

# Legislative Assembly

Tuesday, 3rd August, 1954.

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

## QUESTIONS.

### WAGON TIMBER CONSTRUCTION CO.

#### As to Tabling Papers re Formation.

Hon. D. BRAND asked the Minister for Industrial Development:

Will he lay on the Table of the House all papers relative to the formation of a company known as Wagon Timber Construction Co.?

The MINISTER replied:

Neither the Department of Industrial Development nor any other Government department was responsible for sponsoring the development of the Wagon Timber Construction Co. Formation of the company was sponsored by Associated Timber Industries of W.A. (now Associated Sawmillers and Timber Merchants of W.A.), which association, no doubt, holds the relevant data covering the formation. I am advised by the Minister for State Saw Mills that he is prepared to table the partnership agreement. Beyond this, information available to the State Saw Mills

on the operations of the company is received as a partner in the company and is regarded as confidential.

## RAILWAYS.

### As to Regrading of Track, Perth-Fremantle.

Hon. C. F. J. NORTH asked the Minister for Railways:

Has the necessity for regrading the track between Fremantle and Perth, which was previously outlined several years ago in answer to a question by me, now disappeared in view of the introduction of diesel locomotives?

The MINISTER replied:  
No.

## GOVERNMENT EMPLOYEES.

### As to Appeal Boards.

Mr. JOHNSON asked the Minister for Labour:

(1) What Government employees have not access to an appeal board for promotions?

(2) Should not all Government employees have this right?

The MINISTER replied:

(1) All permanent employees of Government departments as set out in Section 3 of the Government Employees (Promotions Appeal Board) Act except employees whose rate of remuneration is in excess of the "justifiable salary or wage," as defined in Section 5, have access to the appeal board set up under the Act.

(2) The question of extending the coverage of the Act is at present receiving the consideration of the Government.

## EDUCATION.

### As to Communists at Teachers' Training College.

Hon. V. DONEY asked the Minister for Education:

As to the matter of the alleged infiltration of communist students into the Teachers' Training College and the consequent likelihood of subversive activities within the college—to which matters his attention has already been drawn—can he yet inform the House whether quick corrective action is intended, or otherwise does he propose making an early public statement regarding the Government's views upon the position?

The MINISTER replied:

This matter is still receiving the consideration of the Government.

## HOSPITALS.

### As to Facilities at Bunbury.

Mr. GUTHRIE asked the Minister for Health:

(1) When does he intend to fulfil his promise to have a lift installed in the Bunbury District Hospital?

(2) Is he aware that there is no hot water system in the Stirling Maternity Hospital, Bunbury. If so, when will a hot water system be installed?

The MINISTER replied:

(1) Plans and estimate of cost are under consideration.

(2) Arrangements are being made to install an electric heater in the patients' bathroom.

#### . YACHT CLUBS.

*As to Allocation of Sites, Cockburn Sound.*

Mr. HUTCHINSON asked the Minister for Lands:

As yachting is a sport which not only provides worth-while training in its own sphere, but which has proved itself as having nation-building characteristics; and in view of the splendid possibilities for yachting in Cockburn Sound, and having regard to the great expansion that will undoubtedly take place between Fremantle and Rockingham, will he give favourable consideration to the allocation of certain suitable sites to those yachting clubs which desire them, when provision is made for apportioning the area of land fronting Cockburn Sound, which was recently acquired by the State from the Commonwealth?

The MINISTER replied:

Yes. The proposal will be considered when plans for the development of the area are under consideration.

#### PIG MEAT.

*As to Ruling Prices.*

Mr. NALDER asked the Minister for Agriculture:

(1) Will he inform the House what were the prices ruling at the 30th June, 1954, in all capital cities of Australia, in respect of—

- (a) bacon rashers;
- (b) hams cured;
- (c) bacon sides (full)?

(2) What were the prices ruling in all States, for pigs on the hoof, for the week ended the 30th July, 1954, in respect of—

- (a) heavy weight baconers;
- (b) medium weight baconers;
- (c) light weight baconers?

The MINISTER replied:

(1) The information desired is not available from local records.

(2) The assistance of Government statisticians in each State has been requested, and the information will be made available as soon as replies are received.

#### WATER SUPPLIES.

*As to Expenditure of Loan Funds.*

Hon. D. BRAND asked the Minister for Water Supplies:

(1) What percentage of the total loan funds in 1953-54 were spent on water supplies in the State, including only the State's share of the cost of the comprehensive scheme?

(2) What was the proportion of such percentage spent on country water supplies?

The MINISTER replied:

(1) Approximately 10 per cent.

(2) Approximately 50 per cent., excluding expenditure at Kwinana which is a commitment of State-wide importance. Including Kwinana expenditure, the proportion is approximately 35 per cent.

#### HOUSING.

*As to Expenditure under State Housing Act.*

Mr. WILD (without notice) asked the Minister for Housing:

(1) What amount of money was made available under the State Housing Act during the financial years 1950-51, 1951-52, 1952-53, 1953-54?

(2) What amount of money is it anticipated will be made available this year?

The MINISTER replied:

- (1) 1950-51—Nil;
- 1951-52—£268,000;
- 1952-53—£1,395,000;
- 1953-54—£646,500.
- (2) £998,000.

#### BILLS (3)—THIRD READING.

- 1. Reprinting of Regulations.
- 2. Coroners Act Amendment.
- 3. Companies Act Amendment.

Transmitted to the Council.

#### BILL—RENTS AND TENANCIES EMERGENCY PROVISIONS ACT AMENDMENT.

*Council's Message.*

Message from the Council received and read notifying that in dealing with the Bill the Standing Orders of the Council relative to the third reading had not been complied with and requesting the return of Message No. 3 to enable the Council to give further consideration to the Bill.

*Standing Orders Suspension.*

The PREMIER: I move, without notice—

That so much of the Standing Orders be suspended as is necessary to enable the Legislative Council's Message No. 4 to be considered forthwith.

Question put.

Mr. SPEAKER: I have counted the House and assured myself that there is an absolute majority of members present. There being no dissentient voice, I declare the question duly passed.

Question thus passed.

*As to Returning Bill.*

The MINISTER FOR HOUSING: I move—

That the request contained in Message No. 4 from the Legislative Council be agreed to.

Question put and passed.

*As to Annulling Assembly Order.*

The MINISTER FOR HOUSING: I move, without notice—

That the Order of the House for the consideration in Committee of the Council's amendments to the Bill, be annulled.

Question put.

Mr. SPEAKER: I have counted the House and assured myself that there is an absolute majority of members present. There being no dissentient voice, I declare the question duly passed.

Question thus passed.

**BILL—GOVERNMENT RAILWAYS  
ACT AMENDMENT.**

*Second Reading.*

**THE MINISTER FOR RAILWAYS** (Hon. H. H. Styants—Kalgoorlie) [4.44] in moving the second reading said: This measure is what may be termed a domestic or machinery one in connection with railway management. The purpose of the Bill is to amend Section 78 of the principal Act, which deals with the constitution of the punishment appeal board, and to amend Section 79 which deals with the election of the elective members of the board. With the creation of the motive power section, and the transfer of certain tradesmen and their assistants from the control of the mechanical branch to the traffic branch, it is necessary to alter the constitution of the board to ensure that those employees affected by this transfer will have representation on the board.

The opportunity has also been taken to include the wages staff of the stores branch in the group covering the workshops wages employees. The number of employee representatives has not been increased, the intention of this amendment being to clearly define the employees covered by each representative. Section 79 (1) of the principal Act provides that for the purpose of the ordinary election of the elective members of the appeal board, a ballot shall be taken on the first Monday in February, 1908, and on the first Monday in February in every third year thereafter.

The State Chief Electoral Officer, who, under the regulations to the Act, is the returning officer, has drawn attention to the fact that the time mentioned invariably coincides with the period during which his office is occupied with the preparations for the State general elections usually conducted in March, and entails the working of a considerable amount of overtime by his officers. The Chief Electoral Officer has suggested that a more convenient time for the holding of the appeal board ballot would be later in the year, and it is considered a date in October would be suitable.

Then again the Chief Electoral Officer has also suggested that the actual provision for setting the date when the ballot

should be taken, could be provided for in the regulations to the Act, as is done in other Acts that deal with the election of members to boards, and that this would provide some elasticity within prescribed limits, for the fixing of the ballot on each occasion when it is required that one should be conducted. Under the existing provisions, the present elective members of the board will hold office until February, 1956. The addition of new Subsection (6), to Section 79 is to provide that these members shall continue to hold office until the next ordinary election is held on the prescribed day in October, 1956.

It was intended last session to bring this measure down so as to alter the sections of the Railway Department that come under the provisions relating to the punishment appeal board, but because of the congestion that occurred at the end of the session, it was not proceeded with. Last year I wrote to the three railway unions principally concerned and I received a reply from the Railway Officers' Union, indicating approval of it. As the other two have not replied, I take it that silence means consent. I move—

That the Bill be now read a second time.

On motion by Mr. Perkins, debate adjourned.

**BILL—PRICES CONTROL.**

*Second Reading.*

Debate resumed from the 29th July.

**HON. A. V. R. ABBOTT** (Mt. Lawley) [4.48]: This Bill is to introduce price control and also to implement a plank in the Labour Party policy. In my view, price control could easily have the effect of forcing wages down. Relative to it, Professor Douglas Copland, who is undoubtedly one of the senior economic experts in Australia, has this to say—

Price control is no help to our economy.

He then goes on to say why. I quote—

(1) Price control prevents flexibility of merchandising.

(2) Price control helps to create blackmarkets.

(3) Free trading clears backlogs of merchandise which might block free movement of goods.

(4) Free trading stabilises the supply and demand of goods.

(5) It creates stronger healthy competition as a result of which the consumer would be the price controller.

(6) It establishes confidence in the business world.

Those are not my comments or my reasoning.

The Premier: Let us hope not.

**Hon. A. V. R. ABBOTT:** They are the opinions of so great an expert in economic affairs as Professor Copland. If I remember correctly, he is a man who was very

highly valued by the late Ben Chifley, by whom he was employed on many occasions, his advice being frequently accepted.

The Premier: Not on price control.

Hon. A. V. R. ABBOTT: I think it was. Was he not the first price controller appointed by Mr. Chifley?

The Premier: But Mr. Chifley did not accept Professors Copland's advice on price control.

Hon. A. V. R. ABBOTT: He certainly thought so much of him that he accepted his advice in the matter.

The Premier: Mr. Chifley kept price control operating as long as he constitutionally could, and you know it.

Hon. A. V. R. ABBOTT: That does not matter. That is what his expert adviser thought. I know that Mr. Chifley kept price control in operation because a lot of advice that was not expert was tendered to him by the Trades Hall. Price control happens to be a plank of its platform.

The Minister for Lands: You have a nerve to mention his name!

Hon. A. V. R. ABBOTT: And the Minister has a nerve to be always chipping in! We know that price control certainly lowers production and sales. It lowers production because, while there is price control, the price fixed is the price charged, and undoubtedly competition is eliminated. Turnover goes down, and with it revenue. Employment falls off, and with it demand for labour. Everyone knows that when the demand for labour is very low, employers do not compete for what is available as they do when labour is scarce. With that I am in entire agreement, because I approve of incentives, and of a worker being able to get something more than the bare award. Where is his interest in life if he does not hope to earn something extra or obtain increased amenities?

I would point out that in considering fixed prices, a prices branch does not allow anything but award wages. It does not allow superannuation schemes; it allows no special recognition that an employer might care to give his employees for their extra care and attention. Those considerations are disallowed and there is the routine bureaucratic control of A. always getting something and B. being unable to get a little more, however much it is warranted. Undoubtedly, price control could easily have the effect of forcing wages down.

We were told by the Minister for Labour that the Government does not believe in controls. If that is its policy, it is curious that no opportunity is neglected to continue or expand controls. In my view, no facts were submitted by the Minister which in any way warranted the reintroduction of price control. There were suggestions,

innuendoes and assertions, but no statistics or facts were brought forward to support the view he advanced.

Hon. J. B. Sleeman: You think prices are satisfactory, do you? No answer!

Hon. A. V. R. ABBOTT: Economic authorities are clear in their view that in a democracy and a free society, price control is of no assistance in creating and maintaining a high standard of living, but rather the reverse. In time of war, or some other great emergency, its use might be justified, where it is imposed with many other controls.

#### *Point of Order.*

Mr. May: On a point of order, Mr. Speaker. Is the hon. member entitled to read his speech?

Hon. Sir Ross McLarty: Yes. Ministers read theirs.

Mr. Speaker: This is rather a ticklish question. Standing Orders state that speeches shall not be read by members; but, seeing that almost invariably Ministers read their speeches, I have not felt inclined to prevent members from doing likewise. But as my attention has been drawn to the Standing Order in question, I have no alternative but to enforce it, and to hope that the Standing Orders Committee will, during this session, frame a more reasonable Standing Order.

#### *Debate Resumed.*

Hon. A. V. R. ABBOTT: Thank you, Mr. Speaker! I just want to refer to my notes. In time of war or some other great emergency, price control might be justified where it was imposed in conjunction with other controls, and if it were necessary on the ground of urgency that the whole economy should be geared in one direction. During the last war it was necessary that the whole economy of the country should be geared for defence, whatever the cost might be to the material well-being of the citizens or their individual liberty. It was found necessary to impose the following controls:—

- (1) Direction of labour.
- (2) Pegging of wages.
- (3) Direction of the use of materials.
- (4) Rationing.
- (5) Price control.

All economic experts admit that any one of the controls I have mentioned is non-effective without the others. For them to be really effective, they must all be applied in conjunction with one another. That is what was done during the war so that there could be an economy geared for defence at the expense of liberty and at the expense of the standard of living for the individual. Price control will not work without the imposition of the other controls, and any economic authority will agree with that.

It might be wise to refresh our memories on the experience of other countries with respect to the abolition of price controls that were established under the stress of war. Some of the information I am about to give I mentioned to the House when speaking on price control last year; but I make no apology for repeating it, because I feel it is of considerable importance. Canada decontrolled prices in 1950, but Australia continued price control for some time afterwards. The figures I am about to quote are from the United Nations Statistical Bulletin.

Taking the position in 1937 as being represented by the figure 100, the cost of living indices in Canada and Australia have varied as follows:—In the base year 1937, the figure for both countries was 100. In 1949, both countries still had price control and the index figure for both was 160. Early in 1950, Canada decontrolled prices. At the end of that year, its figure was 168, and that of Australia was 180. In March, 1952, the Canadian figure was 184, and the Australian 249; in March, 1953, the respective figures were 184 and 255. It will be seen that Canada and Australia were in equilibrium with the figure at 160 at the end of 1949.

Since the end of 1949 the Australian cost of living has increased by over 55 per cent., and during the same period, it has increased in Canada by only 15 per cent. The Minister may be able to give some explanation as to why the cost of living rose so much in Australia compared with Canada, but I cannot. I suggest that free competition and the exercise of the initiative that we get when there is freedom of control, instead of automatic rises, accounts for it.

