

Legislative Council,

Tuesday, 2nd August, 1927.

				PAGE
Question: Electoral, enrolments	...	...	...	16
Address-in-reply, second day	...	...	...	16
Bill: Supply (No. 1), £1,913,500, 1r.	...	...	...	32

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

QUESTION—ELECTORAL, ENROLMENTS.

Hon. E. H. HARRIS asked the Chief Secretary: What was the total number of electors enrolled (a) at the close of the rolls prior to the recent Legislative Assembly elections, (b) for the following twenty-seven Assembly electoral districts:—Albany, Boulder, Brown Hill-Ivanhoe, Bunbury, Canning, Collie, Coolgardie, Cue, Forrest, Fremantle, North-East Fremantle, South Fremantle, Geraldton, Greenough, Guildford, Hannans, Kalgoorlie, Kanowna, Kimberley, Leederville, Menzies, Mt. Leonora, Mt. Magnet, Murchison, East Perth, Pilbara, and Yilgarn?

The CHIEF SECRETARY replied as follows:—The total number of electors enrolled at close of the rolls used at the recently-held Assembly Election for the 27 districts referred to was 104,592, as per return tabled to-day.

ADDRESS-IN-REPLY.

Second Day.

Debate resumed from the 28th July.

HON. A. LOVEKIN (Metropolitan) [4.45]: I thank Mr. Cornell for permitting me to take precedence of him in the debate, the reason being that I have to go away on private business for a few days. That private business may result in £40,000 or £50,000 worth of work for this State. It will be an advantage fully compensating my absence here, but I do not want the debate to conclude before I have an opportunity for saying a word or two on a subject that transcends all others that this Parliament has ever had to deal with. I refer to the paragraph in His Excellency's

Speech, relating to finance, in which we are informed that legislation is to be placed before us asking us to ratify a tentative agreement come to between the State Premiers and the Commonwealth. That is the only subject I will touch upon, and I hope I shall not unduly weary hon. members; although I must take up some little time, since I have to deal with a matter bristling with difficulties and involving figures and calculations. This is no party question, and I assume we all desire that as much light as possible should be thrown on so important a question before we commit ourselves one way or the other. Therefore I will endeavour to discuss it solely in a manner that I conceive to be in the best interests of the State. At its last session the Federal Parliament passed an Act terminating the per capita payments. However immoral, however unjust, however gross a breach of faith, the passing of such an Act was undoubtedly within the ambit of Commonwealth power. That the States have been, and are now, morally entitled to a share of the elastic Customs and Excise revenue was practically admitted by Mr. Bruce at the opening of his speech at the conference held on 16th June last. He then said:—

It is unnecessary now to relate again the long and complicated story of Commonwealth and State finance. The making of adequate provision for the financial requirements of the Commonwealth and the State authorities was one of the most difficult problems prior to Federation and delayed the union for some time. Eventually a compromise was arrived at, but it was found, in the working, not to be very satisfactory.

What was the compromise? What was it that induced the States to enter Federation? Nothing but a provision that all surplus revenue, and no less than three-fourths of the Customs and Excise revenue, should be returned to the State. One-fourth only was to be retained for Commonwealth purposes. Unfortunately there was the proviso, operating after 10 years, which reads, "until the (Commonwealth) Parliament otherwise provides." Even this was objected to at the time, but it was urged that rather than fail to become an original State, Western Australia should trust such men as Barton, Deakin, and Forrest. The people did so. But experience has taught that even these men had their masters. They were there then and gone soon afterwards. We are now told to trust Bruce, because he has the

welfare of the State at heart. Admittedly he has, but he is in the same position as Barton, Deakin and Forrest—here to-day and gone to-morrow.

Hon. V. Hamersley: Who was in power when we altered it in 1910?

Hon. A. LOVEKIN: I forget for the moment.

Hon. J. Cornell: It was the Fisher Government that passed the Surplus Revenue Act.

Hon. A. LOVEKIN: Well, on this occasion, in view of our past experience, let us have everything in black and white and so make sure that we do not again burn our fingers by thrusting them into the fire of trust. If the Constitution be altered, let the objective be clearly stated; let no general powers be given, lest they be abused, as in the past. Unfortunately there can be no going back. However much the Commonwealth may have abused its powers, however immorally it may have acted, it has legislated within the ambit of the Constitution and has decreed that there shall no longer be any per capita payments to the States. Having, by the Act I have referred to, left the States suspended, the National Government called the State Premiers together, and with pistol at their heads, as it were, subjugated them into an agreement. What was that agreement? Shortly its terms were these: (1) The Commonwealth to take over the whole of the State debts, both existing and future. (2) The Commonwealth to provide annually £7,584,912 (which is the equivalent of the 1926-27 per capita payment had it been continued) towards the interest on such debts, the States making good any deficiency. (3) A sinking fund to be provided sufficient to extinguish the debts in 58 years. (4) Towards this sinking fund the Commonwealth to provide 2s. 6d. per cent. on debts existing at 30th June, 1927; the States to contribute 5s. per cent. (5) On debts incurred after 30th June, 1927, a sinking fund of 10s. per cent. to be provided, to which the Commonwealth and States are each to contribute 5s. per cent. Under the agreement a special advantage is given to New South Wales to the extent that her contributions towards the sinking funds are not to commence until July, 1928, whereas all other States begin their payments from July, 1927. (6) Existing sinking funds are to be transferred to the Commonwealth with the debts. (7) A Loan Council is to be created consisting of

one Minister of the Commonwealth and one from each State. For the purpose of voting the Commonwealth member is to have two votes and a casting vote. Each of the State representatives is to have one vote only. Thus two States and the Commonwealth can at any time command a majority. (8) The Loan Council is to decide upon all future borrowings, conversions and redemptions. (9) The Commonwealth and States are to submit their annual loan programmes to the Council, and the Council will determine whether the money is available in the market, at reasonable rates and conditions. (10) If the Council is not unanimous as to whether the full amount requested by the several programmes is obtainable, then of any monies raised the Commonwealth is to be allotted one-fifth and the States four-fifths, divisible in the ratio of the past five years' borrowings. (11) The Commonwealth is to assume responsibility for principal and interest of transferred properties. The Commonwealth is to credit the States with 5 per cent. interest thereon instead of $3\frac{1}{2}$ per cent. as at present. The titles of such properties are to be transferred to the Commonwealth. (12) To give effect to the proposals an amendment of the Constitution becomes necessary. It is the intention of the Commonwealth to refer to the people an amendment to Section 105, providing that the Commonwealth may make laws (a) for taking over State debts by the Commonwealth; (b) management of such debts; (c) payment of interest and management of sinking fund; (d) consolidation and conversion of debts; (e) indemnification of Commonwealth by States in respect to debts taken over; (f) borrowing of money by the States, or by the Commonwealth for the States. Note the importance of (f). The Commonwealth may henceforth make laws in respect to the borrowing of money by the States. As I shall show presently, this largely affects our sovereignty. Such being the terms of the agreement, I propose to analyse them, having in view the following factors: (a) Is the proposal equitable in its incidence as between States? (b) Is it advantageous or otherwise to this State? (c) Is it in the national interest? It will be observed from the tables attached to the proposals that an immediate sop—an amount greater by some £323,000 than the per capita payments as at 30th June, 1927—is to be paid by the Commonwealth to the States practically for all time. Needy

