

Mr. North: Your Tasmanian remedy does alter that.

Mr. MARSHALL: I am only just pointing out the origin of credit, and pointing out that 99 per cent. of this Commonwealth credit must be paid interest. That is the killing part of it. That is the greatest source of profit to the banks, and that is where half the money we are collecting in taxation is going. There is only one cure, and that is that instead of its being in the hands of private individuals for profit, it should be in the control of the people. The position to-day is that money does not serve man, but is his master. It tells him whether he will be hungry or whether he shall be fed. It dictates the standard of living that he shall have, instead of rendering him the services it was originally intended for. Money is not an indispensable factor to the community. We could readily do without it, but it is a convenience, and it makes things simple and just. The value of the money system as we know it is not in the money itself, but in the system. That is where the value of money is to-day, namely in the system, in the rule that a community adopts to compute the amount of wealth it produces, and to issue the share that each member of the community shall enjoy. That is all that money is valuable for. It is just a set of rules to get the value of the total amount of wealth produced, and then to see that the wealth is divided, each unit getting its share. The point is that if these rules are the obstacle in the way of equitable distribution of what we produce, and if the community say so, we should take the rules and alter them. So that after all, when we reckon up the mass of wealth produced and get a fair national accountancy value of it, it should be there and should be equally divided amongst the people who are to enjoy it. It should never be at the dictation of the private banks as to how much wealth shall be produced, and thereby the standard of the people regulated. As for the member for Subiaco (Mrs. Cardell-Oliver) asking the Government to find money to provide milk for poor people's children, there is milk all around us, and some of it going to waste. Then we are asked for bread. But there is wheat all around us, and the farmers are walking off their farms. As soon as we know what the trouble is, I hope members will attack it. I know it has a great deal

of influence, and a wonderful power. That is the cause of our trouble, and we will get no permanent advantage, and there will be no decent standard of living for any worker, no security of employment, and no guarantee to him and his children, until we do it.

Progress reported.

*House adjourned at 9.58 p.m.*

## Legislative Assembly.

*Thursday, 17th September, 1936.*

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

### BILL—STATE GOVERNMENT INSURANCE OFFICE.

*Second Reading.*

**THE MINISTER FOR EMPLOYMENT**  
(Hon. A. R. G. Hawke—Northam) [4.34]  
in moving the second reading said: The Bill proposes to achieve four purposes, namely, (1) to validate all past transactions of the State Insurance Office; (2) to legalise the establishment of the State Insurance Office in regard to the transaction of accident insurance business, including workers' compensation, employers' liability, and ordinary accident insurance; (3) to provide power for other types of insurance business to be carried on if authorised by the Governor by Order in Council; (4) to establish the State Insurance Office as an incorporated insurance office approved by the Minister within the meaning and for the purposes of Section 10 of the Workers' Compensation Act, 1912-34. The reasons forcing the State to establish its own insurance office are well known. The main reason at the time was the refusal of private companies to accept the obliga-

tion of insuring miners against certain diseases at the rate of £4 10s. per cent., which was the rate recommended by a committee set up to investigate the position. After the refusal of the private companies to accept that type of risk at the rate mentioned, the Government of the day conducted negotiations with the insurance companies with the object of overcoming the deadlock. The negotiations were fruitless, whereupon the Government had no option but to establish its own insurance office for the purpose of undertaking workers' compensation insurance. Although the action of the Government was condemned at the time, and has frequently been condemned since, the State Insurance Office has been carried on. Even anti-Labour Governments have not taken any action to end the existence and operations of the State Insurance Office. I think every member will agree, too, that the office has thoroughly justified its existence. Some of the newer members particularly will be interested in the following tables, because those tables will show that the existence of the State office has been quite justified. The tables are as follows:—

Accident Department, excluding all Government Workers.

Year.	Premium Income.	Claims Paid.	Administration Expenses.	Surplus for the Year.
	£	£	£	£
1934-35 ...	174,419	148,093	3,148	25,657
1935-36 ...	242,096	173,022	3,706	68,246

Fire Insurance Department.

Year.	Premium Income.	Claims Paid.	Administration Expenses.	Surplus for the Year.
	£	£	£	£
1934-35 ...	1,049	631	346	1,267
1935-36 ...	1,875	1,678	393	217

I propose to make some remarks about the fire insurance section of the State Insurance Office at a later stage. The figures I have given cover the activities of the office during the last two years, but if any hon. member is interested in the figures for the previous three years in each division mentioned, those figures are to be found in the speech made by Mr. J. J. Kenneally when he introduced a similar Bill in November, 1934. During its existence, the State Insurance Office has accumulated substantial reserves. The figures to the 30th June are as follows:—

State Insurance Trust Fund, including miners' phthisis .. ..	326,251
Government Workers' Compensation Fund ..	35,072
Fire Insurance Fund, including motor car insurance .. ..	44,809
Marine Insurance Fund ..	4,390
	<hr/>
	£410,522
	<hr/>

The amount of reserve to the credit of the Government Workers' Compensation Fund was as low as £900 at the 30th June last year, so that there has been an increase in the reserve of that fund of approximately £30,000 during the twelve months ended on the 30th June this year. The figures that have been quoted prove that the State Insurance Office has been conducted in a successful manner, despite the out-of-date opinions of some people to the effect that any State activity has no possible hope of being conducted in a businesslike manner.

Mr. Sampson: Is that an out-of-date opinion? I thought it was the modern opinion.