Hon. J. B. Sleeman: Do you think prices are satisfactory here?

Hon. A. V. R. ABBOTT: Belgium decontrolled in 1948, and taking that as a base year, with the figure of 100 as the index figure for the cost of living, the index number in March, 1953, was only 105. It must be admitted that Hon. D. C. Abbott—not Hon. A. V. R. Abbott—the Canadian Minister for Finance, is a man of considerable authority, and he sums up the position very clearly when he says—

Price control regulations are irksome, create social waste and are a danger to free institutions and human initiative. Not only are controls a restriction of individual freedom, but also a constant threat to productive efficiency.

Maybe he is right, because the Canadian figures prove that he is. They are infinitely better than the Australian figures. Let us take West Germany, another country that abolished controls in 1949, since which date the economic recovery there has been amazing. Mr. Cain, the Victorian Premier,

is reported to have said this in London, in June of last year, after a visit to Germany—

There is no doubt that the Germans are recovering faster than any other nation of the world involved in the war. I was in Germany five years ago, and I was able to make comparisons between now and then.

No doubt we all read the article in "The West Australian" of the 27th July last, written by Mr. Philip Masel, who is a well-known businessman of this city. He gave his impressions of a visit to West Germany when he said—

Germany's economic recovery is everywhere accepted as a fact—if not as a miracle.

In 1948, Germany was living under a comparatively totally planned economy, and from 1949 under free enterprise. The results, as Mr. Masel says, have astounded the world.

Both the United States and Great Britain dropped price-fixing last year, and in neither country has there been any report of prices sky-rocketing since. In fact, here again a levelling has been the tendency. I think I have said enough to show that price control, on general grounds, should not be employed except in a state of emergency where abnormal conditions exist. I feel I shall be able to satisfy the House that abnormal conditions do not exist today in our national economy, but rather the reverse, and that our economy has not previously been so stable for many years.

Hon. J. B. Sleeman: You have not told us yet whether you think prices are all right here.

Hon. A. V. R. ABBOTT: The "C" series index figures for June, 1954, resulted as follows, according to the Government Statistician:—

Hobart—Minus 4s.

Brisbane and Sydney—Minus 2s.

Melbourne—Minus 1s.

Adelaide—No alteration.

Perth—Minus 13s.

The Minister for Labour: There is price control in the other States.

Hon. A. V. R. ABBOTT: That is quite right. We will see what Mr. Chamberlain says of the Australian conditions; and I am quoting this to prove my argument that stability does exist in Australia. He quoted, in the present basic wage inquiry, the figures I have just read out when he said, while addressing the court—

So it can be seen that it could be argued with a degree of soundness that reasonable stability has been introduced into the position so far as the main States covered by the court determinations are concerned.

Of course, he was referring to the Federal situation. The President queried him as follows:—

Does that not suggest that had Mr. Cross's remarks, which you quoted earlier, been made in the other States, they would have been correct?

Mr. Chamberlain: If he had made them in the other States, yes.

The President: That, in turn, surely suggests that some inquiry should be made into the reason why his computation, if correct in the other States, has not been correct here.

So I think it is quite clear that Australia is in a stable condition.

Let us consider the position in Western Australia. Let us first take the statistician's index figures in relation to retail prices, which are commonly known as the "C" series, for the December quarter, which was the last quarter before price control operated, although many items had already been controlled. For that quarter it was 2314, and for the March quarter, 1954, it was 2348, an increase of 1.47 per cent. For the June quarter it was 2475 or an increase of 5.41 per cent.

This is represented in money values, when considering the basic wage, in this way, that there was an increase for the March quarter of 3s. 8d., and for the June quarter of 13s. 8d., making a total of 17s. 4d. That, of course, is a considerable increase, but when related to prices it is necessary to consider what was the cause, and if we study the figures we will see that it was brought about almost entirely as the result of a big increase in rents, and to a much less degree in the cost of meat. I think I might again quote Mr. Chamberlain, who admitted that.

The Minister for Labour: Why was there an increase in rents, do you know that?

Hon. A. V. R. ABBOTT: Yes, and I will tell the Minister. The President of the Arbitration Court said to Mr. Chamberlain—

The President: I only say it suggests that may have been the position, because, in fact, in other States where one or two main factors that may have affected the index numbers here are not present, there has been a remarkable stability over the last three or four quarters.

Mr. Chamberlain: Yes, the figures I understand, looking at the index numbers supplied by the statistician, one finds that almost 10s. of the 13s. 8d. is attributed to rent increases. I want to say something about that later on. I understand that the movements in the food figures are mainly attributable to the price of meat.

The President: Yes.

I do not think there is any doubt about that. Since the 1st May, rents have been largely free from the control which existed

during the war period. The Government itself has accepted the argument for higher rents. It has not even suggested that higher rents are not necessary. Sooner or later it was essential that rents should be brought on to an economic basis and into line with those being charged for Government rental homes, which are rapidly becoming the main source of supply of rental homes.

The Minister for Housing: The average rental for which is about £2 15s. per week.

Hon. A. V. R. ABBOTT: The index figures in the "C" series for the March quarter are 1230 and for the June quarter 1632, an increase of 32.7 per cent., so we can see what the impact has been of the freeing of rents. This item, however, will become rapidly stabilised. The Government is by far the largest landlord, and is rapidly becoming the only landlord of rental homes.

The Minister for Housing: It is by far the largest individual landlord, but it is not the biggest landlord.

Hon. A. V. R. ABBOTT: The Government has said that the housing position is rapidly being adjusted; and, of course, when it is, rents will be stabilised at the price charged by the Government, it being the major landlord and the one having houses available to let. At the last census, which was taken in 1952, I think, only 30 per cent. of the houses privately lived in were rented. So, this rent applies only to 30 per cent.; and that was before the impact of all these rental homes built by the Government.

I feel sure that when the figures are available as a result of the census just taken—this should not be long now—it will be found that the Government owns by far the majority of the rental homes. There can, therefore, be no suggestion that permanent price control, as proposed by the Bill, is necessary as far as rents are concerned. It is tosh to say that. The other item I have referred to is meat which is included in the index figure for food and groceries.

The Minister for Housing: Do you think this Bill covers rents?

Hon. A. V. R. ABBOTT: It could, I think, if it was considered necessary.

The Minister for Housing: That is drawing the long bow.

Hon. A. V. R. ABBOTT: It has never been used for rents because there has been separate legislation for that purpose, but it is so wide in its language that I think it could be so used. I am not sure that it was not so used in some of the other States because, do not forget, the Bill is similar to the legislation which is operating in all the other States except Queensland. Meat is included in the index number for food and groceries, and while the increases for groceries are supplied by the Government Statistician, for reasons best

known to him, the figures in relation to meat are not supplied. The index figure for food and groceries for the December quarter, 1953, was 2656; for the March quarter, 2,721, and for the June quarter, 1954, it was 2832. During this period there was very little increase in the cost of groceries. I have figures here and a study of them shows that 80 per cent. of groceries were reduced and 20 per cent. increased. That would be by and large.

There was comparatively little increase in the price of groceries. The item included in groceries and food that caused the increase was meat. This was also referred to, and admitted by, Mr. Chamberlain. There are a number of factors accounting for the increase in the cost of meat, and they are mainly dependent on the price of livestock on the hoof. These prices are very seasonal, and the March to June quarter is a bad period of the year. The livestock yarding of cattle during this period was, I am informed, as follows:—

	Cattle Yarded.
The 6th March 1954 .....	1,297
The 5th June, 1954 .....	575
The 5th July, 1954 .....	528

On the 6th March, 1954, 18,390 sheep were yarded. On the 5th June the number was 11,935 and on the 3rd July, 12,812, so we can see the tremendous decrease in the yardings, and the price fluctuated accordingly. I have received the prices from a livestock agent and they are given per 100 lb. weight. In June, 1953, the average price for beef was from 129s. 2d. to 152s. 1d. In December, 1953, it varied from 101s. to 125s., and in June, 1954, it was from 116s. 8d. to 152s. 1d. Members can see that mutton was apparently fairly consistent from year to year, but there was a considerable decrease from June to December and then an increase again from December to June.

In June, 1953, medium lightweight good quality beef was from 158s. 4d. to 191s. 9d. and in December it had fallen, the figures being 108s. 4d. to 156s. 3d., but in the following June it had risen to very much the same figures as in the previous June: namely, 166s. 8d. to 220s. 10d. It will be seen, therefore, that there is a considerable difference in prices as between the flush and scarce seasons. The supply of beef in the scarce period of the year depends largely on carcasses from the northern areas and if the Government wishes to reduce the price of meat, it should take steps to ensure the transport of that commodity from Wyndham and other northern ports, because for many years to come the southern portion of the State will have to rely, in the scarce season, on northern meat.

The price of meat is also influenced greatly by export prices, and this is a fact of considerable importance. Since July,

1952, the export prices for mutton and lamb have been increased by Government action by 23 per cent. and the prices of beef and veal by 25½ per cent. Those are substantial increases and their impact on local prices has been a big factor in the price of meat for local consumption. The Government, however, would not suggest that those increases were not fair and reasonable, as they were agreed to between the Commonwealth Government and the British Government.

I would remind members that the price of meat has seriously affected the "C" series index figures. If Western Australia is to get a proper supply of meat, every encouragement must be given to the farmer to produce more, and that can be done only by means of prices that are tempting and furnish an incentive. If the Government hopes to force, by means of price control, a reduction in the price of livestock on the hoof I do not think such an effort will succeed, even if warranted, which I do not think it is. That policy was attempted in Queensland, where an Act was passed giving the Government power to requisition cattle on the hoof, but the effort failed there; and I repeat that it would not be successful here.

There is a great deal of variation in the quality of meat and in the judgment of those who buy it, as well as in the classes of meat that different sections of the public demand. The highest quality beef in the metropolitan area goes to Fremantle, because residents there will not have anything else. Why should they not have it? They demand it and consequently get it, while Perth people do not get beef of such a high quality.

Mr. Lawrence: Many of them buy their own at Fremantle.

Hon. A. V. R. ABBOTT: Yes; they like good meat and demand the highest quality, so they get it.

Mr. Lawrence: Do you like good meat, or gristle?

Hon. A. V. R. ABBOTT: I like the best quality.

Mr. Lawrence: Do you come to Fremantle to shop for meat?

Hon. A. V. R. ABBOTT: No. It is interesting to examine the rise which has taken place in the cost of living in the last three years. It will be seen that during the year in which price control was abolished, the increases in the cost of living were least of all. These are very interesting figures.

The Minister for Labour: The increases of what were least of all?

Hon. A. V. R. ABBOTT: The increases in the index figures.

The Minister for Labour: Do you say the index figures were least in 1953?

Hon. A. V. R. ABBOTT: I will tell the Minister what the figures were. In food, for the year 1952-53, there was an increase of 447 units for the March quarter. For the year 1952-1953 the increase was 250 units and in 1953-54, when there was the least price control of all, the figures were only 239.

The Minister for Housing: Why do you take the March quarter?

Hon. A. V. R. ABBOTT: Because that was the last quarter for which figures were available at the time when I got these details out. It would have been the same had I taken the other figures.

The Minister for Housing: No, it would have been different.

Hon. A. V. R. ABBOTT: There would have been no difference except for rents and the figures there do not show such a great increase. Those figures were 125; 18, and 36. The figure for clothing in the year 1951-52 was 563. In 1952-53, when clothing was decontrolled, the increase was 145 and for 1953-54 there was an increase of only 15 units. For the last year of full control, the increase for "miscellaneous" was 292 and for the year 1952-53 it was 220, while for 1953-54 it was only 20, the totals being 368, 167 and 101. Those figures show that this is not the time to reintroduce price control. The increases have been infinitely less during the last year than in the previous two years, during one of which there was full price control.

How can it be suggested that the re-introduction of price control is warranted at the present time? To emphasise what I have said, the price of food rose 447 points in 1951-52 and only 239 points in 1953-54. Clothing rose by 563 points in 1951-52 and by only 15 points in 1953-54. "Miscellaneous" rose 292 points in 1951-52 and only 20 points in 1953-54. In a free market the consumer is the price controller and the retailer quickly loses if he tries to sell competitive goods above ruling prices, which are all that the consumer will pay.

The Minister made brief comments on three industries. I think his complaints had reference to the plumbing industry, to the electricians and the brewing industry. We know that at present there is an unprecedented demand for plumbing. I ask the Minister to find me one plumber who is on nothing more than award rates. I will be surprised if he can do so, apart from those employed by the Government, and even they have other rights such as long service leave, and so on. I would be surprised to find one plumber employed by private industry today and being paid only award rates.

Why should they be bound to award rates? Surely a good employee, who is willing to work well is entitled to something above award rates! Surely when his services are highly in demand, he is entitled

to receive some extra award for the pressure of work! His higher wages are, of course, passed on by the contractor. Exactly the same thing applies to electricians.

The Minister for Lands: Do you agree with the present plumbing prices?

Hon. A. V. R. ABBOTT: We know there is a tremendous demand for electricians today, so why should not an employer give some recognition to a hard working employee for whose labour there is such a big demand? Is it said that employers ought not compete for the services of a good employee? Is it desired to bind the employee to award rates, when his services are so much in demand? Is it suggested that he is not entitled to some additional recognition? If that were the position, people would not be attracted to these industries.

Mr. Brady: I think we will make you the next judge of the Arbitration Court.

Hon. A. V. R. ABBOTT: I believe there should be some incentive for these workers, as that is the only thing that makes the world tick. That is why I say that if price control is reintroduced now in matters governed by award rates, the employees will say, "What the hell!"—and will not put that little bit of extra push into their work.

The Premier: Are you in favour of paying the worker the full basic wage in accordance with the cost of living figures or do you prefer to deprive him of the extra £1 per week?

Hon. A. V. R. ABBOTT: I am in favour of paying the worker every penny he is able to get from his employer, and much above the award rates. The next industry mentioned by the Minister was brewing and there he stated, by mistake, that the breweries would receive £500,000 extra.

The Minister for Labour: I did not say that at all.

Hon. A. V. R. ABBOTT: I may be wrong.

The Minister for Education: I said that the cost to the beer-drinking public would be approximately £500,000.

Hon. A. V. R. ABBOTT: The Minister did not suggest that the brewery would receive that much extra.

The Minister for Labour: I said—from memory—that the brewery would get about £160,000 extra.

Hon. A. V. R. ABBOTT: Without going into the merits of the case, I might add that the breweries have received no increase in the price of their product since December, 1952, and since then there has been an 8s. rise in the basic wage.

The Premier: Terrible!

Hon. A. V. R. ABBOTT: I would point out that brewery workers have certain amenities that are not usual and that it



costs the breweries a large sum in taxation to supply their workers with free beer—some thousands of pounds a year. I do not begrudge the workers that privilege. Why should they not have those incentives? If they are able to receive those privileges, I do not think the public are likely to begrudge those hard workers the amenities peculiar to their industry. If that point were really considered, I think it would be found that any increases taken by the brewery would have been allowed by the Prices Control Branch.

The Premier: The hon. member will get on!