Treasurers, also here to-day and gone to-morrow, have clutched at the proposal, apparently with both hands, as better than nothing, better than being held in suspension and not knowing how they could get down. For perhaps a decade their straitened financial paths will be made smooth, but in the years which are to follow—when the top-dressing is worn down, and there is no more material to follow, and the ruggedness begins to be felt—the ways of the States must become well nigh impassable. Progress must cease. The business, as it were, will have to be sold. One big union—the Commonwealth—alone will exist. At the outset let me say that I have experienced much difficulty in analysing the agreement, inasmuch as it confuses two issues—distribution of surplus revenue and flotation of loans. These subjects have no interdependence whatever. However, I am bound to take the proposal as it stands and endeavour to avoid the confusion which it creates. Now let me come to the first provision of the proposal—the Commonwealth to take over the whole of the State debts, both existing and future. Is there to be any real taking over, or is it merely fiction? According to the details of the proposal the States are still to be responsible for the interest; they are to indemnify the Commonwealth as regards the payment of the principal, and they are to make contribution towards redemption. At present the States have received the per capita payment, have paid their interest and have provided for redemption, and have been responsible for the principal. In future the States are to get no per capita payment. The Commonwealth is to apply the 1927 per capita payments towards the interest on the debts, the States making good the deficiency. Wherein lies the distinction? It is true, as I have said, that, beginning with the year 1927-28, the States profit by £823,000 more than they would have received under the per capita system, due to the fact that the Commonwealth will pay 5 per cent., instead of $3\frac{1}{2}$ per cent., on the transferred properties, and a contribution of 2s. 6d. per cent. towards sinking fund on existing debts. This £823,000, however, is for the first year. It afterwards diminishes. Five years hence, when the population of Australia has increased by 658,400 persons, it will have faded away altogether if the per capita payment of 25s. per head be applied to it, and then the only advantage left for the future

will be the proposed contribution of 5s. per cent. towards a sinking fund in respect of new borrowings. In other words the per capita payments of 25s. per head will have undergone the process of conversion into a payment of 2s. 6d. per cent. on existing debts and 5s. per cent. on new debts. The fact must not be lost sight of, however, that even these payments will be diminishing as the proceeds of the contributions are applied to the redemption, or purchase of stock. May I say here that as Federal taxation is equivalent to £11 14s. 6d. per head, the addition to the population of Australia by 658,400 persons, five years hence, will yield to the Commonwealth no less than £7,736,100 against the £823,000 (additional to the present day payment towards interest, etc., and the 5s. per cent. on new indebtedness).

Hon. G. W. Miles: That will be an extra amount per annum they will receive.

Hon. A. LOVEKIN: We will receive £823,000 extra for the first year due to the 2s. 6d. on the sinking fund and the increased rate of interest payable on transferred properties, but as the population of Australia increases to the extent I have mentioned, the Commonwealth will receive over seven millions of money from the increased taxation that will follow. Of this the States will not get back one sixpence.

Hon. A. J. H. Saw: The Commonwealth's expenditure will also increase proportionately; all will not be backsheesh.

Hon. A. LOVEKIN: We know what Mr. Bruce has told us. He said that the present building was not good either as a temporary or permanent structure. On the parliamentary buildings at Canberra some millions will have to be spent. I cannot see that it is in the interests of the States, at this period of their existence, that we should spend millions on the capital at Canberra, especially when we remember that a State like ours, with its million square miles, needs to be developed and populated for the safety of the whole Commonwealth. To put seven millions extra into the hands of the Commonwealth, and allow the Commonwealth to spend it in such a direction, seems to me to be quite wrong.

Hon. E. H. Harris: You are assuming that the Commonwealth taxation will be the same.

Hon. A. LOVEKIN: I must assume that. I must assume that all things will be as they

are at the present date otherwise I cannot form a basis of calculation. I cannot go into the clouds to ascertain what the position will be; it may be better, or it may not, but seeing that the policy of Australia to-day is high protection, and seeing that this very agreement contemplates borrowing largely in excess of present-day borrowing—otherwise it would not be possible to achieve the result that is suggested—the Commonwealth must receive even more revenue. Borrowed money comes to us not in coin but goods, and on the goods that we import the Customs duty averages 18 per cent. Therefore the Commonwealth must get more revenue, and not less, as I have indicated. I have proved, I think, that the taking over of debts is not a reality but a fiction. At the same time, if such a proposal be accepted, it must be highly profitable to the Commonwealth, and on the principle that if one gains, the other loses, the States must suffer. But since the terms of the original agreement were published, a further conference has been held at which a modification has been assented to. It was provided in the agreement of the 16th June that for future State debts, Commonwealth stocks were to be issued. Now it has been agreed by the later conference, according to the newspapers, that on foreign markets, the States may issue their own bonds. Why? Theoretically, a Commonwealth debenture should be a better security than a State security. But other factors operate, and possibly had they been thought of in time, the present agreement would not have been accepted. Under the agreement, as I shall presently show, £40,000,000 at least, in every year, must be borrowed. Of this, say, £10,000,000 can be raised in Australia, and the other £30,000,000 on foreign markets. No borrower can go to the market every month. Half yearly would possibly be the highest frequency. Therefore, if the Commonwealth were the sole borrower, and assuming it could raise £10,000,000 of new money each year in Australia, it would have to approach London every six months for £15,000,000, in addition to amounts required for conversions and renewals. Such sums are rarely available at these intervals. Those who are familiar with the London money market know that Australian loans are largely subscribed from funds in the hands of trustees. These funds accrue from day to day. No trustee would

dream of holding funds for six months and losing the interest thereon in order to await a Commonwealth loan. If prudent, he would find other avenues into which to place his money—avenues which would at once bring forth interest. Thus there would be no accumulation awaiting the call of the Commonwealth. Loans, if required, would therefore have to be under-written at a high rate, so that the underwriters might be able to hold them for varying periods without loss to themselves. Even at present we see it announced that the under-writers have had to provide large percentages of loans, and for the reason I have given prices are low. In the light of this position has come the modification which has been published in the Press. But if States are to issue their own bonds, what becomes of the taking over, and the management of debts by the Commonwealth. Under existing conditions there are seven borrowers, each taking turn on the market, month by month, as funds become available. The result is better subscriptions, less underwriting charges and no worse terms, except where the borrower has something to his discredit, or where inadequate provision is made for repayment by way of sinking fund. As far as this State is concerned, there can be no advantage in the Commonwealth taking over the debts and the control of them. In this connection, the Commonwealth Year Book, 1926, page 379, provides a case in point, showing, as it does, the average rates of interest payable by the State, as follow:—

	£	s.	d.
New South Wales	4	18	10
Victoria	4	16	3
Queensland	4	15	10
South Australia	4	19	3
Western Australia	4	10	8
Tasmania	4	16	11

Western Australia thus stands at 6s. 3d. per cent. below the average of the other States, which, on her indebtedness at the same date, represents no less than £201,541 in interest charges. Under the unification of debts, this State will have to fall into line with other States, share her credit with them, lose the advantage of her past sacrifices in regard to sinking fund contributions—which has been the cause of the lower interest rate Western Australia has had to pay—sacrifices which have not been made by New South Wales and other States anything to the like extent. Reference to the

sinking funds standing to the credit of each of the States, demonstrates that there is some relationship between provision for the redemption of the principal and the interest rate. This advantage to Western Australia, will, of course, be destroyed under a proposal that creates one common borrower, one common flotation price, and one common interest rate. I have now demonstrated, I contend, that the proposed taking over of the debts is no real or substantial taking over, but a fiction, a peg upon which to found an excuse for the confiscation of our moral right to a share of the Customs and Excise revenue. It is clear, I think, that if there were to be a taking over of the debts, it would not advantage, but would disadvantage this State, and it would not help the Commonwealth, as, under prevailing conditions, it is obvious that seven borrowers can deal better than one. I have taken from the proposal the following round figures and have placed against them the amounts which it is proposed to pay as against the debts. It will be seen at once how unjustly the scheme works out in respect to some of the States. For instance, Victoria is to receive annually 1.51 (30s.) of her present indebtedness each year, whilst Western Australia is only to receive .75, or 15s. per year. The following table discloses the position:—

State.	Net Indebtedness	Annual Grants.	Percent- age of Debts.
N.S.W.	234,000,000	2,917,000	1.24
Victoria	140,000,000	2,127,000	1.51
Queensland	104,000,000	1,096,000	1.05
S. Australia	83,000,000	704,000	0.84
W. Australia	63,000,000	474,000	0.75
Tasmania	22,000,000	267,000	1.21

Here again we get the lowest percentage return on our indebtedness, and I would impress upon hon. members that the per capita grant is gone and we have to get a new basis. It is now said that debts are to be our basis.