The MINISTER FOR EMPLOYMENT: That is the out-of-date opinion. The modern opinion, of which the member for Swan (Mr. Sampson) is well entitled to speak, is that activities carried on by the State are conducted as well as, and in many cases better than, those conducted by private companies. I doubt very much whether that would have complete application to the newspaper world as we know it to-day. Hon. members in this Chamber, and possibly those in another Chamber, will realise that the past transactions of the State Insurance Office have to be validated sooner or later. It is to be regretted that Parliament has not yet faced that issue frankly and effected the necessary validation. Commonsense would seem to suggest that the transaction should be validated at the earliest possible moment. No very sound argument can be put forward against the proposal to legalise our State Insurance Office. Most members of this House will agree that a State Insurance Office should exist for the purpose of carrying on certain classes of insurance business, even though they might not all agree that a State Insurance Office should have power to conduct every type of insurance business. It is hardly likely that any very serious opposition will be offered to the proposal to place the State Insurance Office in the position of being an incorporated office, approved by the Minister, for the purposes of Section 10 of the Workers' Compensation Act. At the present time, as most hon. members will be aware, there is no approved insurance office in Western Australia. As a result of no approved insurance office operating, the compulsory clauses of the Workers' Compensation Act cannot legally be enforced. Many employers in Western Australia to-

day are taking advantage of that situation, and are failing to insure their workers, with the result that those men are being denied the rights which the Workers' Compensation Act would otherwise give them. The employers who are failing to insure their workers are, in the great majority of cases, employers without any substantial means. I understand that this practice is rather widespread on the goldfields, where employers engage a few men to work on some gold-mining show of a not very reliable character. The result is that when a worker is injured, he finds that he is not insured, that his employer has no money, and that consequently he has no means of obtaining the justice due to him. We find ourselves in the position of not being able to enforce the compulsory provisions of the Act against employers of that kind. The main volume of opposition to the Bill, if there is to be a main volume, will probably be directed against the section of the Bill which proposes to give the Executive the power to extend the operations of the State Office to cover general insurance business. It is somewhat difficult to understand why, on the merits of the proposal under consideration, opposition should be offered. The proposal to give a State Insurance Office power to transact general insurance business is by no means a new one. The proposal is not an untried one. It has been tested out, not only in some of the States of Australia, but in other parts of the world. If the tests that have already been conducted had proved to be dangerous, if the State offices in other States and in other countries had proved financial failures in respect to the general insurance business transacted by them, it would indeed be logical and justifiable for members of this Assembly, or for members of another place, to condemn the proposal to give the Executive power for the State Insurance Office to conduct insurance business of a general nature. In other States of Australia and in other parts of the world, as I have already indicated, State insurance offices have been operating successfully on a general basis for many years. In some of the States of America, the State-owned offices have a complete monopoly of certain phases of insurance. America has always been regarded as the home of private enterprise. State enterprise has always been frowned upon and discouraged there. Nevertheless, in spite of that strong public opinion in favour of private enterprise and against

State enterprise, State insurance offices in some of the States of America have been given a monopoly of all classes of insurance business. The present Bill does not propose to grant any measure of monopoly to the State Insurance Office in respect to any type of insurance business. This Bill merely provides that the State office shall be permitted to enter into competition with the privately-owned companies. I know that some members opposite still believe that competition is the soul of trade, that competition is always helpful to business. On that account I confidently anticipate that most members opposite will be true to their beliefs in that regard by providing for a little additional competition to be injected into the insurance business of Western Australia.

Hon. P. D. Ferguson: I think organisation has largely taken its place.

The MINISTER FOR EMPLOYMENT: The history of every State-owned office in the world has shown that the people insured and the public generally have benefited as a result of the activities of those State-owned offices.

Mr. Thorn: As long as you do not join up with the combine, if you get this power, it will be all right.

The MINISTER FOR EMPLOYMENT: I think the position will be the reverse, and that the combine, as a result of this additional helpful competition, will be inclined to join with the State Office to reduce premiums and make insurance cheaper to the people of Western Australia.

Mr. Marshall: It would to a large extent relieve the primary producers of some of their financial obligations.

Mr. Thorn: The experience might be the same as with the State Sawmills.

The MINISTER FOR EMPLOYMENT: The State of Victoria has always been regarded as the most conservative State in Australia. It has always been regarded as the most cautious of the States in making any experiments. Yet, in Victoria, a State Insurance Office was established as far back as 1914. The first result following the establishment of that office was a considerable reduction in the rates of insurance charged by the private companies. Despite the fact that the premium rates were considerably reduced, the State Office was able to distribute £116,000 in bonuses to its clients to the end of June, 1935. In addition to that, which was no mean achieve-

ment, a reserve fund of £96,000 was accumulated. The Victorian State Insurance Office has accumulated total profits amounting to £223,000 as from the date of its establishment in 1914. State Offices have done far more than to force a reduction in the cost of premiums. They have accumulated heavy reserves, as I have already indicated, and the taxpayers in the States concerned have not been taxed as heavily as would otherwise have been the case. Queensland has always been looked upon as a very progressive State. It has enjoyed progressive Governments. In that State, a State Insurance Office was established several years ago. Soon after that office was established, premiums were reduced by 33½ per cent. In 1934-35 the Queensland State Office showed a loss of £49,000 in the ordinary section of the workers' compensation department. That loss, however, was more than balanced by the surplus of £70,000 made in the fire insurance department, the surplus of £12,000 achieved in the miners' phthisis section of the workers' compensation department, and the profits of £10,000 and £3,000 made in the miscellaneous accident and marine departments respectively. New Zealand has always been a very progressive country in the matter of insurance, and there is no doubt, judging by recent happenings, that it will be even more progressive in that respect in the future. In the accident and fire departments of the New Zealand State Office, a profit of £80,000 was made during 1935. In that Dominion the State office carries on its business in competition with 52 private companies. Since 1923 the New Zealand State Office has operated a system of paying rebates to policy holders. During the 13 years that that system of making rebates has been in operation, policy holders have benefited to the extent of no less than £346,000. Had there been no State Insurance Office in New Zealand, the people of that Dominion would have paid that amount of money, and probably a great deal more, to the private insurance companies. The total assets of the fire insurance section of the New Zealand State Office at the 31st January, 1935, amounted to £1,139,000. The operations of the New Zealand office have been responsible for bringing about several reductions in the rates charged by private insurance companies in that country. It is estimated, and is not an exaggeration, that the insuring public and the taxpayers of

New Zealand have been saved not less than £13,000,000 as a result of the operations of a State-owned insurance office. There can be no doubt, as the member for Murchison suggested a few moments ago, that the undertaking of general insurance by a State office here would confer very great benefits on our primary producers—

Mr. Boyle: But we have solved that problem.