Hon. A. V. R. ABBOTT: It would have been computed on the formula that was set out by the Prices Control Branch before a decision was made and, I believe that was actually done. The whole question of prices becomes just as simple as the supplier determining what price he shall pay. That is done at no cost to the consumer. Western Australia was paying something like £54,000 a year for price control. The Premier could find good use for that money. For example, the Kindergarten Union would dearly like to have a £54,000 subsidy.

If the economic trend is on the up grade, prices will rise whether there be controls or not, and that is borne out by the figures I have quoted. In the last year of price control, prices rose by a greater proportion than in any year since. Last year, when there was no price control, the rise in prices was less than in any year of control.

The Premier: Does the hon. member think that wages and salaries should be controlled?

Hon. A. V. R. ABBOTT: No, I do not think they should be controlled.

The Premier: You believe in the abolition of the Arbitration Court.

Hon. A. R. V. ABBOTT: No, I believe in a minimum wage. But I do not believe in a maximum wage. Does the Premier believe that wages should be pegged?

The Premier: I do, if prices are pegged.

Hon. A. V. R. ABBOTT: That is all right. The Premier believes in that socialistic system. It is safer to trust the public, and, from my experience, we should not trust bureaucratic control, which price control means.

MR. COURT (Nedlands) [5.43]: In a way it is regrettable that the Minister, when introducing the measure, did not attempt to justify it on straight-out and clear-cut economic grounds. Rather did he attempt to justify it on very general and, as I thought, extremely slender grounds. From his speech one gathered that the Bill was brought down because of the Government's concern over the prices of meat, beer, rent, plumbing and electrical work. On an examination of the circumstances

surrounding the present price of each of these commodities and services I think the need for control is disproved.

Later in my remarks I propose to comment on each one of these items in turn. On the broad issue of price control, let us examine firstly, the facts since decontrol took place in December, 1953. During this period we have a continuation of the conditions of full employment and a free spending period as far as the public are concerned. To this we must add the natural reaction of the business community after a long period of control. This means that during this last six months, in particular, industry and commerce in this State have been given a very severe test under economic freedom.

Here we have had all the ingredients and the temptations prevailing for advantage to be taken of this new-found freedom from price control. What has been the result? With a degree of commendable restraint, plus a degree of increased competition in many lines and a degree of discrimination on the part of the buying public, the price level in nearly 100 per cent. of all commodities has been maintained at a very satisfactory figure and, in many cases, there have, in fact, been declines.

I would go further and say that, in many cases, the public have received the benefit of better values, not always reflected in the mere movement of the price itself. There are several industries, particularly where the manufacture is undertaken in this State, which have increased the value to the public because the removal of the fixed formulae for manufacturing has permitted the maximum flexibility in merchandising the finished product.

From my observations, the section of these trades that has received the greatest benefit has been in the utility class rather than in the luxury class. In other words, it is possible to prove, on examination, that the so-called luxury or higher class of trade might have suffered more since price control has been lifted, but the utility class of trade, about which we are most concerned, has produced a better article at a cheaper price and with a better range of products. It would be wrong for us to overlook the fact that during the period immediately following any decontrol, whether it be from prices, building, or other controls, there is always that period when there is the greatest danger of the freedom being abused. That is the most critical time and one usually expects during a settling down process a period of six, nine or 12 months to elapse. However, in this State I believe that industry and commerce have stood up to the test remarkably well.

I feel also that it is not fair for the Government to saddle industry with this control because one commodity, such as meat, may have risen in price. If he feels so strongly on the question of meat, would

it not be better for the Minister to face up to the control of that particular commodity as a special issue rather than menace the rest of industry and commerce with a control that will neither help the public nor encourage the merchant or the manufacturer to use his best endeavours to give value and service to the public?

It is a reflection on our approach to government that, merely because one commodity such as meat becomes a problem, we want to rush into a general or overall control of prices. Is it not better that we should examine the root cause of the problem and then remove the cause itself? I suggest that, as with most things, the reason goes back to the time-honoured question of supply and demand. To achieve satisfactory meat prices, regardless of whether there is control or not, we need to have, on the one hand, adequate supply and, on the other hand, a competitive system of distribution.

I have my doubts as to whether either of those conditions exist in sufficient degree today. It is true that there is a degree of competition amongst retail butchers in certain suburbs, but one can hardly say that there are adequate supplies of mutton, lamb and beef through our normal marketing channels. Despite the short market compared with the normal metropolitan demand, there is still a degree of competition in some suburbs where changed methods of merchandising are being practised to an ever-increasing degree.

The Minister complained bitterly about the price of meat and how it has moved upwards, but he did not tell us how much less the price would be under the control proposed by this measure, nor did he tell us whether the quality would remain the same under control. He did not tell us what the Government proposed to do to ensure that there would be an adequate supply of meat on the hoof nor did he comment on any Government proposal to ensure that there would be adequate wholesale and retail outlets to effect adequate distribution.

Until these requirements are met, whether there be control or not, there will not be meat available at a price much cheaper than it is today. I repeat that if it is the Government's desire to ensure that the buying public get the best value for their money, it is important that we should remove the root cause of inadequate supply and distribution. Control is merely a temporary palliative which soon defeats its own ends.

It is pertinent to compare the performance in respect of meat in this State at the moment with other States. The only figures I could get in time for my speech this afternoon are the figures for Western Australia, New South Wales and South Australia. Whether meat is specifically controlled in those other two States, I do not know, but in both New South Wales and South Australia we do know

that there is an operating system of price control. These are the comparable prices given in respect of the three States—

	W.A.	N.S.W.	S.A.
	s. d.	s. d.	s. d.
Wholesale ....	1 10	1 6½	1 4½
		(3½d. lb. advantage)	(5d. lb. advantage)
Fillet ....	5 0	5 4	4 11
Rump ....	4 6	4 9	4 1
Sirloin ....	3 3	3 8	2 11

We must have some regard to the comparable prices in the States where there is control and in those where there is no control.

The Minister for Lands: How do you justify those figures with regard to the wholesale price of meat in those States?

Mr. COURT: To my knowledge, in no State is meat controlled on the hoof and therefore the wholesale price reflects the auction system, which, I understand, operates in other States. Therefore, it does reflect the price on the hoof in each of those States. The Minister knows the price of meat does vary in complete harmony in all States, according to the seasons, because there are different seasonal effects in the States of New South Wales, Queensland, Victoria, South Australia and Western Australia.

The Minister for Lands: You are doing a bit of guessing.

Mr. COURT: No, I am not. They are factual figures I have quoted.

The Minister for Lands: You just said that you did not know what they meant.

Mr. COURT: I did not. I said that I was not sure whether the auction system prevailed in the wholesale price of meat in each State, but I think it does.

Mr. Lawrence: It prevails here.

Mr. COURT: The Minister has protested that his Government does not want control for control's sake. The introduction of this measure is not very convincing proof of such an attitude. It takes a degree of courage to release commodities from control, but experience has shown that when the full cycle has been completed, a free economy invariably produces the best results. Unfortunately there are very few Governments throughout the world which are prepared to face up to the inevitable.

I want to refer briefly to the question of profits, because it is directly related to price control. Anyone would think from the comments we hear from various people in Australia that it was a crime to make a profit, and that it was a very dastardly crime to make a very large profit. Actually my approach is that it is more of a crime to make a loss. Businesses showing profits do not tend to retrench their staffs; on the contrary, they seek to expand and progress. It is a business which is losing

money that chisels something off here and there, but not one that is developing on profitable, sound lines.

The approach of American labour organisations is entirely different from the approach in Australia. In America, one learns from the journals, they get perturbed if some of their main companies are not doing too well and do not make sufficient profit. They have a practical and sensible approach to the problem, namely, that companies must do well if the employees are to do well. In Australia there is a tendency to throw one's hands up in horror if a company shows a record profit or a record result for the year, rather than to declare that the company has done a good job in rapidly developing its enterprise.

There is a tendency to relate the dividends as a percentage of the share capital when considering the question of profits. The true test in determining the earning capacity of any company is to relate the profit-earning capacity, after taxes, to the funds employed, because very few companies have a comparable funds-employed structure. Some firms have a very high fixed share capital with low borrowed money and reserves; and others have very low fixed share capital but high undistributed profits and reserves, and as much borrowed money as they can obtain. The fact is that the funds employed are the total of all those factors. It is not a fair approach unless the net profits of a company are related to the funds employed. The Minister knows that during price control the commissioner always adopted that attitude, which was a very fair one.

The Minister for Labour: The member for Mt. Lawley did not think that was fair.

Mr. COURT: That meant, in sizing up several companies competing in one industry, the commissioner aimed at a common factor to determine the true funds employed. I mention that point because the Minister, during his reply to the second reading debate on another Bill, gave figures of percentage of dividend on the share capital. Had he related those to the percentage of dividends on the market value of those shares or the funds employed by those companies, he would have found that the net return was only 4 per cent., and in some cases under 3 per cent.

On the question of percentage margins of profit we find under the control measures proposed by the Bill, a degree of dangerous practice. I do not blame the control authority whilst a control is in force, because once it is applied, the authority has to agree to some formula or percentage margin as a yardstick to regulate an industry. The authority cannot be flexible, because once it begins to be flexible, it is open to criticism for discriminating between traders, giving advantage to one and disadvantage to another.

So it follows that when a control is applied to a given commodity, we have a fixed structure of either a formula, in the case of a manufacturing concern, or a percentage margin, in the case of a distributing concern. Therein lies a great danger, because it does not give the merchant the degree of flexibility that I claim is necessary if the public are to obtain the best value. In other words, the trader is out all the time to chase the maximum percentage on every line in his shop, without having the ability to resort to catch-lines. Probably when there is no control he has to take a little extra profit from the higher end of the trade, but I am sure that no member in this Chamber is concerned about the luxury or higher end of any trade.

I would like to comment on the commodities outside of the "C" series index. I agree with the Minister that it is not desirable to restrict our approach on prices to items strictly within the "C" series. I would like to think that the general living standard of the people is improving and that we do not measure our welfare by a restricted list of commodities. Using this test, I think we must all agree that Australia measures up very favourably to the rest of the world. One has only to examine the great increase in home amenities in the last three or four years, when there has been adequate availability, to find an ever-increasing improvement in furniture, floor coverings, refrigerators, radios, washing-machines, vacuum cleaners and motor-vehicles. From that we have to admit that the general living standard of the Australian people is improving. It is very interesting to note that in this particular class of commodities, which is outside the "C" series, there has been greater competition, and it has produced a fairly stable price level.

To a certain extent, the amenities side has been better catered for than the strictly "C" series side. I attribute the blame for that to the long period of price control, when the tendency of the authorities was to apply pressure on items in the "C" series. I think that was very wrong because the people who were supplying the basic needs of the population were the ones who received the severest attention under price control, with the effect that there was a tendency for merchants to get away from those items to other commodities, which were not within the "C" series index, and which did not receive the same degree of vigilance from the control authorities.

Related to this general improvement in the standard of living of the Australian people, is, of course, the fact that the general level of wages received by the majority of people is above the strictly basic wage or award level. This has given the people some tolerance with which to acquire articles not strictly within the "C" series. In justifying this

measure, the Minister referred to wage pegging and the movement that has taken place in prices. He made the observation that opponents of price control have advocated that if a degree of stability of wages were brought about, there would be stability in prices.

I think he would have been more accurate in assessing what has happened if he had emphasised the fact that wages had been pegged and at the same time most prices had remained static or tended downwards. It would have been quite proper for him then to lay stress on the fact that meat and rents had reacted in a manner to shoot the "C" series index figures upwards. If we examine our experience in this State over the last six months, a period in which there was no price control, I think we would find the contention proved, that, given a period of stability in the wage level, there would be a corresponding stability in the price level.

Mr. Andrew: There has not been stability in prices in these months.

Mr. COURT: There has been stability in wages, and there has been stability in prices.

Mr. Johnson: Do you not read the papers?

Mr. COURT: If the hon. member will bear with me for one moment, I shall prove my point.

Mr. Johnson: I do not believe it. Will you tell that to the court?

Mr. COURT: While the prices of meat and rent have increased—

Mr. Johnson: If you believe that, you will believe anything anyone tells you.

Mr. COURT:—the wage factor of this commodity, on the one hand and of service on the other, is nothing like the influence of wages in all other commodities. After all, there are only two things—meat and rents.

Mr. Andrew: They are very essential to the workers.

Mr. COURT: My point is—and I can prove it—that prices have remained stable in all these other commodities, consequent on the wage level remaining stable. No one can point to prices, outside of meat and rents, that have shown an upward movement.

Mr. Johnson: What about clothing?

Mr. COURT: Clothing has not. I said earlier that I would touch on some of the special commodities which the Minister referred to in his second reading speech. He devoted quite a lot of time to the price of beer. Personally, I consider it a bad show if we allow the movement in beer prices to affect our approach to the whole economic structure of the country. I am not a very heavy drinker—

The Premier: How would you describe a very heavy drinker?

Mr. COURT: I take the strongest exception as a taxpayer to the setting up of a very expensive organisation to control the price of a commodity like beer. If I think it too high, I do not buy it. Personally, I do not need it. If other people buy this and other like commodities, why not let them? Why set up an expensive organisation to control the price?

The Premier: No one is proposing to do that.

Mr. COURT: The Minister did make quite a play in his speech respecting the movement in beer prices.

The Premier: That was only one commodity among hundreds.

Mr. COURT: I have looked at some of the more important commodities that have been freed from control. Take the price of footwear. Footwear was always considered a commodity which would show an upward movement when there was decontrol. I have here a very comprehensive table showing the comparative cost and retail price for men's military boots, men's black shoes—fairstitched soles, boys and youths' black Oxford, girls' black Derby school shoes—Wearite sole, women's black Derby crepe sole, women's black Derby—golf sole, women's black walking shoes—leather sole, women's gabardine courts—high heel. I think we would all agree that they were in the main the type of boot and shoe prices which caused most trouble to control.

What is the position? The retail prices have not moved. I have been to the wholesalers to ascertain whether any disparity has occurred, and prices there have not moved. The next item is that of clothing. A statement was made that the price of clothing had moved upwards. I fail to see how that can be so, because, in the details I have extracted, I find that movements are conspicuous by their comparative absence. I have before me three pages of prices extracted, and they show but two or three rises.

The Minister for Labour: Clothing was decontrolled last year.

Mr. COURT: Then the Minister cannot be disappointed with the performance on the manufacturing side or on the retail side.

The Minister for Lands: What about furniture?

Mr. COURT: That is one item that has gone down considerably in the utility end.

The Minister for Lands: Tell us something about it.

Mr. COURT: The next line is groceries. I have been able to find no figures showing any upward movement in the grocery section, "C" series index, for the last six months, if we exclude meat, and since the 30th June, there have been some important decreases. In addition to the actual prices

charged by orthodox traders—I mean the people who give over-the-counter service or deliver to homes; the average type of suburban grocer—we have witnessed a big increase in the number of self-service grocery establishments. Here is a comparable list that I have had extracted for "C" series index items purchased from the grocer who gives a service to the house or to a customer who takes delivery, and the same brands of commodities purchased from a self-service grocery establishment, of which there are now many throughout the State, and the number of which is increasing.