Hon. J. Nicholson: Instead of the per capita basis.

Hon. A. LOVEKIN: Yes. The population no longer counts. It was said that a scheme on a population basis was wrong, and therefore the debts basis was substituted. If we take it on that basis, Western Australia comes in for half the percentage of Victoria and lower than that of any other State. It will be seen that it is a case of population speaks; debts must be silent.

The following is also taken from the official proposal, and shows the bait which was held out to the Treasurers and which they swallowed in accepting the agreement. Each State, it will be seen, during the first year will be better off to the extent of the amounts set out. These sums, however, are transitory, inasmuch as they diminish annually as population increases, when calculated against a per capita payment of 25s. I quote the round figures as follows:—

New South Wales	..	£305,000
Victoria	.. ..	£184,000
Queensland	.. ..	£117,000
South Australia	.. ..	£103,000
Western Australia	.. ..	£80,000
Tasmania	.. ..	£34,000

The position is much akin to that of the father who distributes his substance among his children. For the first-born (New South Wales) he provides a handsome dowry of £305,000 ready cash, and an annual income, for all time, of £2,917,000. To the next favoured child (Victoria) he gives £185,000 cash for his immediate needs and £2,127,000 a year to follow. After making provision for two other children, he comes to the Cinderella (Western Australia) of the family. For her there is only £80,000 provided towards her trousseau and an annual dress allowance of £474,000. If debts are to be the basis, we must have an equitable basis, and I ask hon. members if this is equitable? Truly to him that hath shall be given. Again, let hon. members look at the proposition from another angle. Western Australia comprises roughly one-third part of Australia. To develop and people this huge area, her apportionment is £474,000. The apportionments of the States representing the other two-thirds amount to £7,111,000! Thus, instead of each third receiving £2,528,000, one-third will receive £474,000 and each of the other thirds £3,555,000! And there can be no gainsaying the fact that each third has at least the same work to do, the like responsibilities in regard to development of resources and equality of national obligation in peopling the country. Let me put another phase before hon. members. Since Federation, New South Wales and Victoria especially, and Queensland in another direction, have made great headway through the protective policy of the Commonwealth. They have established large secondary industries which have attracted population. Countries where pri-

mary production prevails obviously do not make population progress so rapidly, but it is more stable. The time comes, and will come, when the secondary industries of Australia must call halt. When they have satisfied local requirements, there must be a slowing down because conditions are such that Australia cannot manufacture for export and compete in the world's markets. Thus, while these other States will be slowing down. Western Australia will be steadily advancing with her primary industries. It is by no means impossible that, say, 50 years hence, this State may have overtaken even New South Wales in wealth and population. We have the territory, we have the resources—animal, vegetable and mineral. Who can accurately speculate what they will bring forth in the next half century? I have obtained from the Statistical Department the figures showing the population increases of the States. They show that New South Wales has doubled her population since 1892, Victoria since 1880, Queensland since 1895, South Australia since 1881, Tasmania since 1877, and Western Australia since 1901. Western Australia has thus doubled in a much shorter time than any other State. Continued increase in like ratio would, in time, result as I have suggested. But I claim we should do still better. We only started our real development in 1908 when Sir James Mitchell opened up the wheat belt. Therefore, if States, largely dependent upon secondary industries, have to slow down, and we continue our progression, I am not too optimistic in suggesting that we may become the principal State of the Commonwealth. But consider the handicap under this proposal. For all time we are to receive £474,000, whilst three of our sister States will be receiving over £1,000,000, New South Wales £2,917,000, Victoria £2,127,000 and Queensland £1,096,000. Therefore to base an all-time payment on present population is altogether unfair and inequitable as between the States.

Hon. Sir William Lathlain: The population in the other States will increase proportionately.

Hon. A. LOVEKIN: I have shown why the ratio increase must be greater here than in the Eastern States. Some 30 years hence our population should reach the million mark. We shall then be contributing nearly 12 millions to Federal taxation. Our return will still be £474,000, plus 5s. per cent. to-

wards the sinking fund on new debts. For the first million of their populations New South Wales and Victoria will each be receiving £1,250,000; we £474,000. Of course they got to the goal first and naturally claim the prizes. In the intervening time we shall have the handicap of this miserable £474,000 as against the millions paid to the other States. I suggest that members look closely into the matter. No doubt all the States will progress, but my contention is that the Eastern States will not progress in anything like the ratio that Western Australia will. On the figures I have quoted they have not progressed in the ratio we have. The two States of New South Wales and Victoria will have 397,316 square miles of territory to develop, as against 975,920 square miles in this State. With little more than one-third of our territory to provide for, they will draw £5,044,000 from the Commonwealth while our quota will be £474,000. It will be urged, no doubt, that all States will be in a like position—all will develop, all will increase their populations, and all will receive their present-day per capita.

Hon. J. M. Macfarlane: The Commonwealth Government will benefit most because of the increased revenue they will receive from Customs and Excise duties.

Hon. A. LOVEKIN: Of course they will. We must not deal with the present only. We shall be borrowing, developing and settling the million square miles we have the charge of in greater ratio than will the other States. Our needs will be greater, our people will be contributing more to the Commonwealth revenue. Loans come to us not in coin but in goods. Much of the money we borrow will go to the payment of Customs duties—some 18 per cent. of it—but we shall receive no compensating relief. Still there will be the £474,000 as against the millions of the other States. With our huge territory I doubt whether we shall be able to manage on less than about three millions of loan money per year for a good many years to come, and a question arises as to how far borrowing can be curtailed. I now approach another subject that has no connection whatever with the distribution of surplus revenue—the subject of borrowing. Under the proposed agreement there is to be no further borrowing without the approval of the Loan Council. Parenthetically, I may say that if any one ex-

amines the figures, he must realise that the returns are based on the assumption that Western Australia will increase its population at the rate of 2 per cent. per annum and will borrow £4,500,000, rising to £6,000,000 ten years hence. Those are totally false premises on which to base a calculation. Western Australia's population has been increasing and will, I think, continue to increase in a much greater ratio. If it does not, I do not think the State will be able to borrow £4,500,000 yearly without coming to an untimely end. I have already pointed out the disadvantage of the one-borrower proposal and have indicated the minimum extent of the borrowings. During the five years 1921-25 the six States borrowed and spent an average of £31,736,679—in round figures, 31¾ millions. During the same period this State averaged £3,299,296—in round figures, 3¼ million per annum. In 1925 it was over £4,000,000. A simple calculation will show that, if we are to get our 3¼ millions, Australia must borrow, in round figures, no less than £40,000,000 a year. Under the proposal one-fifth of this amount—£8,000,000—must go to the Commonwealth and the remaining £32,000,000 to the States. Western Australia's share of this would be practically the ¾ millions required. As the borrowings of the States have averaged 31¾ millions, it becomes clear that no less money will have to be raised. Yet, the declared objective of the Loan Council is to check and lessen borrowing. New South Wales and Queensland have been, and are, badly in need of money. Unfortunately for them they have not been able lately to borrow on advantageous terms, owing to the conduct of their finances. Rather than allow Queensland to accept terms which might materially affect all Australian securities the Commonwealth came to the rescue. Doubtless it was this action and inability to obtain the funds required that caused both Mr. McCormack and Mr. Lang to fall into line with the Commonwealth proposals through which, instead of standing upon their own credit, they will, in future, lean upon the credit of the other States that have been more careful in their finance. It will be seen, in the light of later knowledge, how useless must be the Loan Council, except for purposes of limiting future borrowing to present-day requirements. The one-borrower principle has gone. States are to