The MINISTER FOR EMPLOYMENT:—just as similar benefits have been conferred on primary producers in New Zealand.

Mr. Boyle: We have already done that.

The MINISTER FOR EMPLOYMENT: It may have been done in regard to certain types of insurance which the farmers effect in this State, but I do not think it has been done in a general way.

Mr. Boyle: In the wheat areas it has.

The MINISTER FOR EMPLOYMENT: In regard to every type of insurance?

Mr. Boyle: Yes, by a non-tariff company.

The MINISTER FOR EMPLOYMENT: The farmers of Western Australia have received at least some relief in that regard.

Mr. Boyle: But we had to get it ourselves.

The MINISTER FOR EMPLOYMENT: The hon. member will agree that that development has been the means of saving the farmers of Western Australia a great deal of money in insurance premiums, and I am sure he will be anxious to confer the same kind of benefit upon all other sections of the community. Therefore I look forward with hope to receiving his support for this provision in the Bill. The published statistics dealing with the operations of insurance companies in Western Australia show that their administrative expenses account for between 35 and 40 per cent. of the premium income. Last year the figure was 37.1 per cent. There are between 60 and 70 private insurance companies operating in Western Australia. It might be said that on that account there must be no end to healthy, vigorous competition. I am sure the member for Avon, who must have given this question much consideration, will agree that, in fact, there is practically no competition at all.

Mr. Boyle: I fought it for four years—one big family.

The MINISTER FOR EMPLOYMENT: I propose now to quote a table comparing the operations of our State Insurance Office

with those of the private insurance companies in this State. The table covers the

years 1934 and 1935, and deals with workers' compensation insurance—

	1934.		1935.		Totals.	
	State Insurance Office.	Insurance Companies.	State Insurance Office.	Insurance Companies.	State Insurance Office.	Insurance Companies.
Premiums received ... ..	£128,335	£143,647	£174,419	£153,494	£302,754	£297,141
Claims paid ... ..	£111,407	£116,691	£148,033	£136,689	£259,440	£253,380
Administrative expenses ... ..	£2,636	£52,935	£3,148	£57,049	£5,784	£109,984
Ratio of claims to premiums ...	86.8 %	81.2 %	85 %	89.5 %	85.9 %	85.3 %
Ratio of administrative expenses to premiums ... ..	2.6 %	36.7 %	1.8 %	37.1 %	1.9 %	36.9 %

Very strong comments could be made on the table of figures I have just read. I feel they are sufficiently illuminating to make it unnecessary for me to make any comments. Another table shows the ratio of expenses to premiums in regard to insurance generally, as carried on by the private insurance companies—

Insurance Generally, including fire, marine, etc., but excluding life business.

	£
Premiums received .. ..	£790,190
Claims paid .. ..	£306,776
Ratio of claims to premiums .. ..	38.8%
Commission paid to agents .. ..	£112,965
Other expenses .. ..	£238,028
Ratio of expenses to premiums .. ..	44.4%

If the experience of State-owned offices in other parts of the world can be accepted as a guide to the result of general insurance business likely to be done in Western Australia by a State office, it must be admitted that a State office can operate on an expense ratio far lower than that operated upon by private companies. Indeed, the member for Avon (Mr. Boyle) has indicated that a private company that is prepared to remain outside the combine can operate on a more economic basis than the private insurance companies are operating upon at present.

Mr. Boyle: It is satisfied with less profit.

The MINISTER FOR EMPLOYMENT: And probably is conducted in a far more business-like manner, and giving far more consideration to the welfare of its clients than has been done in the past, or is being done at present, by many of the private insurance companies in this State.

Mr. Boyle: I would not say that. Insurance companies' business is conducted perfectly.

The MINISTER FOR EMPLOYMENT: I am inclined to think that a great many dissatisfied clients would not agree with that.

Mr. Boyle: They do not think so.

The MINISTER FOR EMPLOYMENT: Insurance business in many directions is conducted in a perfect fashion from the point of view of those who receive profits as a result of the activities of the company. I have already said that a State office would operate on an expense ratio far lower than that operated upon by private companies. That factor—perhaps it is one of the main factors—always makes it possible for State-owned offices to reduce very substantially the cost of insurance to the public. Naturally, the main object of a State-owned office is to provide insurance benefits at the lowest possible premium. One of the main objects of private companies, on the other hand, is to make at least reasonable profits. With so many private companies in existence it is unavoidable that a large sum of money should be used by them in fighting each other for the comparatively small amount of business available. When I suggest that they fight each other for business, and must use up a great deal of money, I do not suggest that the competition is the type that benefits the public. That is not so. The premium rates are practically the same with all companies. The public, therefore, have practically no choice in the matter. But private companies do fight each other very frequently to obtain as much of the available business as possible. In order