The total of those commodities charged by the orthodox suburban grocer is £3 7s. 4d., whereas from the self-service establishment the identical items amount to £3 1s. 3d., which represents a difference of 9 per cent. It is not suggested that the "C" series index should be adjusted to include self-service prices. I consider that it should not be. If people have the energy and enterprise to save a few shillings by patronising those places, they should receive the benefit, but the fact remains that there is a facility by which they may save 9 per cent.

Mr. McCulloch: That applies to the city.

Mr. COURT: In many country centres, this type of store is operating because the advantage to the storekeepers and their clients is recognised. There is a degree of competition between the self-service and the orthodox storekeepers which is having a tendency to hold prices, because the orthodox storekeeper realises that he cannot charge fabulous prices for his goods in view of the drawcard of the bargain merchant.

The Minister for Housing: Do you know anything about mobile shops?

Mr. COURT: I do not, and would not hazard a guess. There are other commodities that we discussed on the previous occasion when a similar Bill was before us, namely, petroleum and superphosphate. Petroleum products in this State have reacted in complete harmony with the other States. Superphosphate, instead of increasing in price, has come down since decontrol operated and again from the 30th June, and I have been assured that, in addition to the price coming down as from the 1st July, there is to be an improvement in quality during the current year and that in itself represents better value.

The Premier: The first decrease in the price of super took place as a result of action in South Australia under price control.

Mr. COURT: I do not think that had effect in this State. The main increase here took place after the reduction in the price of bags, and there I consider that the superphosphate companies did a commendable job by ensuring that those who

had purchased super early in the year and so assisted the railways were not punished as against those who bought later in the year. They equated the reductions to all purchases from the 1st July, 1953.

Reference was made by the Minister to the charges of electricians and plumbers. My view is that control in those directions will do nothing to improve the situation. Obviously, there is an extreme shortage of skilled men in those trades, but is not the remedy to try to encourage as quickly as possible an adequate supply of skilled men in each of those callings? The adoption of this course would achieve two things; by the entry of additional skilled men into those industries, there would be created an adequate pool of labour to take the strain off those now engaged in those classes of work, and this would preclude people from charging more than they should. The second advantage would be that the greater the number of skilled tradesmen in industry, the greater the chance would be of our having an increase in the number of master traders.

Most of our well-known firms have been started by men who began work as ordinary tradesmen—men who had initiative and energy and who launched out on their own account. I should like to feel that, with the growth of the State, we had an ever-increasing flow of these skilled men who would eventually establish businesses of their own. There and there alone lies the remedy in respect of the charges for plumbing and electrical work.

In conclusion, I should like to refer to the clause in the Bill dealing with the consultative committee. When the Minister replies to the debate, I should like him to explain the method of appointing the committee. From my reading of the Bill, the method is not apparent. On the previous occasion when we had a similar provision before us, I thought some machinery was provided for the appointment of the committee; for instance, as to who would nominate the members. My view is that such a committee, which presumably would consist of laymen and not technical people, could be more of a hindrance than a help to the Minister because they could not approach the problem in the strictly technical manner necessary for the implementation of price control. True, they would get the reactions of retailers, manufacturers and consumers, but I do not think that, as a non-technical committee, they would be of great help to the commissioner.

The Minister for Labour: The previous Minister had a non-technical committee.

Mr. COURT: If the Minister examines the personnel, I think he will find that they possessed certain qualifications. As to whether the committee was warranted or useful is another matter.

The Minister for Labour: There was a second committee.

Mr. COURT: I do not wish to enter into a discussion about the committee beyond saying that I do not know to what second committee the Minister is referring.

The Minister for Labour: A second advisory committee.

The Premier: That was a set-up of his own.

Mr. COURT: I oppose the second reading and would not like to see the Chamber stampeded into control simply because one or two items are causing concern.

MR. HUTCHINSON (Cottesloe) [6.10]: I consider that the Government's action in introducing the measure at this stage is reactionary and retrogressive.

The Minister for Labour: What did you say?

Mr. HUTCHINSON: To my mind, it would not be in the best interests of the country to reintroduce price control now. I regret that the Premier has just left his seat, but from his eminent position he is able to capture the headlines by means of one or two small words, whereas we poor back-benchers must try to do something to gain a little attention.

The Minister for Housing: You will get your two words in all right.

Mr. HUTCHINSON: The Minister for Housing at one time indulged in like tactics.

The Minister for Housing: A case of mistaken identity.

Mr. HUTCHINSON: I repeat that the best interests of the country would not be served by the reintroduction of price control at this time. If controls are reimposed, they will serve only to anchor and impede what should be a prosperous and progressing economy—an economy that should be rapidly expanding in order to fit in with the development of the State. By reintroducing price control, the Government would reintroduce attendant evils, which would lead to, firstly, a loss of production with a resultant shortage of consumer goods; secondly, black-marketing; thirdly, queues forming at shops; fourthly, goods of poorer quality; fifthly, a poorer service; sixthly, a general lack of competition; seventhly, a general lack of incentive; eighthly, a tendency to drive production into the luxury trades, thus causing a wasteful movement of manpower; ninthly, the inevitable system of cost-plus, which militates against efficiency; and, lastly, I believe that it would cause a general lowering of the standard of living.

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

Mr. HUTCHINSON: Just prior to the tea suspension, I referred to the retrogressive and reactionary action of the Government in introducing this Bill on price control—

The Minister for Lands: I thought you might have felt a little better after tea.

Mr. HUTCHINSON: —and I gave a list of attendant evils. I claim, too, that it was not an exhaustive list in any way. I suggested that if price control were reintroduced, all these attendant evils would also be reintroduced. I realise, of course, that the Government has no intention of introducing or trying to reintroduce, all these attendant evils. But, unfortunately for the proponents of price control, they always appear with the introduction of price control measures and they could be termed the hydra-headed shadow of price control. It seems to follow, as night does day, that the manifest disadvantages of this hydra-headed shadow far outweigh the somewhat dubious advantages of price control itself.

Therefore, it seems foolish to reintroduce price control as the so-called remedy when this Government interference will undoubtedly be worse than the so-called disease. To be particular on one or two items, I made a point of doing a little research in regard to the price of beer and the statements made by the Minister. I promise that I will not give it undue emphasis and will probably allocate only such time as did the Minister himself. Following the Minister's remarks, I think that figures should be given in the cause of justice and to serve our Australian sense of fair play.

The last rise in the wholesale price of beer was granted by the Prices Commissioner in 1952. So for 19 months the brewing companies, including the Swan Brewery Co., have absorbed increasing costs. The figures I shall quote show the increases that have taken place in the time I stated and include an increase of 1s. 1d. per bushel in the price of malt, after allowing for the recent fall in the price of barley. There was also an increase of 5d. a lb. in the price of hops and it is interesting to note that 506,460 lb. of hops are used per annum.

There has been an increase of 3½d. per gross in the price of crown seals, and bottles have increased by ½d. a dozen. There has been an increase of 8s. a week in the basic wage and excess water rates have risen by 3d. a thousand gallons. Members should note that each year 175,000,000 gallons of water are used. Prices of wooden cases have increased by 10d. each and, of course, payroll tax rises with wages. Railway freights have increased by 29 per cent. and that is a heavy item because it affects not only the commodities sent from the breweries, but also the return of empty barrels and bottles. The figures I have read do not include increased fuel and transport costs, etc.

I have been informed that these and other overall costs have, in recent months, resulted in the wholesale price of beer—prior to the 23rd July—failing to produce any real profit. Under the circumstances, surely it is reasonable for the breweries to charge a small increase! An examination of the records indicates that under price control small increases were granted by the Prices Commissioner at fairly regular intervals of between 12 and 18 months. Therefore, a period of 19 months—seven of those months being free of price control, during which time costs steadily increased—indicates that a genuine effort was made to maintain the wholesale price of beer at the 1952 level. Is it not rather logical to assume that unless the position regarding these prices made it imperative for the company, it would be most unlikely that the present time would be chosen for the increase? I mention the present time because of the foreshadowing of this measure.

When introducing the Bill, the Minister made some statements regarding beer prices and they did not altogether coincide with the facts. Even though it does not carry much weight, the Minister's figure of £500,000 regarding what the drinking public would pay does not seem to coincide with the figures given to me. From the 1st July, 1953, to the 30th June, 1954, the total production of all breweries in Western Australia was 17,847,052 gallons; that is the official figure. At 2½d. a gallon this represents £185,906. This is not extra profit, as the Minister stated, but practically all of it will represent a return of increased costs. Therefore one should look at the other side of the picture when one talks of increases, and I mention this fact so that some weight can be given to the brewery's side of the picture and the justification for an increase.

The other item I want to discuss is meat. In 1951 I was a member of the select committee which inquired into meat supplies and I found myself in fairly distinguished company as two of the present Ministers were also members of that committee—I refer to the Minister for Education and the Minister for Railways. At this stage I think it pertinent to read one or two portions of the report so that we can see how the committee felt. I might state that there was no minority report but the report was agreed to by the five members of the committee. I quote from the report as follows:—

All witnesses except the Prices Commissioner have also agreed that price control on meat is ineffective in most areas and in the only part of the State where it was effectively enforced, meat supplies decreased seriously and the area, the Eastern Goldfields, is receiving less than 40 per cent. of its meat requirements through its butchers' shops. As price control on meat is ineffective, it cannot have any material effect on prices paid for livestock on the hoof but witnesses have

generally agreed that price control, even though ineffective, discourages producers of livestock for slaughter by creating uncertainty. Producers of fatstock for slaughter in the short supply period of late autumn and winter must provide special fodder supplies, and fear of rigid enforcement of ceiling prices discourages this use of such pastures and encourages a further changeover to the highly profitable wool production.

The ineffectiveness of price control on meat is also having a serious effect in lowering the standard of business morality in the butchering trade.

The only other portion of the report—all of which, however, is relevant—that I wish to read is the first of the recommendations which states—

That price control of fresh meat be discontinued and price control of frozen meat be restricted to control of the profit margin between cost of the frozen meat out of the freezer and the consumer.

I suggest that due weight should be given to that report. During the weekend, while I was doing some reading on the subject of prices, I read of the formation by the British Government in 1946 of a committee under Lord Lucas. This committee became known, not unnaturally, as the Lucas Committee and it was formed to make recommendations regarding marketing boards, prices, profits and the like. It was suggested, among other things, that commodity commissions should be set up and financed from public funds.

The prime purpose of the commissions was supposed to effect unspecified marketing economies. Mention was then made that if these economies were realised, they should provide a fund for the payment of the various commissions. Quite apart from any other conclusion one may wish to draw, it is blatantly obvious that bureaucratic control is nothing more nor less than a parasite which feeds on the public and private purse. It gives little return for its cost but instead is damaging to an economy. It is interesting and noteworthy that the Lucas Committee did not recommend a return to a free market.

It said, in other words, that the free market had the merit of training men of suitable ability to carry out the policy of the various commodity commissions. I think most members will agree that that also gives us food for serious thought. Surely this attitude of setting up a prices commission, as exemplified in the Bill before us, is completely fallacious. It merely serves to transfer the multitudinous problems of price control from the business world, where I believe they properly belong, to a small group comprising the prices commission. I do not think that

such is the right method. I think we should remember that the creation of prices control establishes all those attendant evils of which I spoke some time ago.

Members may talk if they like of a planned economy and give their views of such a system, but, for heavens sake, do not let us have a planned economy with control at the centre! I feel we could have a planned economy, providing the control is based on the circumference. We should not fall for centralised control; it is unnatural, inelastic, and it invariably deleteriously interferes with the natural laws of supply and demand. I feel we should have an economy that is based on a framework of free enterprise, in which incentive and competition work harmoniously with the laws of supply and demand. In this way the best interests of the people will be served, where the criterion is the supply to the customer of the type of goods and service he demands.

In this debate on price control I feel, as did the member for Nedlands, that some mention should be made of profits. I, also, am afraid that far too large a proportion of the people feel that there is something immoral in profit-making. Such is certainly not the case. I contend that there is no moral difference between the businessman who earns a profit out of manufacturing or performing some service which the people require, and his employee who earns a living by exactly the same process. The only difference, I submit, is that the employee expects his remuneration whether the goods satisfy the people's wants or not, while the businessman or the entrepreneur must satisfy the demand, or he would have very little or no return.

The Minister for Works: Of course you are overlooking the fact that the wages man has his remuneration fixed by the court—

Mr. HUTCHINSON: I am not.

The Minister for Works:—whereas the businessman increases his price to cover his costs.

Mr. HUTCHINSON: He increases his profits by his initiative and the extent of his business acumen to supply people with the goods and services they require. I follow the hon. member's point and I do not deny that there is some truth in it; but he cannot deny the truth of my assertion. In relation to profits it is often forgotten—when reference is made by people concerning the iniquity of high profits made by certain business people—that more often than not it was only the business people themselves who believed in the possibility of the success of their venture, and who eventually, through long years of hard work and long hours, achieved the success that gave them those profits. Those factors should be taken into consideration.

Price control, as I have said before; inevitably leads to a system of cost-plus, which places a premium on inefficiency. Then, too, there is this anomaly of price control: The control of what are considered necessities drives purchasing power into luxuries, and the increased purchasing power there attracts labour and capital into the luxury trade and increases that sphere and so makes our economy unbalanced. Then, of course, it is considered necessary to control the luxury trade, and so we never reach the end of Government interference with private life.

There is a point, too, that I feel should be noted well, namely, that the control of the price of goods is actually a control of the makers or manufacturers of the goods; so too, does it control, to a slightly less degree, the people who buy them. This means, to draw a very general conclusion, that the people by and large are controlled in this respect, and their powers of individualism are immeasurably reduced. I know that this is largely theoretical, but nevertheless I think there is much truth in it. It means in effect, "You will follow a certain pattern of living."

I believe we must avoid price control, at least for the reasons I have stated, quite apart from any others. But above all, I believe we should avoid it because of the disastrous effect it has on production. It cuts incentive in competition, and cuts down on the production of a country; it creates shortages everywhere. On production depends our real standard of living. That great economist, Adam Smith, opens his inquiry into the wealth of nations by saying that the simple truth that the standard of living which a nation can enjoy, depends upon the amount of production which that nation brings forth. Where productivity is high, the people can enjoy the necessities and conveniences of life in abundance; where productivity is low it is useless to expect to live well. If we have price control, one of the attendant evils, probably the principal one, is that there will be a loss of production.

The Premier: Could the hon. member tell us how much production has gone down in the Eastern States in the last few years?

Mr. HUTCHINSON: There is no saying: one cannot draw a conclusion on economics over such a short period, but I would suggest that it would take a better economist than the Premier to deny what I consider to be a factual statement, namely that made by Adam Smith when opening his inquiry, which is set out in his book, "The Wealth of Nations."

The Premier: When did he make that statement?

Hon. Sir Ross McLarty: Before you were born.

The Premier: I think it was in 1622.