issue their own securities on foreign markets. Little is left to the Council to function on. Indeed, I make bold to say that renewals plus new money, to the extent of £40,000,000 a year, is the utmost that can be obtained. Yet in the face of this, we find the proposed agreement based upon two factors, (1) increase of population at 2 per cent. per annum only, and (2) flotation of loans which will give this State 4½ millions, increasing to 6 millions a year. Surely we should stop and think before we commit ourselves to anything of the kind. It is the contention of Mr. Bruce—and Mr. Collier, I understand, agrees—that for 40 years, the payments under the proposal will balance the per capita payments had they been continued. The fallacy of their reasoning lies in this fact that they contemplate only a 2 per cent. increase of population, and borrowings of from 4½ to six millions a year. If there be more than 2 per cent. increase or less borrowing the contribution of 5s. per cent. on new sinking fund account obviously will not recompense us. Per contra, if we increase our population by only 2 per cent. and borrow so largely as is contemplated, we shall head for disaster. Our indebtedness in only 10 years will have increased from £160 per head to £230 per head. Should we not pause and carefully consider the position? It is said that the per capita payments having been taken away, the Treasurers were forced to make the best bargain they could; that is, they had to accept the agreement or nothing. That is an amazing attitude. It is unthinkable that the people of Australia would tolerate a continuance of any system that must impoverish them and render them impotent to perform their State functions. If this proposal be turned down, some more equitable basis will be found. But in no event will any Commonwealth Government be allowed to stand that collects enormous revenues from the States and makes no return to them. Therefore, we need have no fears if we turn the proposal down. We are faced with a Loan Council formed to limit and curtail borrowing whereas the very proposal of the Commonwealth Government is to increase the borrowings within the next ten years, those of this State from £3,250,000 to £4,500,000, rising to £6,000,000.

Hon. A. J. H. Saw: Are the Loan Council going to differentiate between the needs of the different States?

Hon. A. LOVEKIN: I take it the Loan Council would not differentiate between the needs of the different States. The proposal is that the States shall submit their programmes to the Loan Council, and if the Loan Council are of opinion that the money required can be raised on reasonable terms, no doubt effect will be given to the programmes. If the Loan Council cannot recommend the flotation of the proposed loans to meet all the programmes, they will state the amount that can be raised and of that sum the Commonwealth will take one-fifth, while the remaining four-fifths will be divisible between the States on the basis of their previous five years' borrowings. To that extent the Loan Council will control the borrowing of the States. The basis of the scheme propounded by Mr. Bruce, however, is that it will be safe if our population increases by 2 per cent. and we borrow £4,500,000 rising to £6,000,000.

Hon. A. J. H. Saw: Have the Loan Council the power of vetoing any loan?

Hon. A. LOVEKIN: Yes; if the Loan Council state that the money cannot be borrowed, there will to that extent be a veto.

Hon. A. J. H. Saw: Then there will be some nice log-rolling amongst them.

Hon. A. LOVEKIN: I do not see how there can be any log-rolling on the part of the Loan Council. If only a certain amount of money can be raised and the programmes of the States have to be curtailed, then of the amount raised one-fifth must go to the Commonwealth and four-fifths to the States, on the basis not of the programmes presented but of their previous five years' borrowings.

Hon. J. Nicholson: Under the modified agreement, the States will be entitled to raise moneys on their own account and, accordingly, if their programme at any time is rejected by the Loan Council, the States will still be able to borrow.

Hon. A. LOVEKIN: Judging by the telegraphed account of the proceedings of the latest conference, that is not at all clear. If the States were given the right to borrow in that way, it would mean that the Loan Council would exist for the purpose of Australian borrowing only.

Hon. J. Nicholson: The rights of the States under the modified agreement should be clearly indicated.

Hon. A. LOVEKIN: Quite so. We should be very careful to get set out in black and white exactly what is proposed.

We want for our consideration the whole of the terms, and not a general clause such as the one before us that "the Commonwealth may make laws." We should know specifically what the Commonwealth can do. According to my reading of the newspaper report of the latest conference, it is not intended to get rid of the Loan Council altogether. The programmes will be submitted and if the Loan Council think the money cannot be raised, the States may borrow if they can. Obviously the States would be able to get small amounts, whereas the Commonwealth would not be able to borrow large sums, the reason for which I have already given, that trustees would not hold large sums of money out of use. I shall not stress the matter of the proposed contributions by the Commonwealth to sinking funds—2s. 6d. per cent. on old loans and 5s. per cent. on new loans. This 7s. 6d. per cent. is a substitution for the 25s. per capita on increased population and, in time, will prove anything but advantageous. There is, however, a viewpoint that should be mentioned. There is accruing from the proposal an immediate advantage to the present State Treasurers, and possibly this accounts for the unanimous acceptance by them of the agreement. For instance, Mr. Collier will have lesser sinking fund contributions to provide than at present, and he will receive 5 per cent. instead of $3\frac{1}{2}$ per cent. on transferred properties. Besides this, by the consent of the Commonwealth and other States he is able to tear up our own bonds bought with sinking fund moneys, and held by the Sinking Fund Trustees, and thus save from £150,000 to £200,000 a year in interest. I congratulate the Premier on his acumen in getting this point in. In addition to this there is the special grant of £300,000 for three years. All this is going to the credit of the revenue of the State. The Premier, therefore, will be infinitely better off for the next eight or ten years than any of our Treasurers have been before.

Hon. A. J. H. Saw: You do not think he will be in power all that time?

Hon. A. LOVEKIN: Once upon a time people used to speak of "Gone a million Jack." I think when this is part and parcel of the law of the country we shall be able to say of the Premier "Millionaire Phil." When Mr. Nicholson interjected I put it to him that whatever we do we should have it in black and white, and not leave anything to trust as has been done before. Under

this agreement it is proposed to amend the Constitution by adding a new section, Section 105A. If members will look at the Act they will see that the proposed section completely supersedes Section 105 as it now stands. The amendment provides that the Commonwealth Government may make laws for carrying out any agreement between the Commonwealth and the States, and prescribes that they may make laws in respect of the public debts of the States, and the borrowing of money by the States, or by the Commonwealth for the States.

Hon. J. Nicholson: That is where they should regulate their agreement.

Hon. A. LOVEKIN: The powers sought are very much too wide. They require much further consideration than they have evidently received. Sir Hal Colebatch, speaking the other day at some function, said that if we accept this amendment, the path between the sovereignty of the States and unification will be very narrow indeed. Once we give up the power of borrowing money, and hand over our finances to the Commonwealth, we shall be very close to unification. Whether that would be good or bad is another matter, but it brings us close to unification. In my view the corollary to the acceptance of this agreement is unification and nothing else. The amendment speaks of an agreement between the States. The States can act only through their Parliaments. The Treasurers cannot speak for them. That being so, I suggest that it is our opportunity, when this agreement comes before us, of considering it carefully, and saying whether we shall accept it or not. It is no good being frightened, or feeling that the Commonwealth, having taken away the per capita grants, will refuse to give us anything. No Government would dare to collect taxes from the State and give nothing in return. We need not be afraid of that. If we turn this down, something else must be substituted for it, and in a few moments I will suggest a substitution.

Hon. J. M. Macfarlane: Mr. Bruce is always saying that it is not incumbent upon the Commonwealth to pay anything at all to the States. He says that in all his speeches.