that each company may obtain as much as possible, it spends a large sum of money in persuading the public to take up insurance. Experience has shown that State-owned offices can undertake workers' compensation insurance at a far cheaper rate than is charged by outside companies. At the time the private insurance companies in this State refused to write miners' phthisis insurance, they stated they would be prepared to write it at a figure of £20 per cent. The Government refused to agree to that, and set up a special committee to investigate the whole question, and find out what would be a reasonable figure to charge. The special committee recommended that £4 10s. per cent. would be a fair figure for that type of business. It is apparent that the private companies on that occasion were out to make an altogether unfair margin of profit so that the miners concerned might be given legal protection under the Workers' Compensation Act. I have shown in the table I have just quoted that the administration charges of our State office in respect to workers' compensation insurance were slightly under 2 per cent. of the total premium income. The administration charges of private companies were 37 per cent. of the total premium income. It can be admitted that the figure for the State office would be increased if certain charges had to be met by it that have to be met by private insurance companies, such as rent, income tax and other charges of the kind. I do not think anyone would be so daring as to assert that the figure for the State Insurance Office would be increased beyond 7 or 8 per cent. Even if it were increased to 10 per cent., the comparative figures would then be 10 per cent. for the State Insurance Office and 37 per cent. for the private insurance companies. In the past some criticism has been levelled at the smallness of the reserve held in the fire insurance fund of our State Insurance Office. I remember when a similar Bill to this was before the House two years ago. A fair amount of criticism was levelled at this very point. It was suggested that the reserve held in the fire insurance fund of the State office was altogether inadequate for the risks that the office was carrying. Those who indulged in that criticism were under the impression that all fire risks written by the State office were carried entirely by that office. Such, however, was not the position, even then. The State office carries only a

small proportion of the risk appertaining to fire policies. The system adopted by the State office in this regard is the system adopted by every insurance company, namely, to spread the risk over a very wide field. The total liability carried by the State office in any one risk is £750. I think, therefore, it will be conceded that the State office is following a very safe policy. In view of that the amount now in reserve in the fire insurance fund of the State office is considered sufficiently substantial to cover all possible claims. The time has arrived when Parliament should face squarely the proposals contained in this Bill. No valid opposition can be raised to any of the proposals contained in it. Most of the opposition likely to be voiced against the measure will be prompted, I feel, by those who desire to safeguard the privately-owned companies from the healthy, fair and vigorous competition which the State office would offer if it were given power to engage in general insurance business. At present there is very little effective competition amongst the private companies concerning the rates charged to the public for insurance. The public to-day have little or no protection in the matter of general insurance. The field of insurance business is one in which the State is legitimately entitled to move. We often find the State being condemned because it makes a loss on the North-West shipping service, or on some other service used for the purpose of assisting in the development of the country. Usually, all services that are likely to be of an unpayable nature are left by private enterprise for the State to carry. Whenever any service is required in the State that is not likely to offer a prospective profit to private enterprise, such a service is left for the State to carry on. When the State does so, it is frequently condemned because losses are shown, as they must inevitably be shown. Here is a field into which the State is legitimately entitled to enter. More and more is insurance looming large in the public mind. We frequently hear and read nowadays of the great need for national insurance to cover many of the disabilities which people have to face in these times. I am quite convinced that as time goes on we shall see inaugurated and operated in Australia a great national insurance scheme that will protect the whole of the people of the Commonwealth in regard to unemployment, in

regard to sickness, and in regard to many other phases of their existence. So there can be no argument against the principle that the State or the Commonwealth, as the case may be, is legitimately entitled to enter into the field of insurance. The move which is now proposed is a legitimate one, and there can be no question whatever that it will prove to be profitable for the taxpayers and the insuring public of Western Australia. Insurance is almost as necessary for the people as are education, defence, the maintenance of law and order, and the carrying-on of other essential activities. No one ever queries the right of the State to interest itself in activities of the descriptions just mentioned; yet the right of the State to carry on insurance activities is strongly challenged, especially by those particularly interested in the profits likely to be made by private companies. The main argument in favour of the Bill is that it seeks to promote the particular welfare of the insuring public, and the general welfare of the general public, by establishing an opportunity for insurance protection to be obtained at reasonable rates and under reasonable conditions. Another strong point in favour of the measure is that usually claims are more expeditiously and more satisfactorily dealt with by a State-owned office than by private companies. I feel there is no need for me to develop that argument. No doubt every member of the Chamber knows of difficulties that have been placed in the way of people by at least some private insurance companies. Especially does this apply to workers' compensation insurance. The activities of some private companies in that regard have been nothing short of scandalous. I now commend the measure to the careful consideration of hon. members, and move—

That the Bill be now read a second time.

On motion by Mr. McDonald, debate adjourned.

## ANNUAL ESTIMATES, 1936-37.

### *In Committee of Supply.*

Debate resumed from the previous day on the Treasurer's Financial Statement and on the Annual Estimates; Mr. Sleeman in the Chair.

