasonable understanding as to the source of this money and its expenditure, we would become like the man in the street, more or less a mendicant upon the Commonwealth and we might well lose our independence and our sovereignty. With the Chief Secretary I hold the view that although the Federal Ministry has a right through Parliament to cut off our per capita grant, it has no mandate to do so. At the last Federal elections I did not once hear the issue of abolishing this grant raised, nor did I hear raised the issue of disturbing so abruptly the financial relations which had existed between the Commonwealth and the States as regards Customs and Excise since Federation. In this respect I am in accord with the principle contained in the motion. The Federal Parliament has no definite mandate to alter the present position, and the subject does not figure in the election manifesto except by way of a vague reference to an adjustment of the Commonwealth and State's finances. The States have a perfect right to say to the Commonwealth, "Although you have a constitutional and arbitrary power to do this, in the circumstances you have no right to do it." I believe that public pressure on those lines has had a salutary effect on the Commonwealth Government, in that they have deferred the question of abolishing the per capita grant until next session. No man has ever appeared in the Federal political arena, either socially, or from the point of view of attainments and mental calibre, for whom I have a more profound admiration than Mr. Bruce. No man has entered the Federal arena with a more unbiassed attitude towards the States, who

is more desirous of furthering the interests of the States, and promoting their advancement and development, upon which rests the continuity and progress of the Commonwealth, than Mr. Bruce. He is the only Prime Minister who has directly visualised this great Australia of ours. He has much to live down and to fight against, but he has visualised a great Australia. He believes that the success of Federation does not lie with the congested cities on the eastern seaboard, but that it lies in the development of the great unpeopled and retarded parts of the Commonwealth, particularly those found in Queensland and Western Australia. In this direction he has exercised a fund of statesmanship, inasmuch as he is opposed to the granting of money by the Commonwealth by way of per capita payments on the basis of the population of the different States. He is the one big man in the Federal Parliament. His idea is that when the occasion arrives for the Commonwealth Government to assist in the development of Australia, the question of per capita grants based on the population of the States should be set aside, and financial assistance should be rendered towards the weakest territories in Australia where adequate development depends so much upon adequate financial support. In the course of a recent speech at Gawler on the subject of the referendum he touched on this very question, which has nothing to do with State and Federal arbitration or essential services, but which does concern Australia. He declared Western Australia to be the State with the greatest potentialities, the State offering the brightest prospects of rapid development. That is a great thing for a Victorian to say of the West. Mr. Bruce showed the spirit which I believe permeates all Australians, whether they come from Victoria or Tasmania or anywhere else. On the other hand, the parochial spirit is one of which we must rid our minds. It is said that one has to go away from Australia to learn about Australia. During a recent visit to Canada I learnt something from a man who is prominent in the Canadian-Pacific railway service. He said to me, "Cornell, I find that in your country there is too much mention of New South Wales and Victoria, and not enough of Australia." Let us bring reason and moderation to bear. Let us tell the Federal powers that be that while we acknowledge their undoubted

right to abolish the per capita grant, we consider that in all the circumstances, the question not having been raised at the last election, they are not morally right in precipitating the issue on the States. It must be placed before the people at a general election: it cannot be the subject of a referendum. I believe there are enough Federal Ministers amenable to reason to ensure that the subject of the per capita grant shall be deferred until the country has had an opportunity of expressing an opinion on it. The relationship between the Commonwealth and the States is a matter that should be free from party bias and from those political machinations which have hindered the development of the Commonwealth. Taking the resolution as it stands, I fail to see that much is to be achieved by it. The suggestion that a constitutional session should be held is merely cumbersome. The Federal Constitution does not provide for constitutional sessions. Any session of the Federal Parliament can deal with constitutional amendments. I would therefore counsel the exercise of much caution before we pin our faith to a constitutional session of the Federal Legislature. Not only should we have to ask for a constitutional session, but we should have to suggest that the Federal Parliament in that constitutional session should make such amendments in the Constitution as would ensure for all time the retention of the per capita grant of 25s. per head to the States. I venture to say that if we were cloven apart on the question of the per capita grant, the matter would end where it ended when the late Alfred Deakin raised the same issue. The working of the Federal Constitution, joined with its limitations, has led the people to recognise that that Constitution should be enlarged, and not circumscribed. The inclusion of the per capita grant in the Constitution would have the effect of putting back the work of the framers of that Constitution. Originally it was provided that for 10 years three-fourths of the Customs and Excise revenue should be returned to the States. At the end of 10 years, however, the Federal Legislature could do as it liked. If now, after an experience of 26 years, we declare that the Federal Constitution should be so amended as to retain the per capita grant indefinitely, sentiment and logic would be altogether against us. The whole history of the Commonwealth would

be traced back. The present generation would visualise the position thus, that originally the Commonwealth finances were tied for 10 years, but that after that they were to be free. Thereupon, in the wisdom and unanimity and good feeling that obtained between the States and the Commonwealth, the Federal Parliament decided with particular regard for the weaker States, that 25s. per head should be returned to the States. That arrangement obtained for 14 years practically without interruption. Now we are told that should be made part and parcel of the Federal Constitution. Surely the reasonable course would be to provide that the existing arrangement shall not be departed from during a definite period, or until circumstances alter. Surely that would be better than to alter the Constitution. Both publicly and privately I am prepared to do as I can in order to continue and intensify the good feeling which, despite anything said by politicians in the heat of the moment, has existed between the States and the Commonwealth ever since the advent of Federation.

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

House adjourned at 6.10 p.m.