Hon. A. LOVEKIN: We must take that for what it is worth. How long will a Government stand that takes £11 14s. 6d. per head of the population from Australia and returns nothing to the States for their needs and development?

Hon. J. Cornell: We would blow it up.

Hon. A. LOVEKIN: When the matter comes before us I am going to suggest that we refuse to accept the agreement. We have an excellent precedent for that. After the Federal Constitution was finally adopted by the last Convention the Parliament of New South Wales refused to ratify it. The result was that another convention, very much against their will, was forced upon the other five States. At the second convention New South Wales declared the terms under which it would come in. One of these was that the capital of the Commonwealth should be kept within its territory. There is, therefore, a good precedent for our saying that we are not satisfied with the terms and conditions of the agreement and that we want the matter reopened. We can demand that we shall have more equitable and more reasonable terms, better calculated to enable us to develop the country and play our part towards populating the territory, and making it prosperous not only for its own sake, but for Australia as a whole. Members will naturally ask what I would suggest in place of the agreement, and which, as Dr. Saw sometimes says, is the "better 'ole." Never in this House or anywhere else have I attempted to destroy and pull down without offering another suggestion that I think is better in place of the old one. It is not good to destroy unless one can also build up. The proposal as it stands is inequitable as between the States, inasmuch as the fixed annual contribution is based solely upon the present-day population. If the amount is to be fixed—I now vision it from the national point of view—at least two other factors ought to be incorporated in the distribution formula, namely, area and indebtedness. It is surely in the interests of Australia that a third of the Continent, which we are charged with the duty of developing and populating, should not be starved. It is also in the national interest that the debts (the total of which is the highest amongst the States), we have boldly incurred in order to play our part in ensuring the safety and well being of the Commonwealth, in addition to attending to the State's interest, should be fully recognised. Area and indebtedness are entitled to consideration equally with population. Unfortunately only one factor, population, can speak effectively, and we find this shown in the proposed agreement.

There is no way back, on account of the per capita grants. These have gone, and we must accept the situation. Admittedly, the Commonwealth have $7\frac{1}{2}$ million pounds of money available for distribution. This is the amount saved by the non-payment of the per capita sums. If we adopt the formula, instead of population only, of 50 per cent. on population, 25 per cent. on area, and 25 per cent. on indebtedness, this State's share would be, on population £237,000, on area £632,000, and on debts £189,000, a total of £1,058,000, as against £474,000. As this would reduce the payments to the other States, no doubt strong objection would be raised to such a proposal. There is a way round. The so-called special grants are really demoralising doles. They give us a little money, but they are demoralising. By discontinuing the present doles, the Commonwealth may then find sufficient money in addition to the $7\frac{1}{2}$ millions to give each of the other States what is now set apart for them, and thus satisfy this State as well as the others by giving us £1,058,000 instead of £474,000. This amount will be equal to that which Queensland receives. I suggest that the population basis has gone, and that we must get on to a new basis. The factors of area and indebtedness should, therefore, be taken into account. With our third of the continent we need development, even more than Queensland does, for that State has other advantages that we do not possess—I refer particularly to sugar.

Hon. E. H. Harris: Do you think the other five States would be agreeable to that suggestion?

Hon. A. LOVEKIN: Why not? Under this proposal they would be receiving exactly what they have now accepted under the agreement. What valid objection could they have to the Commonwealth finding a little money for the protection and relief of this State, which is charged with the development of a third of the continent?

Hon. A. J. H. Saw: On the area basis Tasmania would get but a small bite of the apple.

Hon. A. LOVEKIN: I suggest that Tasmania would not be interfered with. I am not looking after the interests of that State, but doing the best I can for Western Australia. Tasmania also has special conditions. That State must be provided for if it is part of the Commonwealth, just as the conditions

prevailing here must be provided for equitably as between us and the rest of the Commonwealth. I have summarised the reasons which I have attempted to put forward, and I suggest that the agreement, when it comes forward, be not ratified, upon the following among other grounds:—(1) The declared taking-over of the debts is no taking-over, as the States have still to be responsible for the full principal, interest and redemption, and may issue their own bonds on foreign markets. (2) It is morally wrong for the Commonwealth to divest itself of all further responsibility to the States in the matter of surplus revenue. The Commonwealth must, as time proceeds, and as populations increase, add to its receipts, and as the peoples of the States are the sole contributors to such revenue they should, in equity, share and participate in any surplus over and above the Commonwealth needs. (3) In order that the States may perform their proper functions—the development and population of their territories—they must, at their own liability, borrow large sums of money from abroad. Such moneys are transmitted, not in coin, but in goods and kind, the average Customs duties on which amount to 18 per cent. I contend that the States should share in this. (4) The incidence of any joint arrangement should be equity as between the States. The present proposal fails in this respect as it contemplates annual payments, widely differing in amounts, to the respective States, appropriating millions to some and thousands only to others, giving to the Government charged with the affairs of one-third of the continent, one-fifteenth, as against fourteen-fifteenths to Governments charged with the affairs of the remaining two-thirds. (5) The proposed agreement offers a temporary gain to this State of £250,000 for one year as against losses hundreds of times as great a few years hence. (6) It contemplates Federal taxation of future population increases, to the extent of £11 14s. 6d. per head, and proposes to make no return in respect of such taxation except 5s. per cent. towards sinking fund on new loans. (7) It takes from the States an essential sovereign right—control of finance—bereft of which no enterprise can succeed and no State prosper. (8) It endeavours to create one common borrower, which, under existing conditions, cannot finance as favourably as several borrowers who approach the market at short intervals. (9) The proposed agree-

ment is confusing, and seeks to tinker with the Constitution to no good purpose. (10) Delay must lead to a more equitable basis of distribution of Commonwealth surplus moneys. (11) The logical corollary to acceptance of the agreement is unification, and those who support the proposal will have no great strides to make before they reach such goal. I emphasise that whatever is to be done must be done now. If the amendment to the Constitution is accepted, the Commonwealth can do nothing except by agreement with the States. However desirable it might be in the future, or however willing a Government might be to improve our financial position, the Commonwealth will be powerless under the proposed amendment to act without the consent of the other States. We have now the opportunity of at once providing at least a measure of safety for ourselves, and I suggest to hon. members that we seize it. Just one word more. The Commonwealth Government are appointing a Royal Commission to consider amendments to the Constitution. From what I gather, a gentleman who commands the respect of all of us will represent Western Australia; but his name is not disclosed at present. The report of the Royal Commission ought to have preceded the action of the Federal Government in repealing the per capita payments. Even now I urge that the report of this body should be made available before the proposal is accepted. It may be that the Commission will suggest some entirely different, some more equitable, method of solving the financial problem. Delay, therefore, is all advantageous. Let us then adopt the motto of the late Chief Justice Onslow, "*Festina lente—Hasten slowly,*" or, to pun it, "*On slow.*" I have endeavoured to traverse the agreement as well as my abilities permit, and I now thank hon. members for having listened to me so patiently. I support the motion for the adoption of the Address-in-reply.

HON. SIR WILLIAM LATHLAIN (Metropolitan-Suburban) [6.7]: I am afraid I can agree in only one respect with the previous speaker, and that is as to the probability of the question of our financial agreement with the Federal Government proving the most important item for the consideration of the House during this session. In the first place I wish to congratulate the State Government upon their tentative acceptance of the Commonwealth proposal. The Federal Government have

now abolished the per capita payment. We all admit that that is gone, and that we have to make the best terms possible in any new arrangement that may be arrived at. The Federal Government have put up certain proposals, and the State Premiers have accepted those proposals; but no other proposal has been put forward which might meet with acceptance from all the States. Mr. Lovekin made special reference to area in this connection, and no doubt it would be an excellent thing for Western Australia. It is, however, quite patent that this phase of the proposal could not possibly find acceptance at the hands of the other States. Further, it is quite on the cards that eventually a portion of our North-West may be taken over by the Commonwealth Government. If that happened, we would then, because of the reduction in our territory, experience a reduction in the amount of Commonwealth funds allotted to us.