**Mr. HUTCHINSON:** In that respect I feel that if the Premier, in conducting the policy of his party, were only half as progressive as he makes out he would like to be, his policy would be much more alive than it is.

**The Premier:** Would the hon. member tell us whether production has gone up or down in the Eastern States.

**Mr. HUTCHINSON:** To that policy might be applied the adjectives with which I described the Bill at the outset; I used the words "reactionary" and "retrogressive."

**The Premier:** Would the hon. member tell us whether production has gone up or down in the Eastern States.

**Mr. HUTCHINSON:** I do not—

**The Premier:** Know!

**Mr. HUTCHINSON:** I cannot give a factual answer to the Premier, but if he were to put that question on the notice paper, I could give him an answer in due course.

**The Minister for Works:** It has gone up.

**Mr. HUTCHINSON:** Of course it would probably go up. If the Premier tried to disprove my statement by asking whether production has gone up in the Eastern States under price control or not, and the answer is that it has gone up, I say it would have gone up much higher had there been no price control.

**Mr. Andrew:** Give us something to prove your assertion.

**Mr. HUTCHINSON:** I contend this measure will do no good to the people of the State; on the contrary, it will do much harm. I strongly oppose the Bill.

**MR. ANDREW (Victoria Park) [7.57]:** I have listened to the comments and the arguments put forward by members of the Opposition, and I must say that some of those arguments are rather astonishing.

**Mr. McCulloch:** They are weak.

**Mr. ANDREW:** For instance, the member for Nedlands made an assertion that if the Government brought down a Bill to enforce price control to help the beer drinkers, he did not think it would be warranted. The main basis of his argument was that he had proved that the prices of some goods had not increased since price control was abolished, and this, he said, proved his case. As a matter of fact, he said it proved his case notwithstanding the fact that people on salaries and wages are down about £1 this last 12 months because of the rise in prices.

The member for Mt. Lawley, and the members of the Opposition generally, brought forward the same old arguments. The other night I was reading "Hansard"

and I think that if the portion I perused could be reprinted, it would be identically in line with what the member for Mt. Lawley put forward tonight. Again he quoted the case of Canada. One of the assertions made was that price control lowers production and does not help people because lower production means a lower standard of living. Not one speaker produced any argument to support his contention. I submit that if one makes an assertion one should at least endeavour to support it with some argument or facts.

I know a manager of, I suppose, one of the biggest shops in Perth. He made a statement to me when speaking about price control while it was in vogue last year. He said that it did away with competition—and that is what our opponents here say—and that it caused the prices of goods to rise. I said, "How do you make that out?" He replied, "I have articles to sell for 11½d. and the fixed price is 1s., so I put my price up to 1s." I said, "You have not any need to do so," and he replied, "That is what we do." I answered, "Well, you do not need to. Surely you thereby defeat your argument that control does away with competition, because you could still sell for 11½d., and if your opponents put up their prices to 1s., and there was competition, the people would buy more from you than from your competitors." He replied, "We do not do that," and I told him that he should not put an argument forward unless there was some truth in it.

The arguments of members opposite do not support their contention that competition is done away with under price control, because the prices at which vendors are compelled to sell are the maximum prices. They could sell for a lower figure and get the best part of the business offering by under-selling their competitors. Prices rise mainly when there is plenty of purchasing power. The member for Mt. Lawley, in his comparison of Canada with Australia, gave certain figures. I do not dispute them, but I reiterate what I said a week or two ago about people not seeing the whole picture.

The fact is that, over the years to which the hon. member referred, there was a large number of unemployed. I may not be correct, but I believe that it ranged from 8 to 10 per cent. of the population. That means that the purchasing power in Canada was less than it would otherwise have been; and naturally prices went down, because people did not have the money to buy the goods offered for sale. If the whole of the goods offered had been bought, then the workless people would have been employed. That indicates the fallacy of the argument put forward by the member for Mt. Lawley.

I have a correspondent in America, and I have received some information on this matter in letters that have come from her. After the war there was a campaign in

that country for the abolition of price control, and this young woman wrote to me that she was of the opinion that price control had done a good job in Australia, but that her husband and father-in-law considered that price control should be abolished. Ultimately, control was lifted. Time went on, and about nine months later she wrote that prices had immediately risen following the abolition of price control, and her husband and father-in-law then believed that some form of price control should be reintroduced. At that time there was a good deal of agitation for the re-establishment of such control. With the removal of price control in America, prices did not go down, but up. American servicemen came home with big cheques, but prices went up and business people grabbed the money that these men had as quickly as they could. When price control was lifted, American economy developed in a bad way. All that disproves quite a lot of the arguments submitted by the Opposition.

Our friends opposite do not object entirely to price fixing. As a matter of fact, years ago the member for Toodyay and I took steps to try to obtain a fixed price for dried fruits, which we were then selling; and we were successful. The price of wheat is fixed, and there are many other forms of price control which members opposite are prepared to have administered. America, to which I have been referring, is the home of private enterprise; the home of what is called rugged individualism—everybody for himself and the devil take the hindmost!

Recently, according to an article in "The West Australian" on the 23rd June, very severe controls were imposed in this home of private enterprise, and that had to be done because the economy of the country demanded it; or so it was thought. Here is the newspaper extract—

Washington, Tues.—The Secretary of Agriculture (Mr. Ezra Benson), today announced that production controls would be placed on the 1955 United States wheat crop.

He proclaimed that the national wheat acreage for next year's wheat crop could not exceed a total of 55,000,000 acres.

The acreage last year had been reduced to 62,000,000 acres.

Mr. Benson also announced that the new controls—which apparently would be the strictest ever placed on the American farmer—would also cover the diversion of the acres from wheat planting to the planting of other crops.

The controls were designed to keep extra wheat, maize, cotton, tobacco, peanuts and sugar crop land from being diverted to the output of excessive supplies of other commodities such as soybeans, flaxseed, oats, rye, barley, potatoes, dry beans and vegetables.

Under the controls, if a farmer did not comply, he could not receive the Government price support for the commodities he grew.

About 900,000 American farmers would be directly affected by the new wheat limitation and about 1,500,000 farms by controls where a farm grew more than one basic commodity.

Hon. Sir Ross McLarty: Is not that an attempt to keep prices up?

Mr. ANDREW: Yes. I am referring to the fact that controls are being introduced. The member for Cottesloe spoke of bureaucratic control. Is not that bureaucratic control? Members opposite speak of supply and demand; but they forget that when other than the ordinary people are affected.

At times prices have to be adjusted. As I have said, I was a member of a deputation, in company with the member for Toodyay, which sought a price for dried fruits, because it was necessary to enable men to be kept on the land. Controls are necessary at certain times. I have never heard members opposite state that they object to price control during war. If the same conditions exist during peacetime as prevail during a war, then the same remedies must be applied in each instance.

If there is plenty of purchasing power in the hands of the people, prices have a tendency to rise. We desire that people should have the benefit of the purchasing power which they possess; but apparently our opponents do not. There will be control, whatever way it is considered. We desire to control the economy in regard to prices by fixing those prices on a fair basis for the manufacturer, the producer and so forth. But prices can be controlled in another way, by reducing the purchasing power in the hands of the people, and it seems to me that is the method generally favoured by the conservative parties.

I am afraid, however, that they will be ultimately forced to alter their views in that direction, because today there cannot be prosperity without an inflationary trend. In other words, when the manufacturers find that they can sell all the goods they can produce, the tendency is to put prices up. The illustration given by the member for Mt. Lawley in regard to Canada puts the other point of view: that, through the purchasing power not being in the hands of the people on account of some being unemployed, they have not the ability to buy the goods for sale, and the tendency is for prices to be reduced. I think that is a fair assessment.

Next I would like to read an extract from Saturday's issue of "The West Australian" under the heading of "What is the Proper Price of a Sardine?" This is

an answer given by Professor Murdoch to a question from a contributor. The extract is as follows:—

Your use of the word "proper" is improper. What has propriety to do with a question of economics?

The proper price of anything, if I understand aright the orthodox economic doctrine, is the highest price you can induce a sufficient number of people to pay for that thing.

Suppose you are a sardine-monger, you have to consider—(a) what is the lowest wage you will have to pay the fisherman, (b) what is the lowest price you must pay for oil not bad enough to kill consumers, (c) what is the cheapest tinplate you can get, (d) what is the lowest wage you must pay the makers of sardine-tins, (e) the smallest amount you will have to pay distributors to induce them to handle your product.

Having added all these factors together, you have to consider (f) what is the greatest amount you can add, for your own profit, without making the price so high that only mugs will buy sardines. As every sound commercial man knows, there are not enough mugs to go round. You must not depend on them.

Perhaps what you meant by "proper price" was "real value." You must not confuse price with value; there is, as far as I can see, no connection between them.

I think that is correct, except that I do not agree with the word "mugs."

Hon. Sir Ross McLarty: I think you would have to read it again in order to follow it clearly.

Mr. ANDREW: There are many things which people have to buy and, whatever the price is, they must pay it.

Mr. Perkins: Who wrote that?

Mr. ANDREW: Professor Murdoch.

Mr. Perkins: Is he a Professor of Economics?

Mr. ANDREW: No, he is not.

Mr. Perkins: What is he a professor of?

Mr. ANDREW: English.

Mr. May: Sardines!

Mr. ANDREW: I do not know that that affects the argument very much. The services of plumbers are hard to obtain. Consider the prices they charge! Yet members opposite apparently think that no control should be exercised over them, and that their exorbitant prices should not be reduced. A young couple in South Guildford are self-help builders. They erected the back half of their house and then required the services of a plumber. He came over for about 20 minutes to have a look at the job. He supplied about £2

worth of material and was engaged altogether for four hours and 20 minutes. His charge was £25.

There is a man in this House who can bring documentary proof of what I am now going to say. A self-help builder and his wife in Fremantle worked very hard to complete their home, and they got to the stage where they wanted the iron put on the roof and the plumbing finished. They went to a reputable firm of plumbers in Fremantle and were quoted £250 for the job. They thought that was too much. A plumber said to them, "I am going on holidays later and I will do the job for £60," and he did. He worked three days and a few hours on the fourth day. He did work long hours on the three days, I will admit, and his charge was for labour only.

Mr. Ackland: Make inquiries as to what the Metropolitan Water Supply Department charges.

Mr. ANDREW: I will put price controls on it, too.

The Minister for Works: You are not suggesting that it is more than a plumber in private business charges, are you?

Mr. Ackland: No plumber could charge more than was charged in the instance I can give you.

The Minister for Works: I will be glad to have it, because you are well off the beam.

Mr. Ackland: I am not.

Mr. ANDREW: I have not much more to say, but I have heard in this House, since I have been here, the same arguments reproduced. I remember that, years ago, when the Chifley Government was in office and there was rigid price control, our economy was on a better basis than it is now.

Hon. Sir Ross McLarty: It did not stop price rises.

Mr. Brady: Of course it did.

Hon. Sir Ross McLarty: Of course it did not.

Mr. ANDREW: The Leader of the Opposition, amongst others, went to the people on that occasion and told them that the States could control prices better than the Commonwealth could. I tackled a friend of mine, who is a Liberal, on the point, and he said, "We knew they could not, but we supported them because we did not want price control." The Liberal Party represents the people who are selling the goods, and they want their friends to have the higher prices. Time after time the arguments that were put forward on the occasion of the referendum, and again last year, have been proved to be wrong by subsequent events, but members opposite continue to rehash them.

On motion by Hon. A. F. Watts, debate adjourned.

# **BILL—RENTS AND TENANCIES EMERGENCY PROVISIONS ACT AMENDMENT.**

Returned from the Council with amendments.

## **BILL—STATE HOUSING ACT AMENDMENT.**

### *Message.*

Message from the Lieut.-Governor received and read recommending appropriation for the purposes of the Bill.

### *Second Reading.*

Debate resumed from the 29th July.

**Mr. WILD (Dale) [8.20]:** The Minister, when introducing the measure the other evening, indicated that there were three principles concerned, the first one being to give either the wife or the husband the opportunity of being a joint participant in the privileges available under the Workers' Homes Act; the second, giving the State Housing Commission the right to guarantee to an applicant under the Workers' Homes Act the extra sum of money he might require to complete his home; and the third being, in the main, only a method of meeting the situation with regard to the book-keeping for the Workers' Homes Act.

The first amendment is rather inconsequential in that it seeks to give both the husband and the wife the opportunity, if they so desire, of being joint tenants or joint owners of a worker's home. Today, if a husband enters into an agreement in connection with a worker's home, and he passes on, a certain amount of formality has to be complied with in order that the wife may take over where the husband left off; and vice versa. So, it is only fair and proper—many of us do in our ordinary daily lives, when we enter into a contract, endeavour to have our wife as a joint partner, in order to overcome these difficulties when one or other passes on—that this provision should be included in the legislation.

The main amendment that concerns us is the one which provides that a person receiving benefits under the Workers' Homes Act shall be able to obtain extra finance to finish his home. The Minister, after 18 months as Minister for Housing, has realised that what I have said with regard to housing is fairly correct in that we are in the position at the moment that the available materials will not permit us to build more than 8,000 houses in any one year. He also went on to say that, unfortunately, many rental homes were being erected but few were being sold. I was pleased to hear the Minister say that, but it does not exactly line up with the attitude he has adopted this year, inasmuch as we are going to build more rental homes than we

have ever built before. When we look at the Subiaco flats project, we also find that he is going to spend approximately half the money that is available to him, for the provision of rental accommodation for 242 people.

In reply to a question this afternoon, the Minister said that the amount he anticipated would be made available this year for the purposes of the State Housing Act, was £998,000. Although the Opposition has not been told what the position is exactly, we gather, from questions asked and answers given away back in last December, again during the special session on April and also early in this session, that the money for the Subiaco flats is coming from the grant made by the Treasury to the State Housing Commission for the State to implement the State Housing Act.

If we take £475,000—roughly £500,000—which I understand is the contract price for these flats, it means that half of the money that is being made available for the purpose of the State Housing Act is to be put into an entirely rental project. This is rather in contradistinction to what the Minister said he hoped when he indicated that unfortunately too many rental homes were being erected. If one looks at this figure, of £998,000 and takes £500,000 out of it for the Subiaco flats, and then sees that by the provision of this amending Bill up to 25 per cent. of the money that is made available from the Treasury may be used for the purpose of the implementation of this amendment by making money available for a second mortgage for people wishing to increase the size of their homes, we get down to a figure of, roughly, £250,000 which will be available for the self-helper, for whom the Minister has great regard; and so have I.

The self-helper is the man who, in my view, is largely lifting us out of the rut with regard to housing. As I said not many days ago when speaking to the rents and tenancies Bill, I would sooner that the amount of £500,000 being spent on the Subiaco flats were utilised to assist these self-help builders. Whilst the Minister did not specify that exactly, he said that unfortunately too many rental homes were being built. It would have been much better had he made the £500,000 that is provided under the State Housing Act, available to the self-helper who wants an extra £500 or £750 to get on with the job. We all appreciate that it is difficult these days for the average man to get finance from the banks or the insurance companies because they have a rather restricted policy, I know that in recent months they have eased a little, but the Commonwealth Bank is still sticking to £1,750 for a brick home and £1,350 for a timber-framed home.