*Vote—Legislative Council, £1,865:*

**MRS. CARDELL-OLIVER** (Subiaco) [5.22]: I had no intention of speaking dur-

ing this debate; but I cannot let the opportunity pass without again appealing to the Treasurer to make a grant so that undernourished children may at least have free milk, especially as I know that the member for Murchison (Mr. Marshall) is such a stalwart supporter of that proposal, as indeed are many other hon. members. I have already said, and I say again, and shall continue to say at every opportunity, that it is the Government's duty to provide nourishment for those children whose parents, through misfortune, themselves cannot provide it. It is impossible for parents on £1 1s. per week to feed, clothe, and pay rent for, three people while giving proper nourishment to the child. The same remark applies to those of four in a family with 28s. per week, and even more especially to those of six in a family with £2 2s. For the moment I am not concerning myself with the parents, but rather with the unfortunate children, who must grow into weaklings and become a burden and menace to the State if we do not help them. It would be a waste of time for me to quote the advantages which would accrue to those children who would receive a daily ration of milk. The member for Forrest (Miss Holman) gave a forceful and excellent exposition of the free-milk question some two years ago, and I am amazed to think that the Government did not take action then. Victoria subsidises the Free Milk Council liberally, and 17,000 children in that State receive free milk daily. England gives milk to 4,500,000 school and creche children daily. Many of these who can afford to do so, pay for the milk; but those who cannot pay, also receive milk. It is generally thought that milk is cheap in Australia; but in comparison with the prices in many other countries it is very costly here, and out of the question as a food for those people on very low incomes. Many of such people are restricted to skimmed tinned-milk, which may be all right for adults, but is not good for children. Referring now to the inquiry asked for by the Leader of the Opposition into certain charges made by the member for East Perth (Mr. Hughes) against the Government, I ask hon. members on the Ministerial side of the Chamber to believe that it is not my intention to make charges or insinuations. I believe that hon. members on those benches—some of whom I have known for many years—are honourable in word and deed; but I have had letters con-

cerning Yampi Sound which are disquieting, and I have come to the conclusion that many Western Australians are not in favour of allowing the Japanese to have assets of this country which we ourselves will need when we become a peopled nation. Unlike wool and wheat, iron ore cannot be grown yearly. I would suggest that the inquiry if it takes place, should extend to Yampi Sound transactions, and also that it extend to the activities of Agents General, present and past, and other agents, in regard to any concessions applying in this country. Further, I would suggest the inclusion in the inquiry of investigations into the banking accounts of all persons or agents who have had any transactions in connection with the charges made by the member for East Perth, and that such banking investigations include Yampi Sound transactions. I also suggest that if the Yampi Sound concession is ratified, provision be made for the ore to be exported to Japan in British ships.

The Minister for Agriculture: Let us also have an inquiry as to whether blackfellows should wear white socks!

Mrs. CARDELL-OLIVER: It would be in the interests of the country and hon. members themselves, and all concerned, to have the inquiry so wide that such charges and insinuations as have been made will be impossible of repetition in the future. Charges of that kind tend to disrupt our democratic system, and to belittle those who have given a life's service to the State. I wish to correct some statements made by the Minister for Health when he deigned to criticise my election pamphlet. The hon. gentleman said the other evening that he did not quote from my circular. May I give him his exact words, which are reported in "Hansard":—

I intend to touch on one or two matters only. The circular is in very attractive form, and nicely got up. This is what appears on the front page.

Then the Minister went on to quote those things, and said:—

If the Government took notice of the items which appear on the front page of the pamphlet, the cost to the Government would be £1,500,000.

I did not suggest that the Government should run the industries mentioned. In fact, the Government's attempts to run any business, except a hotel, at a profit have mostly proved dismal failures; and I believe

that they may also fail in the insurance suggestion which we have just had placed before us.

The Minister for Health: Why should they supply milk, then?

Mrs. CARDELL-OLIVER: That is a necessity. The Minister could not be here unless he had milk as an infant; at least, I presume he had. If I had had the stupidity to suggest to the electors of Subiaco such wholesale State interference in industry, I would not be here today. I am sorry the Minister took such pains to criticise the pamphlet without first reading it correctly. Another mistake which the hon. gentleman made was in quoting my figures. He said that he went to the Under-Treasurer to obtain the correct figures. Now, I had my figures also checked by the Treasury. My statement was that in 1934 borrowing increased by £3,500,000 on that of the previous year. That statement, in round figures, is correct. The actual figures appear on page 28 of the "Financial Statement" for 1934-35. The actual amount was £3,545,440. There was a discount of £48,163. Therefore I was out in my statement by only £2,723. My Leader the other evening spoke on this question, and the Minister for Mines interjected. Thereupon my Leader said that no doubt the interpretation was a mistake. Of course the interpretation of the Minister for Health was a mistake, but his interpretation was not my statement.

The Minister for Health: It was what your pamphlet stated, and what you repeated in this Chamber, as appears from "Hansard."

Mrs. CARDELL-OLIVER: I would not waste the time of the House in answering the Minister but for the fact that such misstatements are recorded in "Hansard," and that I resent the suggestion that the intelligence of the electors of Subiaco could be so limited that they would choose to elect a representative capable of dropping millions about so glibly and making such inaccurate statements.

The Minister for Health: I did not alter the wording at all.

Mrs. CARDELL-OLIVER: I wish to assure the Minister that I agree with him in regard to errors made by members, and also have a great respect for the member who has the courage to acknowledge his or her errors in statements made. I shall not hesitate to acknowledge mine when I make them.



I suggest to the Minister for Health that he accompany me to the Treasury and that then he return to his Chamber and acknowledge his mistake.

The Minister for Health: Will you come to the office to-morrow, and I will go with you to the Treasury and prove that you are wrong?

Mrs. CARDELL-OLIVER: I will; and I hope that when we return to Parliament, the Minister will have the courage to say that he was wrong and that I was right.

The Minister for Health: Very well; we will go.

Mrs. CARDELL-OLIVER: Yes, I will be there.

The CHAIRMAN: Order! The Minister should keep order.

Mr. Marshall: We object to these private arrangements being made here.

Mr. Hegney: We should adjourn at once.

Mrs. CARDELL-OLIVER: The Minister also took exception to the paragraph in my circular headed "Salvation from Socialism." The paragraph reads—

Organised attacks are being made to undermine our political structure and establish a socialised State, to destroy our religion and our home life.

I repeat that statement. I believe it to be true, whether the Government like it or not. Communists are undermining the Labour Party.

Mr. Hegney: What nonsense to talk like that!

Mrs. CARDELL-OLIVER: I will have to ask the hon. member to accompany me to a meeting, too. At Communist meetings one can hear definite statements being made, such as those by a man named Miles who, I understand, is one of their leaders.