Hon. A. Lovekin: Even then we would be better off.

Hon. Sir WILLIAM LATHLAIN: Possibly. May I also point out that Mr. Lovekin is suggesting that the taxation at present imposed by the Federal Government will continue for all time, and that as the revenue per head increases, there will be no reduction in taxation. I have on several recent occasions listened to speeches by the Prime Minister on this subject, and his one desire is that there should be a reduction in Federal taxation.

Hon. A. Lovekin: He could not do that if he did this at the convention.

Hon. Sir WILLIAM LATHLAIN: He can do it if he gets the extra revenue which Mr. Lovekin has said the Federal Government are going to keep. The hon. member also stressed the point that the agreement might result in restricting the borrowing powers of the States. Probably the whole scheme has been inaugurated with that one special desire. I for one do not believe that Australia as a whole—I am not emphasising any particular State—can go on borrowing at the same rate as hitherto for works which were supposed to be reproductive but which in many cases proved to be the opposite. If our borrowing is to be done in the Mother Country, we have to realise that the Mother Country is not in the same position as prior to the war to lend Australia such large sums of money. It may be quite open for Australia to do her borrowing in countries other than Great Britain, but in my opinion it

would be a wise precaution to restrict borrowing in several of the States.

Hon. A. Lovekin: Would you say, in this State?

Hon. Sir WILLIAM LATHLAIN: No. I listened most carefully to the Prime Minister detailing the proposed agreement in the most minute way, and I say that under it our position is entirely different, because Western Australia is the State which is least developed and therefore in future will require to borrow proportionately more money than the more developed States. Thus we should be compensated to a certain extent by the increased amount allowed for our sinking fund.

Hon. A. Lovekin: But the document provides that we are to get that in the ratio of the past five years.

Hon. Sir WILLIAM LATHLAIN: Take the case of New South Wales. Under the per capita system that State would be getting an enormous amount, because of its already-established population of about two millions. The natural increase in that population must of necessity be much greater than any possible increase in a State like ours, no matter if we double the number of migrants received here. The natural increase in the population of a State like New South Wales is going to be very great indeed. However, it is not my present intention to deal with this question, because I feel that we all desire to know much more about the matter before we deal with it. Yet I am sure we all appreciate very highly the trouble to which Mr. Lovekin has gone in preparing the figures he has placed before us. They will give us the opportunity of gaining necessary information before the Bill comes down, and at the same time enable us to get a grasp of the subject all round. I say emphatically that the per capita basis was always a most inequitable basis for the distribution of surplus revenue. Take the case of New South Wales once more. The Creator blessed New South Wales with exceedingly rich deposits of coal. In that State there are probably 100,000 people dependent upon coal mining. Because the Creator gave New South Wales that coal, which employs 100,000 men, the Commonwealth Government come along and give New South Wales 100,000 additional 25s. Then again, because New South Wales has the coal, the Commonwealth Government say, "We want you to establish a steel works here, and we will give you a large bonus for that pur-

pose." Western Australia has to pay her quota of the bonus towards the establishment of steel works in New South Wales. The steel works are eventually started, and employ over 5,000 men. One may take it that there are four dependants on each of those 5,000 men, allowing for wives and families, and in addition the butcher, the baker, and all the auxiliaries necessary for the maintenance of a large number of people. Again the Commonwealth come along and say to New South Wales, "Because you have established steel works and consequently have 20,000 more people, we will give you 20,000 extra 25s."

Hon. J. Cornell: There is statutory authority for that.

Hon. Sir WILLIAM LATHLAIN: Western Australia is more fortunate than some of the other States. For instance, we have a coal field which has proved highly successful. We are not so badly off as, for example, our South Australian friends, who have no coal fields and no steel works of any size, and for that reason get none of the 25s. Personally I am glad that the per capita system has been abolished. I hope that whatever system is inaugurated will be one that will not only answer the requirements of the States but afford a permanent settlement of this very vexed question.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. Sir WILLIAM LATHLAIN: Before tea I was dealing with the financial agreement. I think I will reserve any further remarks on that subject until the Bill comes before the House. As to the question of State insurance mentioned in the Speech, I notice the Bill is again to be submitted. This House gave everything the Premier originally said he required, yet it was turned down by members in another place. I cannot see how they can expect this House to alter its previous decision and condone an offence or legalise an illegal Act.

Hon. J. Nicholson: An offence by the Government?

Hon. Sir WILLIAM LATHLAIN: Undoubtedly. We have it on the authority of the Premier himself that good government is finance. I for one will not join in congratulations to the Government on the balance sheet presented. The Collier Government claim a surplus of £28,245. It is the first surplus since 1910-11. In making a comparison in any commercial concern, one

always takes a particular period. The fairest way to make a comparison of the finances during the term of the Collier Administration is to compare them with a similar period of administration under Sir James Mitchell. I have here a statement showing clearly the position. In 1921-22, the first year of the Mitchell Administration, the Government had a total revenue in round figures of £6,907,000. In the first year of the Collier Administration, 1924-25, the revenue was £8,381,000, or an increase over that enjoyed by the Mitchell Government in their first year of £1,474,000. Nevertheless the Collier Government showed a deficit. In 1922-23, the second year of the Mitchell Administration, the revenue was £7,207,000, whereas the Collier Government in their second year, namely 1925-26, had a total revenue of £8,806,000, or an increase of £1,600,000 over that collected by the Mitchell Government. And still the Collier Government showed a deficit. In 1923-24, the last year of the Mitchell Administration, they had a revenue of £7,865,000, whilst last year the Collier Government enjoyed a revenue of £9,750,000, or an increase of £1,885,000. The total revenue received during the three years of the Mitchell Administration was £21,980,000, whilst the revenue received by the Collier Government in three years totalled £26,938,000. So during their three years term the Collier Government had £4,958,000 more revenue than was enjoyed by the Mitchell Administration in a like period. And in addition to that extra revenue, the Collier Government had £565,000, which was voted by the Federal Government under the Disabilities Grant. So they had in all considerably over 5½ millions more than had the Mitchell Government during three years. Nevertheless, the Collier Government showed a deficit over the full period. The Mitchell Government were faced with a deficit of £1,366,000, whereas the Collier Government's deficit was only £129,000.

Hon. E. H. Gray: A big difference.

Hon. Sir WILLIAM LATHLAIN: Yes, but not the difference that it ought to have been when we consider that the Collier Government had 5½ millions more revenue. Also they took the revenue from sandalwood into general revenue, which had never been done before. And they had many other financial advantages. Nevertheless over their three-year period they had a deficit. Also, the present Government have had the use of

large sums of loan money at a very low rate of interest. Moreover, under the heading of "loans—interest and sinking fund," as published in the "West Australian," the payments for June, 1926, were £279,947, whilst the payments for June, 1927, notwithstanding the greater loan indebtedness at that date, were only £138,383, a decrease of £141,564. It may be that the Treasurer has anticipated the passing of the new Federal proposal, which will obviate the necessity for providing sinking funds for those particular amounts. However, at present it is very hard to divine how this great reduction in payment comes about, so I will await the Auditor General's report before dealing further with that question. That is all I have to say about the finances of the State. The position clearly shows that with an increased revenue, such as the Government have had, we might reasonably have expected from them a very much better balance sheet. Coming to the debate, may I say there was very little modesty in Mr. Kitson's claim that the general prosperity of the State is due entirely to the administration of the Collier Government.