I know that by the amending Bill the Minister hopes a man who can make arrangements to get some money to commence his home, will receive assistance

up to a maximum of £3,000, excluding the value of the land. In that event we will get on with the building of homes and the improving of the types of home. I cannot get away from the point I made just now, and I want to repeat it, that the man we have to help is the man who is helping us to get out of the rut, and that is the self-helper.

Personally, I join with the Minister in deploring the fact that many of our local authorities are extremely difficult with regard to the man who is trying to do something for himself. I know that when I was Minister for Housing there were three or four of them. On the other hand, some local authorities were out to assist the man who was trying to help himself. They would allow him to live in a garage, and would give him perhaps 12 months, provided he put down his foundations and showed that he was trying to do something. But, as I say, there were two or three local authorities who were damning every effort of the man who wanted to do something for himself.

One classic example, although it did not concern so much the self-helper, was in respect of the Austrian houses that were erected in Belmont. Because the bathrooms happened to be three-and-a-half square inches short, the local authority refused to let us put them up. Had the bathroom been one square foot short, or something like that, there might have been some argument, but anyone who says that because a bathroom happens to be three-and-a-quarter or three-and-a-half square inches below the standard required by the local authority, it does not conform to the health laws, has another think coming. However, we are thankful that there are some local authorities who are helping those fellows who help themselves.

There is really nothing much in the Bill, which seeks only to give the man who is not able to raise the finance to build his home, an opportunity to borrow the extra money, which will be guaranteed up to 25 per cent. of the total amount of the funds available to the State Housing Commission. In addition, it will give this dual responsibility in regard to the worker who makes application. The last two provisions are machinery matters only with relation to the method of handling the accounts of the Workers' Homes Board and the State Housing Commission. I support the second reading.

**MR. PERKINS (Roe)** [8.31]: I wish briefly to indicate my support of the principles contained in this measure. As most members know, I have for a considerable time advocated greater help for those people who have sufficient initiative to do something for themselves. There are in the community many people who, perhaps, are not receiving very high wages but who, although they have a lot of expense to bear, are yet able to put something by.

If they are willing to utilise their savings in an endeavour to provide themselves with housing rather than ask the State to do everything for them, I feel they should be encouraged to as great a degree as is practicable. I have discussed this problem with the Minister for Housing on previous occasions and am glad that he has brought down this Bill which, I think, will go at least some way towards helping a number of people to whom every encouragement should be given.

The only point in the Bill to which I would offer criticism is the provision limiting the amount that can be expended in this direction to 25 per cent. of the total funds available to the State Housing Commission. I am not altogether able to understand the purpose of that statutory limit as I would have thought it could be left to the discretion of the Minister and the State Housing Commission to decide what proportion of the available funds it was desirable to use under this legislation. I realise that the State Housing Commission must provide some rental homes and, of course, it will have to continue helping many people, just as it has done in the course of its operations in the past.

I believe, however, that if the funds at the disposal of the Housing Commission could be used to greater purpose to augment the savings of certain people, as well as the finance available to them from other sources, the money would go much further if used in that way. Of course, there is a physical limit to the amount of house-building that can be done. The member for Dale has already said something about that, and I realise also that there must be a limit to the amount of money available from the various financial institutions for those who wish to help themselves and make use of this type of assistance from the State Government.

When he replies to the debate, I would like to hear the Minister state the reasons which actuated him in placing this statutory limit on what could be done under the Bill. Obviously, from time to time the State Housing Commission and the Minister will be giving consideration to the sum used under this particular legislation as against the rest of the commission's activities, and I think it would be better to leave the question of the amount to be spent in this way to the discretion of the Minister and the commission rather than to include in this legislation a statutory bar. Perhaps it will not be practicable to use even 25 per cent. of the available funds in this way but, on the other hand, if the scope is there, I cannot see why we should, by means of this Bill, limit it in the way suggested.

If the principle of providing help along these lines is a sound one, I believe the maximum use should be made of the provisions of the measure. I repeat that,

in my view, the people who are prepared to do something towards overcoming their housing problems are entitled to greater sympathy and more help through whatever agencies exist to assist in that direction than are those who expect the State to get them out of their difficulties. I would mention, in passing, the disparity that exists between the treatment meted out in the metropolitan area and that given in country districts.

I have heard announcements from time to time from various people—not particularly the present Minister for Housing—that it is desirable that business organisations wishing to employ married labour in country areas should provide the necessary housing.

Particular reference has been made to stock firms, banks and other enterprises in country districts. That they should provide housing for their married employees is desirable within certain limits, but obviously some such institutions must find it difficult to provide all the housing necessary for the staff concerned. I have not heard any suggestion that these same businesses should provide housing for their married employees in the metropolitan area.

Of course, quite a large proportion of those employees, provided they applied for houses at the appropriate time, are now being housed through the agency of the State. For these reasons, I think the use of some of the available funds to help people who are prepared to help themselves is a step in the right direction. It will give a more equal opportunity to people in whatever part of the State they may live, whoever employs them and whatever their class of employment may be, to obtain reasonable housing.

I hope that when this Bill becomes law there will not be a long delay involved in its operation such as people have been accustomed to expect when applying for assistance from the State Housing Commission under any of the schemes at present in operation. Such delay is particularly undesirable as many people are shifted, in the course of their employment or for other personal or business reasons, from one part of the State to another, and thus their housing difficulties are increased.

Obviously, it is not possible for them always to anticipate such moves, and if there is a lag of a year or more after they apply and before they can start building operations, it will seriously limit the usefulness of any assistance offering. That is a further reason why I think it is unwise to place any statutory bar on the discretion of the Minister and the Housing Commission as to the use and allocation of the available funds. No matter what amount of money is at their disposal, there is a certain limiting physical capacity in avail-

able material and labour, which will provide only a certain amount of housing, and therefore I think it desirable that the first priority, within that capacity, should go to those who are prepared to do the maximum to help themselves. I support the second reading.

**THE MINISTER FOR HOUSING** (Hon. H. E. Graham—East Perth—in reply) [8.42]: Notwithstanding the assertion of the member for Dale that there is nothing very important in the provisions of this Bill, I desire to point out that experience in the past several days, since the terms of the measure were announced in the Press, has been remarkable. One officer, to wit, he who is in charge of the Housing Advisory Bureau, has had no less than 15 persons per day calling to make inquiries of him. Officers in other branches of the Housing Commission have had similar approaches made to them, and I have received inquiries from country districts in various parts of the State. All this indicates that the provisions of the Bill constitute a gleam of hope in the hearts and minds of many people who for years have felt frustrated because of the impossibility of bridging the gap between what they have, added to the bank resources available to them, and the total cost of building homes for themselves.

Hon. A. V. R. Abbott: Were any of them embarrassed by the provision that they could not be earning more than £1,000 per year?

**THE MINISTER FOR HOUSING:** That point has not been raised and, as I indicated when introducing the measure, there are already several thousand applicants on the waiting list for homes under the State Housing Act, where the income limitation also applies. I therefore do not anticipate for one moment that the Housing Commission will run short of clients.

Hon. A. V. R. Abbott: I was not thinking of that, but it is a bit tough on those who may be earning just a little more than £1,000 a year.

**THE MINISTER FOR HOUSING:** It may be, but the whole intention of the original legislation setting up the Workers' Homes Board was to assist the person who had practically no finance of his own. Apropos of that point, I will refer at this juncture to the observations of the member for Roe, who questioned the wisdom of limiting by statute to 25 per cent. of the funds available to the State Housing Commission, the amount to be devoted to the purpose of the scheme that the Bill deals with. The reason should be fairly obvious. Under the scheme outlined in the Bill it will be a prerequisite that an applicant shall have from say, £200 to £500 of his own. As I pointed out, when it is remembered that people today are being granted houses that they are purchasing on deposits as low as £5, it will be seen that we

are going part of the way towards destroying the original concept of the measure, which was to help people who are without funds or resources.

Mr. Perkins: That principle was handed down from the old workers' homes scheme to the State Housing Commission.

The MINISTER FOR HOUSING: Yes, with identical provisions but with adjustments so that they might conform to the new monetary standards brought about by the inflationary spiral. Apart from that, all the provisions contained in the Workers' Homes Act were transferred to the State Housing Act.

Hon. A. V. R. Abbott: Would you not have some difficulty with the Commonwealth, especially with regard to its financial policy, on the question of lending money for rental homes?

The MINISTER FOR HOUSING: This is money used by the State Housing Commission for its operations under the State Housing Act and drawn from the State's own loan fund.

Hon. A. V. R. Abbott: This has nothing to do with the rental homes scheme?

The MINISTER FOR HOUSING: No. The member for Roe suggested that there should not be a limit because under this scheme there is the possibility of the State Housing Commission augmenting its funds by drawing bank credits instead of having to provide all the money itself.

Mr. Perkins: As well as the Savings Bank fund?

The MINISTER FOR HOUSING: That is so. Under the provisions of the State Housing Act there is nothing to stop an applicant lodging a deposit of £500, but the point raised by the member for Roe is the very reason why there should be a limitation. It is too attractive for the State Housing Commission or the Minister for Housing to operate a scheme under which some hundreds of thousands of pounds of additional money is being used for house-building purposes and is being drawn from the bank. There would be a tendency for the Minister for Housing, in order to solve the housing problem, to concentrate on this scheme and lose sight of the original intention behind the Workers' Homes Act. In other words, the worker who had only £20 or £50 would be by-passed because the Government would be only too anxious to help those who wished to lodge a deposit of from £200 to £500 because of the additional money that could be obtained.

Mr. Perkins: Surely you would not fall down on your job like that!

The MINISTER FOR HOUSING: I will be perfectly frank with the member for Roe and tell him that when this proviso was being discussed by Cabinet, it decided to insert it in the Bill for the very reason that it has not such faith in succeeding Ministers for Housing as it has in the present one.

Hon. Sir Ross McLarty: Give yourself a pat on the back!

The MINISTER FOR HOUSING: And if there were a change of Government the very thing that this Government fears could conceivably happen. It is obvious, if the present Opposition became the Government, that the member for Roe could be appointed as Minister for Housing and he would do that very thing that the Government seeks to avoid.

Mr. Perkins: The Government could have a majority to amend the Act.

The MINISTER FOR HOUSING: Listening to some of the speeches made by members who are on the other side of the Chamber, I thought that most of them had confidence in the Legislative Council as a House of review and they would not automatically get their legislation passed by that place. However, we are getting away from the Bill and the points raised in connection with it.

I would now like to make reference to the newspaper report of my speech which I made when I introduced the Bill. I do so not in any sense of criticism. In a matter such as this I can hardly imagine that the incorrect report would be deliberate, but that which was published in "The West Australian" was certainly misleading, and I seek to make some correction in two or three places for the purpose of properly informing the public of what is meant by the Bill and what I said in regard to it. In the Press a statement was made that the Housing Commission would guarantee up to £2,500 on a house costing not more than £3,000. The commission would not be guaranteeing £2,500.

In the course of my speech, I think I gave a concrete example of an applicant who had £500 of his own money. He could raise £1,350 from the Commonwealth Bank, making a total of £1,850. The house might cost £2,350. The State Housing Commission would then guarantee to the financial institution the required additional £500 or make available to the applicant, by way of second mortgage, the additional £500. However, the Housing Commission most certainly and definitely would not provide the entire amount. The explanation is necessary by way of clarification. Unfortunately, when I disagreed, in anticipation of the point raised by the member for Roe, with the present procedure under the State Housing Act, the reporters apparently confused that remark with what is sought to be done under this Bill because the following appears in print—

Mr. Graham said that the general policy was that where the property was disposed of under leasehold a deposit as low as £5 would be accepted. Where it was a freehold property a £25 deposit would be accepted.

Of course, those are the minimum requirements under the existing Act. I am wondering whether, to some extent, these many people who are coming to the State Housing Commission at the moment are not perhaps arriving with £5 in their pockets, expecting the Housing Commission to supply them with a house off the shelf.

I thought I made it perfectly clear that the scheme envisaged in this Bill would, generally speaking, involve the applicant in the necessity of having to provide a reasonably substantial sum, but whether some of the figures were omitted, I am unable to say. However, hazarding a guess, I should say that the amount would be £200 and upwards, although there may be some exceptions to that procedure.

There is one other correction I would like to make. I was reported as having said—

The private building rate of 2,000 a year would fall off.

What I said was that, on account of the inability of people to erect homes for themselves during the difficult war years, immediately controls were removed there were approximately 5,000 built in a single year by people erecting homes for themselves. Last year the figure fell somewhat and my anticipation is, as I stated last week, that the number will probably drop off until it reaches a figure of approximately 3,000.

In the prewar years it was in the vicinity of 2,000, but as there is general prosperity today and as our population is increasing, I would hazard a guess that the building of approximately 3,000 homes a year would be the normal building programme by private enterprise. It is more than that at present but the trend is for it to fall off. I disagree with the member for Dale as to the capacity of Western Australia to erect more than 8,000 homes a year. It is true that the sum total is round about that figure. With private building falling off and State Housing activities increasing, the building rate has remained comparatively stable over the past few years. However, there has been a considerable increase every year in the volume of available building materials.

I received a return only today which indicated that for the financial year just concluded the State Brick Works produced, in round figures, 30,000,000 bricks as against—again in round figures—20,000,000 bricks in the previous year. So in respect of that one undertaking, 10,000,000 additional bricks have been made available. We certainly have a physical capacity to build far more homes, but, of course, the activity in building enterprises other than housing is accelerating. That is only natural. I think we could probably build another 2,000 homes a year, but obviously there would have to be diminution of non-housing activities.

Mr. Wild: We agree on that. You cannot have your tradesmen and building materials in two places at once.

The MINISTER FOR HOUSING: That is so. In part, I am using this to answer a point raised by interjection a while ago that what the State Housing Commission was doing was to crib the materials that could be used by private contractors. What I want to point out is that building materials are more freely available today than they were prewar.

Hon. J. B. Sleeman: Bricks also?

The MINISTER FOR HOUSING: Yes; even bricks.

Mr. Wild: What about cement?

The MINISTER FOR HOUSING: Cement is being produced at a far greater rate than was ever previously dreamed of by the Swan Portland Cement Co. Fortunately, or unfortunately, according to the point of view, notwithstanding the gigantic increase in the production of cement, the demand in Western Australia is accelerating at such a rate that, even with this tremendous increase in basic materials, the company is finding it difficult now to keep up with the excessive speed at which everyone wants to get on with building.

Mr. Wild: Did the Minister notice in this morning's Press that someone had ordered 500 tons of cement from overseas at £15 a ton?

The MINISTER FOR HOUSING: Yes, I noticed that. That was the Perth City Council. I have also been in touch with the Swan Portland Cement Co. and it has informed me that it is still breaking production records. I think it is a healthy sign that, notwithstanding a substantial increase in the production of certain commodities, there should still be this terrific demand for them. However, the member for Dale chided me on the apparent contradiction of my seeking to assist people to acquire their own homes and yet continuing to erect the Subiaco flats. From time to time we have had quite a few words on the Subiaco flats. All I want to say to the member for Dale is that this Government will build a fewer number of flats than his Government built. They will also be of a far firmer and more substantial nature than the flats his Government built.