Mr. Marshall: What? George Miles?

Mrs. CARDELL-OLIVER: Communists are a definitely organised body of people throughout the Commonwealth. Their leaders declare that Communists are organising through many branches of organised bodies throughout Australia, and that the most intensive work should be, and is being, done in Labour circles. The man Miles, who made that statement, went so far as to say that no fewer than 200 of their members held responsible positions, and that hundreds were working subversively, implying that they were working through the Labour movement. Communists are working through every Labour movement throughout the world. I do not say that the older and

worthy members of the Labour Party want the Communistic element, but I say emphatically that Communists are, in many instances, members of the Labour Party, with or without the knowledge of that organisation. A cablegram appeared in the "West Australian" of the 12th September last, in which a reference was made to a speech by Sir Walter Citrine, the secretary of the British Trades Union Congress. The cablegram was as follows:—

Justifying the emphatic rejection by the Council of the Trades Union Congress of a proposal for a united front to oppose Fascism and war, Sir Walter Citrine (the Congress secretary) said that Communists, having failed to capture the Labour movement from outside, had now received orders from Moscow to change their tactics and try to lead the Labour movement along the road by shibboleths which would only lead to disaster. These tactics would deceive nobody.

Unfortunately, a great many people in Australia are deceived and join societies with high-sounding names, such as "Against Fascism and War," "Cultural Relations with Russia," "Friends of the Soviet Union," and many others. These misguided people do not know that these organisations are controlled from Moscow.

Mr. Fox: Do you say that the Archbishop is misguided?

Mrs. CARDELL-OLIVER: Yes, in that instance. The organisations I refer to are controlled from Moscow and are for one purpose only, that of destroying our society. Communists comprise a definite organised body of people whose object is to destroy religion, believing it to be "dope" for the people. Communism seeks to destroy home life, as it believes home life to be a menace to a totalitarian state. It seeks to destroy liberty because its leaders know there can be no liberty under a system of entirely organised State control. I, therefore, repeat my statement regarding salvation from socialism. I would also add: "Salvation from Fascism." If the Minister for Mines will have a look at my circular—if he had really read it, he would know it—he will see that on the back page I also denounced Fascism.

The Minister for Employment: Why on the back page?

Mrs. CARDELL-OLIVER: Because it was the best page. I merely desire to add that I hope my reply to the Minister for Health has not diverted the attention of his colleagues on the Treasury bench from the

real object of my remarks, which was an appeal for a grant to allow supplies of free milk to be given to under-nourished children.

**MR. RODOREDA** (Roebourne) [5.35]: We have heard a great deal during the last few sittings about the need for monetary reform, the necessity for an alteration in our social structure, and various other matters of that description. No doubt some members have ridden their hobby-horse to death on those subjects. While I agree that some change must take place—I regard that as inevitable—I do not think our discussion will lead us very far towards effecting that change. Most people know that the machine age has arrived. Every day men are being put out of work through the installation of machinery. Through the Press and other publications, our attention is drawn to the fact that Governments in every country of the world are adopting that course, and our own Government repeatedly have acted similarly. For instance, the other day I noticed in the "West Australian" a complaint from the South-West. The Government have installed motor tractors to do the bush haulage work around the mills. In consequence, a great number of haulage teams have been thrown out of employment, and many men in allied industries have been similarly affected. I visited the East Perth power house a week or two ago and noticed that a huge plant was being installed for the disposal of ashes. On making inquiries as to the necessity for such an enormous structure, I was informed that some 23 men are at present employed in getting rid of the ashes from the power house, and that with the installation of the plant I refer to, three men only will be necessary. Through that process the Electricity Department will be able to show additional profits, but the savings in that direction will not be distributed among the men whose services will be dispensed with. They will not reap any benefit at all. I do not know what section of industry will be able to absorb those who have been shovelling ashes from boilers. Nevertheless, that is the position. I doubt if we can do any good by discussing these matters at length in this Chamber, nor are we likely to have any effect in attempting to secure a remedy for the position that is being created. When we consider the remedy phase, we proceed to get into deep water. I have not the faintest idea of what the

remedy will be. I have no pretensions to being an economic expert.

Hon. P. D. Ferguson: Or a prophet.

**Mr. RODOREDA**: I believe the change that is inevitable in our economic and social fabric will come gradually. It will be more a matter of evolution, more a question of a system of trial by error. I am keenly interested in the experiment that is proceeding in New Zealand, and will await results with anticipation. That is all I have to say regarding monetary reform. Getting down to the Estimates under discussion, it seems to me that most of us are inclined to neglect the real financial aspect of the Estimates and to remember that the figures used in their preparation are only what they purport to be—just estimates. They represent really guesswork and are almost automatic. Unfortunately, in my opinion, the introduction of the Estimates in Parliament has become largely automatic. For instance, I would like the Treasurer to deal with the financial position of the State, not as disclosed by the Estimates, but by the real balance sheet. I consider that a review of the balance sheet that shows our actual position would be the most important item we could have to discuss. All Treasurers scarcely refer to that phase at all. I will return to that matter later on. It seems to me that the achievement of a deficit or a surplus is, to a great degree, out of any Government's control.