Hon. W. H. Kitson: I did not say that.

Hon. Sir WILLIAM LATHLAIN: May I remind the hon. member that the splendid foundations laid by the Mitchell Government, assisted by all parties in another place, were the basis of the great prosperity we are now enjoying. Also Nature has been exceedingly kind to us and abundantly blessed us with good seasons. I am prepared to give credit where it is due for the administration of many of our offices, but I also feel that we should not forget those who in their wisdom laid such firm foundations for our present prosperity. I should like to join with Mr. Kitson in expressing our appreciation of the visit of the Duke and Duchess, and also of the Empire Parliamentary Committee. It was for every one of us a great inspiration to hear those gentlemen speak, and I am sure we shall all experience great benefit from both those visits. Mr. Kitson during his remarks dealt with the admittance of Southern Europeans into Australia. The question whom we shall admit requires very serious consideration; for whilst we may hold strong views in regard to a White Australia, those views are not shared by the world in general. Indeed, I may remind the hon. member that his own

party, the Labour Party, in Britain, are not in favour of the White Australia policy, let alone anything such as the hon. member desires.

Hon. W. H. Kitson: I do not think any European is in favour of it.

Hon. Sir WILLIAM LATHLAIN: If we are to hold Australia, we must fill our vacant spaces at the earliest possible moment. And while striving to give our own kith and kin every preference, it is unwise to debar others of the white races who claim equality with ourselves. Mr. Kitson made the serious admission that the Southern Europeans have displaced our own people. That is a very serious reflection on the energy and ability of our own race.

Hon. E. H. Gray: Not at all.

Hon. Sir WILLIAM LATHLAIN: It only goes to prove that if we are to maintain our high standard of living, we must also maintain our higher standard of efficiency; otherwise our economic system will break down. I have here a Press telegram from Sydney, published in the "West Australian" last week. It shows how near to breaking point our economic system is. It reads as follows:—

Owing to the heavy production costs caused by strikes and sectional stoppages, the Northern coal industry is now faced with the grave danger of oversea competition. Already two cargoes of English coal are to go to Adelaide, the c.i.f. price of which will actually be less than the landed cost of a similar consignment from Newcastle to that port. While the f.o.b. price of English coal is well under 20s. per ton, that of the best Australian coal is 26s. 7d. It is learnt from a reliable source that inquiries are at present being instituted in Britain for further coal cargoes for Australian ports, indicating that a big trade is expected to be done with English coal in Commonwealth markets.

We are not there dealing with any foreign nation, but with our own kith and kin. Evidently they are people desirous of working. Strange to say, there is in to-day's papers another instance of the strain upon our economic system. I will read only the opening and closing sentences of a report from Lithgow, New South Wales, as follows:—

After about four and a half years of striving to revive the shale oil industry at Newnes, the Commonwealth Oil Corporation has been forced to acknowledge defeat, and has called tenders for the disposal of its assets.

The managing director of the corporation (Mr. John Fell) said to-night that prohibitive costs of production had been the direct cause of the decision to close down. "We have been faced with the same position as the Mount Morgan Company," he said, "and have found it impossible to carry on under the high cost of production of the shale. Under these circumstances legal steps have been taken by me as mortgagee to close the works and to dispose of the plant."

Hon. J. Cornell: The oil shale may not have been of sufficient value.

Hon. Sir WILLIAM LATHLAIN: My only desire is to show that whilst we are all anxious that the best possible conditions should exist, both as to the wages the men shall receive and the hours they shall work, there is an economic breaking point, and that has been practically reached in many instances.

Hon. J. Cornell: That is happening in Kalgoorlie under present conditions.

Hon. Sir WILLIAM LATHLAIN: It is happening in many cases, but I had these two particular instances and I quoted them.

Hon. W. H. Kitson: Do you suggest that wages should be reduced?

Hon. Sir WILLIAM LATHLAIN: I suggest that we should have greater efficiency for the wages we pay. The hon. member also referred to the Collie power scheme, and he expressed the hope that it would soon be an accomplished fact. I was one who supported the Bill when it was before the House, but I am beginning to doubt the wisdom of my action, as I feel that too many concessions were given to Collie and Bunbury. I have been informed that coincident with the formation of the scheme, the Collie mine owners were to receive for their small coal—a product which is of practically no commercial value—a price far beyond its value. I would prefer to see established at Collie a big national scheme, a scheme that would supply the whole of that part of the State coming within reach of Collie. After all, we have to remember that certain concessions have been given to Collie and Bunbury and I am very much afraid that they will seriously curtail any advantages which should rightly belong to a national scheme. I do not wish members to think I am opposed to the scheme, but I am opposed to a part and parcel scheme. I strongly favour a national scheme, one that will serve the whole State. The hon. member also expressed regret that the Federal Government had not come forward to assist the mining industry. I had

the privilege of being present at the deputation that waited on the Prime Minister at Kalgoorlie and I am conversant with the reply Mr. Bruce made to that deputation. The Prime Minister stated that under the disabilities grant special consideration had been given to the mining industry. Those who know anything of the evidence given before the Disabilities Commission are aware that the witnesses—I was one of them—referred to the detrimental effect of the tariff on Western Australia as a whole, and stressed the harm it had done to the mining industry. There was hardly a witness who did not refer to that aspect of the tariff. The Disabilities Commission in their report gave serious consideration to the question of assistance for the mining industry. We are aware that the grant of £450,000 made as the outcome of the report of the Commission was divided practically between bringing about a reduction in income taxation and assistance to the mining industry. The Prime Minister told the deputation at Kalgoorlie that if he returned to his Government and asked for further assistance for the Kalgoorlie mines, and that were agreed to, his position when he faced the House would be precarious. The first question that members there would ask would be, what had been done with the money that had already been granted to the State, portion of which was to be devoted to assisting the mining industry. His reply, of course, would be that not one penny had yet been spent. The Prime Minister also told the deputation that the gold-mining industry throughout the Commonwealth would receive the earnest consideration of the Federal Government. We are aware that only within the last week the decision was arrived at to close down the Mt. Morgan mine in Queensland. Members will thus see that Western Australia is not the only State interested in gold mining.

Hon. W. H. Kitson: Do you think the Commonwealth Government will fulfil their obligations in regard to the mining industry?

Hon. Sir WILLIAM LATHLAIN: The Commonwealth Government will give consideration to the recommendations made by the Disabilities Commission which treated the State very generously. They recommended that the State should receive a grant of £450,000 and the Commonwealth paid the full amount.

Hon. W. H. Kitson: For one year only.

Hon. Sir WILLIAM LATHLAIN: No. The hon. member may not be aware that a grant of £300,000 will be made to the State for five years, and if the State hands over to the Commonwealth that portion of the North-West above a certain parallel of latitude there will be an annual saving to the State of £150,000 in administration. The Prime Minister has stated, further, that a Commission is to be appointed to inquire into the gold mining industry throughout Australia, and when the recommendations of that Commission are made, if it be thought advisable from a national point of view to maintain the industry, the Commonwealth will give it financial assistance. That will apply to Western Australia as well as to the other States. But there is an important factor in connection with this particular industry that has to be considered. Every member, I am sure, desires to see something done to assist the industry. The question is, how can assistance be given to it in face of the evidence that has been produced by two distinct boards, unless the companies agree to carry out the recommendations which have been made by those boards. We are all aware that the State Government appointed Mr. Kingsley Thomas to conduct an investigation into the industry. A great deal of criticism has been levelled against Mr. Thomas who made certain recommendations. We, as laymen, must treat those recommendations with due deference, coming as they do from a professional man. Further than that the Development and Migration Commission also made inquiries into the position at Kalgoorlie and still further that Commission appointed an expert to investigate matters. We find that the recommendations of all these bodies are identical. All are of the opinion that there must be some co-operation and assistance on the part of the companies themselves. It must also be remembered that the companies have distributed a considerable sum of money by way of dividends and that they left a big legacy to the State in the shape of hundreds of worn-out miners for whom the State has had to make provision.