Mr. Wild: That does not answer the question.

The MINISTER FOR HOUSING: If the hon. member will allow me to continue—

Mr. SPEAKER: Order! There is too much conversation going on in the Chamber.

The MINISTER FOR HOUSING: There are about 7,000 units, of which I am the landlord, and there is ample scope for people who are desirous of purchasing homes to set about doing so. The only



reason the State is spending its loan moneys on the erection of the housing project at Subiaco is because the Commonwealth Government up to date will not sanction the erection of those flats from Commonwealth-State housing funds, a process which that Government has permitted every other State to adopt but prevented Western Australia from adopting because of representations made by the Liberal Party of this State. That fact was admitted by the Minister for National Development to the Premier when he was in the Eastern States a few weeks ago.

Hon. J. B. Sleeman: What have members opposite to say about that?

The MINISTER FOR HOUSING: Providing the State has sufficient money available, the Bill will fill a very real need of the community. I have circulated an amendment which I intend to move in Committee to meet the suggestion put forward by the member for Nedlands. Perhaps it will save time in Committee if I explained it here. It is provided in the Bill that 25 per cent. of the money made available shall be used in giving assistance.

Mr. SPEAKER: The Minister is introducing new matter, which would be more appropriate in Committee.

The MINISTER FOR HOUSING: At the same time, it does explain how the provision operates where money is made available by guarantee; then, in fact, no money of the State Housing Commission is passed to anybody. It is placed in a fund to meet a possible eventuality. On reflection, everyone will agree that not the whole of that fund will, under any circumstances, be called upon at once. Perhaps 50 per cent. of it would be sufficient, or even a smaller amount. While the wording in the Bill is that the money is to go into the fund, it might remain there and not be used. I am pleased that there is no opposition and I trust that this Bill, when it becomes an Act, will make a substantial contribution and give some help to people who desire to build homes on their own account.

Question put and passed.

Bill read a second time.

#### *In Committee.*

Mr. Moir in the Chair; the Minister for Housing in charge of the Bill.

Clauses 1 to 3—agreed to.

Clause 4—Part VIA. added:

The MINISTER FOR HOUSING: I move an amendment—

That the word "grant" in line 12, page 3, be struck out and the words "in granting" inserted in lieu.

The clause provides that the commission may assist an applicant by guaranteeing or advancing on second mortgage. Then 25 per cent would create the very situation that I mentioned earlier, that is, the whole

of the money needed under this heading would have to be placed in a fund and remain there, whereas possibly only a portion would be necessary. A certain amount of experience must be acquired to ascertain what percentage should be retained as liquid cash for meeting the failure of applicants in their payments to financial institutions. The experience of other States can be called on. The Bill does not set out what it should be; that would be left to the State Housing Commission after consultation with the applicant, State Treasury officials and so on.

Hon. A. V. R. Abbott: Would the amount of the fund actually constituted be taken into account in connection with the 25 per cent?

The MINISTER FOR HOUSING: That is the intention, the amount rather than the amount of assistance. The amendments I seek to move are to alter the wording slightly in order to carry that out. If, in its wisdom, the State Housing Commission considers that there should be 20s. for every £1 guaranteed, it could do that. But the amendment would allow it some latitude.

Mr. PERKINS: I would prefer the deletion of the words after "granted". Cabinet apparently has agreed to this clause. Will the Minister indicate the extent of any delays in the granting of applications? The Minister said that all persons who had applications of any kind before the State Housing Commission would be given some priority under this Act. Apparently they are to be given the chance to avail themselves of these provisions. I wonder what funds will be available to people who have battled on their own to build houses or those who have not thought fit to apply to the State Housing Commission.

There are many families that I know of who want to build homes but find difficulty in arranging all the finance. I hope this provision will enable them to obtain all the necessary funds. People in this category include those who are sharing houses, and those living under makeshift conditions. I am anxious to see that type of self-reliant person assisted. If there is a delay of 12 to 18 months before the person lodging an application will be allocated financial assistance, then the purpose of this legislation will be partly nullified. I ask the Minister to give us some idea of what the position will be.

The MINISTER FOR HOUSING: That is a difficult question to answer. It depends on two factors as to how long a person may have to wait, firstly, the amount of funds available to the commission, and secondly, the number of applicants. I think this scheme will work more expeditiously than members may imagine. Forgetting about the Subiaco flats, the information given to the member for Dale was that, in round figures, there would be £1,000,000 available

this year to the commission. When the scheme comes into operation, there will be £250,000 available. On an average of £500 to each applicant, it would mean that 500 persons could be assisted this financial year. If half that number were dealt with by way of second mortgage and the other half by way of guarantee, and in the terms of this amendment it was necessary to place 50 per cent of the money in a reserve fund, then a further 250 persons could be helped. That would mean in all 750 within the forthcoming year.

From the inception of the scheme, I am unable to give any guarantees in respect of waiting periods for several reasons. Firstly, as the Housing Commission will become an interested party, being the second mortgagee, the plans and specifications of houses will have to be acceptable to the commission. If there are some hundreds of applications, it will probably take a little while to check the plans. The work itself would require supervision to ensure compliance with specifications.

In addition, as there are 2,000 people waiting for the opportunity to get homes under the State Housing Act at present, some of whom have been waiting for many years, I feel that, in fairness to them, before we accept any applications under this scheme they should be given the opportunity of taking full advantage of it. Some applicants for homes have been waiting since 1947, and surely they should be given the right of refusal before anyone else under this scheme!

Mr. Perkins: Can you say how many of those applications are still good?

The MINISTER FOR HOUSING: I might hazard a guess that 50 per cent. are not good, and of the 50 per cent. that are still alive, one-half or three-quarters would not be in a position to provide the several hundred pounds required under the scheme, and so would have to wait until their turn was reached under the State Housing Act.

Admittedly, that is not very specific, but obviously at this stage it is not possible to give a reliable estimate. The other day I was approached by a spec builder who regarded this as an idea and a half. He said, "If you have some funds available, this is the way to solve the housing problem. By providing a few hundred pounds, a client will be able to go ahead."

Mr. Perkins: Would you be dealing with spec builders?

The MINISTER FOR HOUSING: An applicant would come along with his proposition and contract price from the spec builder. All parties would then get together and arrive at a satisfactory figure, and the construction of the house could commence. This man has been operating through the Commonwealth Bank, but has exhausted the clients with the £1,000

necessary together with the £1,300, and he thought that if we could provide £500, there would be a rush of clients.

Mr. PERKINS: I cannot see how the Minister proposes that this provision shall operate. He has not mentioned a particular sum that the prospective home-builder must have before his project will receive support under the scheme. Obviously, if the amount that the home-builder is to find is a high one, there will be fewer applicants. On the other hand, if the amount is low, the funds available will not go so far because there will be a larger number of people wanting this assistance.

What are the Minister's ideas as regards the figure? Without having given the matter much consideration, I think it should be fixed fairly high. There are thrifty persons who may have saved £400 or £500. One I know of has £800 and that money is lying idle because he cannot find the other couple of hundred necessary to enable him to build. If the figure were fixed fairly high for a start, the money would go further and then, as applicants with larger sums were exhausted, the figure would have to be lowered. Has the Minister formulated any policy along those lines?

The MINISTER FOR HOUSING: A final decision has not been reached. We have deliberately made the provision flexible. When preparing the draft and discussing it with officers of the commission, we spoke on the basis of a block of land, plus 10 per cent. of the cost of the building. If the price of the house were £2,500, the applicant would need to have a block of land and £250. Eventually we felt that it would be better to leave the Housing Commission quite unfettered because there could be exceptional cases. A person with the largest sum of money might not necessarily be the most desirable one to help.

I do not wish to make the scheme too easy and thus cause a rush of applications. On the other hand, I do not wish to make the terms too rigid and thus deny this assistance to people who are worthy of it. Can we settle on the point that it would be somewhere in the vicinity of 10 per cent., and whether to include or exclude the block of land has not yet been determined?

Amendment put and passed.

The MINISTER FOR HOUSING: I move an amendment—

That the word "to" in line 12, page 3, be struck out and the word "expended" inserted in lieu.

Amendment put and passed; the clause, as amended, agreed to.

Clauses 5 and 6, Title—agreed to.

Bill reported with amendments.

# **BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.**

## *Second Reading.*

Debate resumed from the 27th July.

**HON. A. V. R. ABBOTT** (Mt. Lawley) [9.25]: The contents of the Bill have been argued on two other occasions, and so one is forced to repeat oneself to some extent. I hope the House will bear with me when I reiterate some of the arguments I have previously submitted. The Minister was placed in a somewhat similar position, because he naturally had to submit arguments that he had put forward on previous occasions for the reason that the Bill is, with one exception, the same as Bills that have been submitted on two previous occasions. I do not think one can argue the provisions of the measure without going back a little into the history of the whole matter. Until 1921, the basic wage had been declared annually.

The Minister for Labour: You mean, 1931.

Hon. A. V. R. ABBOTT: No, 1921.

The Minister for Labour: There was no basic wage for 1921.

Hon. A. V. R. ABBOTT: I am talking about the Federal basic wage. Until 1921, the Federal basic wage had been based on what was then known as the needs determination which was instigated by the Harvester judgment. An annual inquiry was held, and any adjustment which was considered to be necessary on that basis was then declared. In 1921, the annual inquiry was held by Mr. Justice Powers of the Commonwealth Arbitration Court. He then determined what increase should be made in view of the factors governing the cost of living at that time. It was argued—and I think the argument was accepted by him—that the worker had to wait a year before he got his adjustment, which was determined on the price rises that had taken place during the year.

Mr. Justice Powers tried to alter that situation in this way: He said, "I will bring the basic wage award up to date, but, in addition to that, I shall allow a sum of 3s. to cover rises that take place before there is another hearing. I shall order that such hearing shall take place quarterly, and that the variation shall be based on the price indices." These price indices are now known as the "C" series. So, what he did then was to bring the award up to date; to give an amount of 3s. to cover possible increases until the next quarterly hearing; and to provide that at the next quarter the amount of the basic wage would be altered in the terms of the price indices.

And that went on virtually until 1937. Of course, as each percentage increase was made in the basic wage the same percentage increase was applied to the 3s.

and I think it was estimated in 1950 that the 3s. had in that way become something like 15s. In 1937 the court began to review the basic wage on a different principle which was advocated by the unions. They said, "It is not sufficient that the basic wage should be decided merely on the needs of the man and his family, but on the capacity of industry to pay."

There were a number of decisions given by the Federal court in that regard and the principle was finally decided in the 1949 inquiry when a prosperity loading of £1 was granted to workers in industry, having no relation whatever to the needs. It was a loading based on the capacity of industry to pay, and the court decided that it was reasonable at that juncture to say that industry or the community could afford the £1.

That decision was confirmed in the basic wage inquiry which took place in 1950, and I will quote at length from the judgment then delivered by the court because it confirms what I have said. That judgment stated—

In December, 1931, the then President, the late Mr. Justice Powers, decided to alter the method of fixing the basic wage and making awards of the court by what he called basing the rate on the Statistician's figures for the previous quarter, plus 3s. per week with the quarterly adjustment, instead of basing the rates on any of the previous methods adopted by the court, the fairest method of securing the Harvester judgment standard for the worker. As regards the addition of the 3s. per week, Mr. Justice Powers, who introduced it, declared its purpose and effect was to maintain the Harvester standard in a period of rapidly rising prices and that it did not increase the standard. It was thus that the court introduced what has been known as the automatic adjustment system into its method of fixing the basic wage. We shall discuss the system further at a later stage in this statement.

Then, as I mentioned earlier—

The Minister for Education: What paper is it that you have there?

Hon. A. V. R. ABBOTT: It is the "Financial Review" which quotes in full the judgment of the court. That judgment set out further—

In the present case nothing has been put before the court in support of a departure from its now well-established principle that the basic wage should be the highest that the capacity of the community as a whole can sustain. No evidence or submission has been given or made suggesting that the court in determining the issues before it should scrutinise the present basic wage specifically from

the point of view of the reasonably necessary expenditure of a married worker or a typical unskilled working man whether with or without family.

Further, the judgment continued—

We have shown that the basic wage adult males determination by the court in 1950 was founded not upon any assessment of needs but upon the judgment of the court that the capacity of the economy was able to meet a wages bill of which the basic wage portion would be of the amounts determined and further that the basic wage for adult females determined at the same time was not to be assessed upon the needs of the females whether by relation to the needs of the male or otherwise.

It is therefore quite clear that in 1950 it was the economic capacity of the community to pay that decided what the basis would be.

The Minister for Works: According to Mr. Menzies, the economic capacity of Australia was never higher than it is today.

Hon. A. V. R. ABBOTT: That might be so, too. The court, in addition, said—

The court does not accept the theory that nominal wage increases, although purporting to meet increased prices, have not played an important part in past price inflation. To the extent that automatic adjustments will cease to be made, there will be no case to present on their account to the price-fixing authorities for higher prices or, of course, of any adjustment on the same account to increased prices of commodities not under such authorities' control. What must be emphasised is that as has been previously stated the basic wage preserve in the awards of the court are not living wages in the sense of having been assessed at amounts purporting to meet expenditure required to meet some standard. For instance, the present basic wage for the adult male includes an amount of some 50s. per week which certainly has no relation at all to any assessment of needs or of the cost of providing them.

So we trace the position from an annual inquiry based on the needs to quarterly adjustments on the same basis and then to a situation where the needs system was abandoned in favour of the capacity of industry to pay and, in view of that, as it was the maximum amount industry could pay, the abandonment of quarterly adjustments because there was no logical reason for making them when the basis of the award was the full capacity to pay and not the needs. The adjustment then had no relation to rising costs and the fact that costs might rise was no argument that industry was more able to pay.

I come now to the State's view of the position, and I propose to quote from Mr. Justice Jackson's judgment, delivered in November, when he decided that he would exercise his discretion in view of the Federal decision not to grant an automatic rise on that occasion. Amongst other things, this is what he said—

The Commonwealth Arbitration Court has recently decided to abandon its previous system of quarterly basic wage adjustments. Its principal reason for so doing is that its basic wage is now fixed, not, as previously, on the so-called "needs" of the basic wage worker, but at the highest amount which in the court's opinion it is within the economic capacity of industry to pay. The court held that it is "impossible to justify the continuance of an 'automatic' adjustment system whose purpose is to maintain the purchasing power of a particular wage (assessed with regard to the capacity of industry to pay such wage in 1950). There is no ground for assuming that the capacity to pay will be maintained at the same level, or that it will rise or fall coincidentally with the purchasing power of money. In other words, the principle or basis of assessment having been economic capacity at the time of the assessment, it seems to the court altogether inappropriate to assume that the economy will continue at all times thereafter to be able to bear the equivalent of that wage, whatever may be its main terms." In my opinion the Commonwealth court's decision is plainly right, and should be followed and adopted by this court. The reasons given apply with equal force to our State basic wage which has long since departed from mere "needs."