**Mr. Lambert**: You might as well place it in the hands of the Lotteries' Commission.

**Mr. RODOREDA**: The bulk of the expenditure is more or less fixed, and while the policy of various Governments may have some influence upon revenue, that merely represents a small factor in the problem. The three main factors upon which I should say revenue depends, are seasonal conditions, world prices and, as we have found to our sorrow during the last few days, the grant from the Commonwealth Government on account of our disabilities. The last-mentioned phase was ably dealt with the other evening by the Leader of the National Party (Hon. N. Keenan), and we have been forced to realise how important the Commonwealth disabilities grant has become in our finances. We are now forced into the position that instead of practically balancing our budget at the end of the present financial year, we shall be £300,000 behind, unless, of course, the Government can find other avenues within the State through which additional

revenue can be raised. In view of these considerations, I fail to see how we can gain much by holding financial post mortems, going back over the years and arguing the point as to what this Government did, what the Opposition did when they were in office, or what we would have done had we been in the same position, and so on. That sort of thing will not get us much further ahead. We should at least face the facts and consider the future. As to last year's surplus, I do not intend to hand out any bouquets to the Government for their achievement. I believe that, in view of all the circumstances, it was the result of a mistaken policy, for we could have done a lot more for the State as a whole, including the workers, particularly if the Government had watched the position more closely.

Hon. W. D. Johnson: The Federal Disabilities Commission have done that.

Mr. RODOREDA: Of course they have. If we are to receive a reduced grant on the figures for the preceding year, it follows that we will get a considerably reduced grant next year when the Commission base their calculations on the figures for the financial year that has just closed. That seems to be quite certain. When I say I think the Government should have done a bit more, we showed a surplus of £88,000, and in addition there was a sum of £97,000 unexpended from the Federal Aid Roads Fund, and also a fair balance of about £78,000 in the afforestation fund, amounting in all to £263,000, which was available for expenditure. The ex-Premier explained to us in the House last year his idea of hanging on to that money in the afforestation fund: He had what he called a long-term plan for dealing with afforestation, and of course under normal conditions that was possibly a really good thing. The fact remains that the money was there for expenditure and was not spent. I hope the Government will watch the position much more closely this year. Of course they will be compelled to do so, owing to the fact I have already mentioned, namely, the reduced grant. That leads me to offer the suggestion that in my opinion the Premier of the State should not be also the Treasurer. A little consideration will show that the Premier of the State is also the leader of a party that has been elected to carry out a policy. As the leader of that party and the Premier of the State he could do his best to put that policy into effect, and if he were Premier alone he could look at everything from that

viewpoint alone. It would then be the Treasurer's responsibility to prove to the Premier that he could not put his policy into operation, because the funds were not available.

Hon. P. D. Ferguson: But he could do that himself.

Mr. RODOREDA: Yes. He could convince himself before he started that he had not the necessary money, but if someone else had to convince him he could say, "If we have not the necessary money, we are going to get it somehow or other." Then if the people did not like the policy, or if they were being taxed too heavily, they would have the remedy in their own hands, for they could put the Government out of office at the next election. As for the Estimates themselves, it seems to me there is a lot more interest taken, at least by private members, in the Loan Estimates as against the Revenue Estimates. The Loan Estimates are more easily understood and do not require the involved study necessary to an understanding of the Revenue Estimates. Even with a close investigation of the Revenue Estimates with a view to getting a true idea of the position of the State generally, a private member's inquiries often lead him into wrong conclusions. I know that in an endeavour to ferret out the facts in the Revenue Estimates I have often got myself into deep water, and have had to consult the Treasury officials on numerous occasions to learn whether or not my conclusions were reasonably correct. The additional returns that have been supplied to us with the Estimates this year are very interesting, and very informative, as the Leader of the Opposition remarked the other night, particularly returns No. 16 and No. 17. But I think we are entitled to a lot more information still. For instance, in the Estimates we are shown the expenditure on account of the Agricultural Bank, the Industries Assistance Board, and the Soldiers' Settlement Board. Then the totals of these are all translated to trust funds. I do not see why that cannot be done also in regard to other trust funds, funds in which have been placed the money raised from the people of the State, as, for instance, the hospital tax fund, and the road fund. We are only in the dark in respect of those funds, for we have to wait until the annual report comes along, perhaps months hence. Consequently, while discussing the Estimates we are in the dark.

Some of the money spent annually out of the road fund includes, of course, the money received from the Federal Government. Last year we expended in that way £717,000. That brings me to the point where I should like to make a few remarks and delve more closely into the figures mentioned by the Leader of the National Party the other evening in his criticism of the Government expenditure. I say criticism, but really the Government get off very lightly indeed; it may be a little ungenerous to suggest it was because of the lack of material, for the Leader of the National Party did not have much to attack the Government on. But he did state, and he gave figures in support of his contention, that this Government had about £3,000,000 more to spend out of loan and revenue combined during their last three-year term, as compared with the three-year term of the Mitchell-Latham Government. All my investigations lead me to believe that those figures are approximately correct. But the hon. member did not go quite far enough with those figures. My idea is that the mere fact of one Government having more to spend than another does not mean much; the point is what the respective Governments do with the money; do they put it into works in which they have something to show for the expenditure, something that will be of use to posterity, or is it just frittered away? Take the figures quoted by the Leader of the National Party, loan moneys only: The coalition Government had £9,200,000 of loan money. The amount which was spent from that sum for loan purposes, on works and services, was only £5,357,470. The balance of it, namely, £3,800,000 odd, was used to finance deficits. That financing of deficits was really expenditure that, nominally, was debited to revenue. Over the three years, out of that £3,800,000 odd, the total amount spent on unemployment relief by the coalition Government was only £1,021,000 odd, and on child welfare £841,000, making a total of £1,863,000. So there is a balance of practically £2,000,000. Granting that all of the unemployed relief money was put into public works—we know that it was not, for a lot of the men were on sustenance alone—it leaves a balance of £2,000,000 for which there is no asset whatever to show. Against that I will quote the figures on the same basis for the Collier Government, as follows:—Loan moneys, £8,783,000; amounts

spent on works, £7,912,000 odd; financing three years' deficits, £867,000 odd. Out of that £867,000 no less than £373,000 was spent on child welfare and £413,000 on unemployment relief, a total of £786,000. That is a comparison which is worth while, and the only just comparison that can be made. It matters not to me whether this Government had £5,000,000 more than the other Government to spend. What they did with it is the point. I should like to compare the works that have been carried out by this Government with those of the previous Government. It is amazing how the previous Government could have got away with so much loan revenue and had so little to show for it.