Hon. J. Cornell: That was not the fault of the companies; it was the fault of the Legislature.

Hon. Sir WILLIAM LATHLAIN: The fact remains that the companies had the dividends. I am aware that the Premier is trying hard to bring about an arrange-

ment between the companies and the Government, and I hope that everything will be done to give to the Premier and his Government the support that they are entitled to receive. I only wish to reiterate this phase of the question that the companies must be compelled to accept a fair share of the burden. I hope no political agitation will be brought into force to prevent the Premier from compelling the companies to shoulder their share of the burden. There are only one or two other matters with which I desire to deal. I call the attention of the Government to the dilapidated state of many of our public buildings. I have alluded to this matter by letter to Sir James Mitchell when he was Premier, and later to the Minister for Works. I may instance one building that has been allowed to get into a state of disrepair—the Supreme Court. I do not want my friends on the other side of the House to think that I am blaming the Labour Government for the condition into which the Supreme Court has been allowed to drift. It has been getting into its present condition for a number of years. Another building to which I might refer is the court house at Albany. I took the trouble when there some time ago to learn some of the history of that structure. An architect with whom I discussed the matter told me it was one of the finest specimens of architecture in this State. The building was erected in 1896—31 years ago. It is a solid structure with beautiful jarrah doors and everything complete. Labour was cheap at that time and the best possible work was done. I am credibly informed that since the building was completed it has never had a coat of paint. The iron used is cast and not wrought, and at the present time there is probably an inch of rust on it. The main doors are fine specimens of jarrah work, but on them vandals have driven nails, whilst on other parts of the building some masonry has been removed. I should certainly like to flog the individual who laid destructive hands on a building like that. I draw the attention of the Collier Government to the condition of these buildings in the hope that they will appoint a competent officer to inspect the public buildings of the State, and let us know what it will cost to put them into proper repair. When we get them into decent repair the least we can do is to maintain them in good order. There is one other point to which

I wish to draw attention. We have on the bench in the State a considerable number of acting magistrates. I do not know whether we fully realise that Western Australia is a permanent place; I believe that we are here for 1,000 years. No one would think that that was the case on finding that there were so many gentlemen who are holding acting positions on the bench; it would look as if we were a sort of temporary abode for a few people. About three years ago Mr. Walter, a citizen of good repute and well known to most people, was retired, and in his place Mr. Kidson was appointed. I understand that Mr. Walter was retired on the score of age, but I am credibly informed that Mr. Kidson was even older than Mr. Walter. Be that as it may, it is a peculiar coincidence that in the Public Service List, Mr. Kidson's age is not given, whilst that of everybody else does appear. I am not making any personal accusation against Mr. Kidson; I have never met him and I do not suppose I would know him if I saw him.

Hon. A. J. H. Saw: It is evident you have never appeared before him.

Hon. E. H. Gray: That may be good luck for the hon. member.

Hon. Sir WILLIAM LATHLAIN: That may be so. Be that as it may, the position is a serious one. At Broome we have Mr. W. O. Mansbridge; at Cue, Mr. E. Y. Butler; at Derby, Mr. W. T. Hodge; at Hall's Creek, Mr. C. Felstead. I do not care about these small places, for they do not interest me much, but when we come to the principal city of the State and other more thickly populated and important towns throughout the country, it becomes a more serious matter. All the appointments I have mentioned are acting appointments.

Hon. J. Cornell: Why are those officers appointed as acting magistrates?

Hon. Sir WILLIAM LATHLAIN: That is what I want to find out.

Hon. J. Cornell: It is the law that is at fault.

Hon. Sir WILLIAM LATHLAIN: At Kalgoorlie Mr. J. Geary is acting magistrate and at Northam Mr. F. M. I. Read has been officiating as acting magistrate. He is away from that centre now, but was there for some time. Then when we come to Perth, the principal city of the State, we find that the chief Police Magistrate, Mr. A. B. Kidson, is also officiating in an acting capacity. He has occupied that position for three

years. His assistant, Mr. Horgan, has also been appointed temporarily. I do not wish to labour this question, but in my opinion the appointment of magistrates should be taken out of the hands of any Government, whether National, Labour, Liberal or of any other description. I seriously suggest that the appointment of the magistracy should be brought under the control of the head of our judiciary, the Chief Justice himself. It appeals to me as most improper that a man should be appointed in an acting capacity to administer justice in the capital city of the State.

Hon. J. Cornell: None of the acting magistrates you have mentioned could be appointed permanently under the law as it stands to-day.

Hon. Sir WILLIAM LATHLAIN: I do not know the position regarding the law, but I claim that towns like Kalgoorlie and Northam and, more particularly still, Perth itself, should not be placed in such a position and acting appointments made to the magisterial positions I have indicated. We should see to it that our magistracy is placed on the highest plane possible and definite and permanent appointments made. During the course of his speech, Mr. Kitson congratulated the Government upon the fact that the sales at the State Implement Works had totalled £196,000. That is a State trading concern that has lost to Western Australia scores of thousands of pounds. It has stopped good men from coming here in a most definite way. I hope Mr. Kitson will be able to extend his congratulations again when the balance sheet in connection with the State Implement Works is produced. Up to date it has always been a losing concern, despite the fact that the State Implement Works represents in my opinion one of the greatest pirates in Western Australia. That concern copies any patent that comes out, and that I hold to be a highly immoral commercial transaction.

Hon. W. H. Kitson: I did not mention the State Implement Works!

Hon. Sir WILLIAM LATHLAIN: I am practically certain the hon. member did. At any rate the reference to which I drew attention is contained in the Governor's Speech and the hon. member congratulated the Government generally. I am sure the hon. member mentioned it.

Hon. J. Cornell: He intended to, but forgot to do so.

Hon. W. H. Kitson: No, I did not mention it.

Hon. Sir WILLIAM LATHLAIN: I am sure the hon. member did because I took a note of it. In my opinion the State trading concerns represent the blackest curse on the State of Western Australia.

Hon. E. H. Gray: What about the brick-works?

Hon. Sir WILLIAM LATHLAIN: It is not possible to carry on the State brick-works without taking loan money! That is a most immoral thing to do. It is the most immoral thing that has been done in this House since I have been a member. If what occurred last time—I was a new chum in politics then—and loan funds are provided for the brickworks and State Implement Works in the next Budget, as was done last year, I shall have something further to say. The Government say they borrow money for reproductive work and to use some of it for making bricks and agricultural implements is most unfair. I have no time at all for the State trading undertakings, that do not pay State or Federal income tax or anything else. On the other hand, those State trading concerns have prevented the introduction of large commercial undertakings into this State. I hope the Government will take steps to get rid of them as soon as they can. I hope Mr. Kitson will be able to extend his congratulations to the profits, not the sales, made by the State Implement Works when the next balance sheet is before us.

The PRESIDENT: The hon. member must accept the statement of Mr. Kitson that he did not offer his congratulations in the manner indicated.

Hon. Sir WILLIAM LATHLAIN: I will accept his statement. However, the item is mentioned in the Governor's Speech, for under the heading of "Trading Concerns" there occurs the following sentence:—

A busy year was experienced at the State Implement Works, sales totalling £196,000.

Therefore, I will withdraw my statement regarding Mr. Kitson and apply it to the Governor's Speech alone.

On motion by Hon. J. Nicholson debate adjourned.

BILL—SUPPLY (No. 1) (£1,913,500).

Received from the Assembly and read a first time.

House adjourned at 8.10 p.m.