The Minister for Works: What are you trying to prove?

Hon. A. V. R. ABBOTT: Wait a second! the judgment continues—

But whether I agree or disagree with the Commonwealth court's decision, is not to my mind a matter of very great importance. What is important is that for many years Commonwealth basic wage trends have been followed in this State. In 1937, 1946 and 1950, the Commonwealth court increased the Federal basic wage for Perth by 4s., 7s. and 21s. respectively. This court then virtually adopted those decisions, the actual increases in the State basic wage being 5s., 5s. and 20s., respectively. To have done otherwise would have led to a marked divergence between the Federal and State basic wages for Perth, for which in my view there could be no justification. Consistency alone demands that this court should now refuse to adjust and increase the basic wage in accordance

with the price-index numbers for the September quarter. Moreover, the State basic wage for Perth already exceeds the Commonwealth basic wage by 10s. 6d. In the early days of our State basic wage (1926-1928) the difference was 5s. It was still 5s. in 1938. The present difference of 10s. 6d. results from the vigorous upward movement of the "C" series price-index numbers since the war, which has been reflected in the quarterly adjustments. If we were now to adjust the basic wage on the September figures, the difference in Perth would become 14s. 7d. In my view, this court would not be justified in calling upon public and private enterprise in this State to bear that additional burden.

The State court then carefully considered all the economic results that would occur and decided that it was not in the interests of the general economy of the State to make any alteration. There is not the slightest doubt that the economy of the State largely depends upon awards made by the court, and particularly upon basic wage inquiries. As the Premier well knows, any increase in the basic wage means a large increased indebtedness in his budget.

That is one of the reasons why the judge would give serious consideration to an increase, and it is questionable whether the Grants Commission would be prepared to assist our railways with an additional amount, if this State were the only one to have an automatic quarterly adjustment. The major States are responsible for the greatest proportion of that money, and I doubt whether the Grants Commission would agree to any additional grant for the Railway Department. Once we admit the demands of the union that industry and the community should pay the highest basic wage possible, it is not in the interests of the community to go further.

Mr. Moir: That is a little different from what you said a while ago on another Bill.

Hon. A. V. R. ABBOTT: It is not. In my view, it is in the interests of the community to pay the highest possible amount and not merely to have regard to what a man needs. The highest possible basic wage that the State can afford should be paid. That cannot be determined automatically, nor should it be determined by the Government. It should be determined only after careful inquiry, the hearing of every point of view, the obtaining of the best economic advice possible, and then the court coming to a decision.

Mr. May: Is not that what is already being done?

Hon. A. V. R. ABBOTT: Yes, but this Bill will make it automatic. That is its object. An automatic basic wage could result in the cost structure of Western Australia getting out of proportion and causing great economic disorganisation and unemployment.

I would now like to quote the views of the Tariff Board on this subject, and no one would accuse the Tariff Board of not being impartial and of not having the highest qualifications in considering economic matters. It is an absolutely independent body that reports to the Federal Parliament, and I think we can place the same reliance on its views and determinations as we can on the body known as the Grants Commission. No Commonwealth or State Government would dispute the impartiality, skill and economic knowledge of the Grants Commission. On page 9 of the annual report for the Tariff Board for the year 1952, appears the following:—

Should present trends continue and be fully protected by tariff assistance, a number of disadvantages must be faced including the danger to export industries (unless the currency be depreciated), the hardship to persons on fixed incomes and the possibility of unemployment because of buyer resistance.

A number of remedies for the present position have been suggested by various interests, including extension of the working week, a variation in the automatic adjustment of the basic wage to price increases and a "holiday" for a period as regards rises in wages and prices. It is not the function of the Tariff Board to comment on any of these. In any case, it is possible that the repercussions of recent inflationary influences are lessening and present trends may be reversed.

Nevertheless, the Board registers its concern at the effect of the rise in costs over the year under review on the competitive position of Australian producers.

Some industries have already had to curtail their activities because of their inability to operate under present costs or to forecast future cost trends. The threat of diminishing production over-shadows industry generally and unless the position can be rectified the result must inevitably be unemployment. The Board urges on all concerned the necessity for every effort to check the existing spiral of costs and prices.

An extract from page 4 of the 1953 report reads as follows:—

The continued increases in costs and the development of what is known as the cost-price spiral have created subsidiary spirals, each of which is in the same direction as, and adds to the impetus and volume of, the main one. There is, for example, our basic wage system which is largely responsible for the current spiral of prices, wages, costs and prices again. Another movement is created when rising prices increase costs of Government and require increased charges for services or alternatively require higher taxation which

sooner or later finds its way into prices. A similar pattern is seen when higher prices affect capital expenditure in industry, increase trading risks and call for higher profits which again increase prices. These subsidiary spirals are numerous and must be arrested individually or collectively before the present adverse movement can be brought under control.

Nevertheless there are limits to which rising costs can be passed on in prices. Even in a closed economy one such limit is reached when consumer resistance begins to assert itself effectively. Valuable as it is a brake on prices and costs, consumer resistance is essentially a lowering of the standard of living. People simply decide to do without things they cannot afford to purchase. One result of reduced demand could be reduced output, possible unemployment and a possible further lowering of living standards.

Another limit is reached when the cost of competitive imports establishes a level beyond which local prices may not rise. The most generally recognised function of the protective tariff is that of raising the level of cost of competitive imports. It has another and probably more important function—that of setting a limit to excess costs. It is the final barrier against disruptive cost and price rises. The height of the tariff barrier is not so much an indication of the domestic cost level as a measure of the maximum permissible margin between domestic costs and costs in other countries.

There is no escape from a recognition of the level of costs in other countries so long as we have to buy from them and sell to them. Australia is dependent on other countries for a large part of its income—the proceeds from exports. Export income which is derived principally from primary products depends firstly upon our having exports to sell, and secondly on our being able to secure a general level of prices that match cost of production. A succession of bad seasons or a substantial reduction in world prices—neither of which is within our own control—would at present be disastrous. Within our own control is a capacity to establish a cost and price level that will encourage maximum export production, enable us to hold existing or expanded markets and provide a reserve against adversity.

So there is no doubt about what these gentlemen thought of the situation on an Australia-wide basis. Members should not forget, however, that Western Australia could ruin its economy. Already, many of our industries are finding difficulty in marketing their products. I think I am right in quoting the Deputy Premier when he said that the economy of the State was

largely geared to the production and sale of wheat and of all the States this one is the State that requires most to export its wheat because we have the greatest margin to send overseas over that required for local consumption.

Lately we have found that we cannot export our eggs and the production of them has had to be reduced. There is also restricted production of many other commodities. All these activities definitely depend upon the basic wage because, as members know, all agricultural services are now subject to the basic wage, and rightly so, because the agricultural worker is entitled to the basic wage at least. Members should also not forget, as the members of the Tariff Board point out, that this represents a closed economy.

Under Section 92 of the Constitution, the Eastern States can import any goods which seem profitable on the market offering. I venture to suggest that many of the goods that are now manufactured in this State in competition with similar goods manufactured in the Eastern States, could easily be put out of gear should the State basic wage race ahead of the basic wage normally paid in the Eastern States. The greater proportion of our workers are operating under State awards, whereas, in Victoria and New South Wales, the majority of the workers are governed by Commonwealth awards. So, if there is an automatic increase in the basic wage in this State without a corresponding increase in the Commonwealth basic wage, our industry could, quite easily, be put out of gear.

That is a very strong reason why the increases in the basic wage should not be automatic, but should be granted only after a full inquiry. Apart from the provision in the Industrial Arbitration Act, which lays down that a quarterly adjustment shall be made as the court so decides, there is another inquiry held at least once a year whereby either the employer or the employee may apply to the court for full consideration to be given to the basic wage and whether the loading should be increased or reduced. That avenue is still open to Western Australian industry and its employees. Of course, the court, of its own initiative, and if it considers it necessary, can review the basic wage at any time.

By not making these adjustments automatic, we are not depriving the employee of the opportunity to have his case fully heard on general lines when the whole question of what the basic wage should be could be aired. I am informed that, even allowing for the recent rise in the "C" series index, which would result in an adjustment of 13s. 8d. being made—that is, if there were an automatic adjustment—the prosperity loading in the award is £2 3s. 4d. However, I am not basing my argument on that factor because that is taking the view, with which I do not hold, that the award should be based on the needs system.

As I said before, I am basing it on the contention that the court should make its decision on the highest economic amount that industry can afford. We should trust our courts. I think I have proved satisfactorily that it is essential that the economy of Western Australia be at least in sympathy with, and in proportion to, that of the Eastern States, and also that the Federal and State awards should be somewhat proportionate. It is admitted that the judge of the Arbitration Court holds those views, and he is a man who has given considerable thought to this problem. When the wage structure of this State gets out of proportion by comparison with that of the Eastern States, I think it will result in serious unemployment here.

Mr. Lapham: You should have thought of that when we had the recent legislation before us.

Hon. A. V. R. ABBOTT: That has been considered, and it can be considered by the judge on the general inquiry. It is interesting to note that the position I have outlined has been recognised by the Queensland court. On one occasion, an increase in the basic wage was requested and that court refused to grant it. No one can say that the industrial courts of Queensland have not been sympathetic in the past.

The Minister for Labour: They granted the increase.

Hon. A. V. R. ABBOTT: Not on the last occasion.

The Minister for Labour: Previously they did.

Hon. A. V. R. ABBOTT: I say they did not grant it on the last occasion. They did grant one increase, but only after consideration; it is not automatic in Queensland. On the last occasion the court felt it had to be refused, and it was refused.

The Minister for Labour: It increased the rate of the mechanical engineering award.

Hon. A. V. R. ABBOTT: Possibly it did; I am not arguing about that. My point is that it is foolish, when a problem is one of a high economic nature and of vital importance to the State, that a court should be forced to do something which it might think most unreasonable. It could lead to the closing down of many gold mines, for one thing; it could lead to poultry farmers being in difficulties; it could lead to wheat farmers being in difficulties, and it certainly could lead to difficulty for Western Australian industries that are just getting on their feet and trying to contend against the keenest competition from the Eastern States.

No one can say that merchants and manufacturers in the Eastern States have any regard for our merchants here. Those in the East have never ceased to be severely competitive, and some of our industries in the past have had to close down. I have

known of industries that could not compete with the prices of goods landed here from the Eastern States. What is going to happen to our small industries that are now starting? What would happen to Chamberlain's? That concern is struggling hard enough and, from what I can see, is meeting with some success. How will Chamberlain's compete if we grant automatic adjustments that might result in putting the basic wage up to £15, £16, £17 or £18 a week, particularly when similar adjustments are not given in the Eastern States?

Mr. Lawrence: What do you mean by £15, £16 or £17 a week?

Hon. A. V. R. ABBOTT: If the adjustments are to be quarterly, there will be another in September. Automatic adjustments would mean a price spiral.

Mr. Lawrence: You say they will automatically rise.

Hon. A. V. R. ABBOTT: I say they would automatically rise in Western Australia.

The Minister for Labour: They have risen with no automatic adjustment.

Hon. A. V. R. ABBOTT: With automatic adjustments, they would rise from quarter to quarter. That is the opinion of the Commonwealth Arbitration Court which has the best economic advice in Australia available to it. The court said that prices were spiralling. It said that it could not be doubted that these economic adjustments seriously helped to create the prices spiral.

Mr. Lapham: Because of the rise in prices.

Hon. A. V. R. ABBOTT: I have already read the same opinion that was emphatically expressed in two annual reports. One was that of the Tariff Board, which is very authoritative on economic matters—

The Minister for Labour: You are arguing that prices follow wages.

Hon. A. V. R. ABBOTT: I am not; I am sick of that argument. It is not factual and it is not true. I went into the history of it to prove it is not true. If the Minister is so dense as not to appreciate it, how can I make him understand?

The Minister for Labour: I asked you if prices followed wages. That is the trend of your argument.

Hon. A. V. R. ABBOTT: I say quarterly adjustments would create a price spiral.

The Minister for Labour: You mean that if wages rise, prices rise?

Hon. A. V. R. ABBOTT: That is so.

The Minister for Labour: Wages have not increased but prices have risen.

Hon. A. V. R. ABBOTT: There is no doubt that such a course would create inflationary tendencies in Western Australia.

I will not say there should not be a rise. I merely say there is that danger, and there should not be automatic adjustments. The matter should be carefully considered by the court. Every aspect should be taken into consideration, and only after that should a considered opinion be given.

Mr. Lawrence: Why do not you answer the Minister's question?

Hon. A. V. R. ABBOTT: Before I sit down, I would like to read one more extract to show how very wide was the scope of the inquiry made by the Federal court. This is what it said, and it gave an indication of the evidence it would require in the future.

Mr. Lawrence: What are you quoting from?

Hon. A. V. R. ABBOTT: From the judgment of the Federal Arbitration Court in the last basic wage decision.

Mr. Lawrence: From what newspaper?

Hon. Sir Ross McLarty: From "The Financial Review."

Hon. A. V. R. ABBOTT: I quote from the judgment, as follows:—

In fine, time and energy will be saved in future cases if the parties to disputes will direct their attention to the broader aspects of the economy, such as are indicated by a study of the following matters:—

Employment.

Investment.

Production and productivity.

Overseas trade.

Overseas balances.

Competitive position of secondary industry.

Retail trade.

It is necessary to give consideration to all those matters and it cannot be suggested that judges of the Arbitration Court would lightly ask for a study to be made of any of those points and say that their decision was to be based on them if it were not necessary.

Apart from that, I do not think we can get better authority than the High Court. How can we say that in little Western Australia consideration need not be given to any of those things, that we need not consider those points at all and that the matter can be adjusted automatically? It would be very foolish to agree to this Bill. It might have results that would be disastrous to the economy of Western Australia, and might very well lead to serious unemployment. I oppose the measure.

On motion by Mr. Moir, debate adjourned.

*House adjourned at 10.10 p.m.*

## Legislative Council

Wednesday, 4th August, 1954.

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

### QUESTION.

#### SERVICE STATIONS.

*As to Erection on Railway Property.*

Hon. N. E. BAXTER asked the Chief Secretary:

(1) Is the Minister aware that automotive service stations are being built on railway property?

(2) What are the terms of agreements made with oil companies by the Railway Department, regarding the installation of the service stations?

(3) Is the action of the Government in permitting the Railway Department to provide sites for the service stations, a move to defeat the refusal of local governing bodies to issue permits for building service stations?

The CHIEF SECRETARY replied:

(1) Yes.

(2) It is the usual practice to grant leases for a period of seven years, subject to determination at six months' notice in the event of the land being required for railway purposes. Rents vary according to locality and other circumstances. In the terms of the agreement the lessee is obliged to comply with the requirements of the local authority in so far as the construction of buildings or structures is concerned.

(3) No; this is not a new departure on the part of the Railway Department, which has many similar leases, some of which have been operating for a number of years.