Mr. Doney: I thought you said you did not hold with these comparisons.

Mr. RODOREDA: I have had to go back in order to correct the member for Nedlands. I do not know whether any member in the combined Opposition can point out one large worth-while Government undertaking in which their money was invested.

Mr. McLarty: What about irrigation?

Mr. RODOREDA: That is the main one, and in addition I will grant that they spent a considerable portion of it in development of agriculture, on which we show a loss of £800,000. Just to go through the works put in hand by this Government during the last three years: To start round the coast, there was the Esperance jetty, the Bunbury harbour improvement works, the Geraldton harbour, the rebuilding of the jetty at Onslow, the rebuilding, now in progress, of the jetty at Point Sampson, the bridges and crossings constructed—one crossing in Kimberley cost £10,000—renovations and repairs to practically all the public buildings, belated repairs to the railways which, I understand, are now in as good a condition as any other railway system in Australia.

Member: No, not according to the drivers.

Mr. RODOREDA: Well, the engineers told me that. Then of course there was the Canning dam.

Mr. McLarty: Did you not start the Wellington dam?

Mr. RODOREDA: Then a lot of extra expenditure was incurred from revenue by the last Government because of the lifting of the financial emergency cuts, which meant a very considerable amount of money.

Mr. North: We had to take off those cuts during the depression.

Mr. RODOREDA: That was a bit of bad luck, but it is no reason for complaining that this Government had more money to spend than had the previous Government. Return No. 1 on the list supplied to us shows a total loan indebtedness of £90,344,000 odd. The member for Nedlands (Hon. N. Keenan) referred to what he called contingent liabilities and proceeded to add nearly £1,000,000 to our loan indebtedness on this account.

Hon. N. Keenan: No, to the general debt.

Mr. RODOREDA: Have it whichever way you like. Contingent liabilities, as the name implies, are only liabilities in the event of a certain contingency arising. Some have already gone beyond redemption and we have lost our money, but there is a chance of a lot of these liabilities being paid off, and it is quite wrong for the hon. member to add that sum to the total debt, whether he calls it loan or not. He knows very well that some of that money is being guaranteed to the various industries in this State—the Albany Woollen Mills, and ventures of that sort. Some has been spent on repurchasing estates and there is nothing to say it will not come back in good time. But the hon. member forgot the £5,000,000 odd of deficit that should have been added to the total debt.

The Minister for Employment: He created that.

Mr. RODOREDA: There may be something in that, too. When we study the balance sheet, we find that our assets include what is really a debit balance; that is, a Consolidated Revenue Fund of £5,228,000. So that if we had to realise on the State as a business, we would be that much behind. We could not fix up our trust fund balances. I grant that in our liabilities there are advances from Loan to meet revenue of £4,673,000, so that the position is really only the difference between these two amounts to the bad; but it shows some of the deficit as being financed from our trust funds and suspense account, and that does not seem to me to be the correct method of going about the business. Of course the position is improving gradually, but whether it will ever be improved totally until an arrangement is made for funding the deficits is a matter of opinion. Getting back to the actual Estimates, last year's revenue is shown as £10,000,000 odd, but this does not include additional money received by the Government, and I might draw the attention

of members to the fact that, in making a comparison, the Leader of the National Party entirely omitted these figures, which are as follows:—Hospital tax, £206,000; road fund, £692,000; Commonwealth trust fund, not included in revenue, £846,000; and sinking fund payment from the Commonwealth, £151,000. These are not included in the revenue, so the Leader of the National Party was also wrong in those figures. He did not include them when referring to either Government, and of course they are revenue if we consider revenue as being money received by a Government. The practice has grown up of treating all these sums as trust funds, and they must be under the various Acts that control them. Out of this total of £1,890,000 odd, £393,000 is collected directly from the taxpayers of this State, £206,000 from hospital tax, and £187,000 from motor vehicle licenses. The estimated revenue for the ensuing year appears to me to be a trifle on the conservative side. The income tax and the financial emergency tax which showed last year a combined increase over the estimate of £186,000 are expected to yield a further increase of only £9,000 this year. This caution is probably more than justified by the outlook for the present season. Probably a lot less revenue will be received from these two sources than was collected last year. The revenue last year was under-estimated by £637,000. Increased Commonwealth grant accounted for approximately £200,000 of this amount; £142,000 came from financial emergency tax, and £75,000 from railways. It is significant that the receipts from the tramways and ferries were both less than the Estimates, and the railways, which received real protection from the Transport Board, showed a large increase in spite of the reduction in freight rates.

Mr. Thorn: Did you notice that the trolley buses showed a loss?

Mr. RODOREDA: I am not talking about trolley buses at present. We will deal with them when we come to the item of the Minister for Railways. The real expenditure was more than the estimated expenditure but that was brought about because items previously paid from Loan were included in revenue expended last year, notably the wheat cartage subsidy, £8,000; relief to settlers in drought areas, £48,000; and cartage-of-ore subsidy, £22,000. All these amounts were previously paid from Loan, but last year they were paid out of revenue.

No. 2 return shows that 37 per cent. of our revenue goes to meet interest. That is a very large amount but it seems to me it keeps fairly constant, that while interest increases every year, the taxable capacity of the State also increases in a somewhat similar proportion, and so long as we can keep on that basis, I do not think the future outlook is as gloomy as the member for Murchison (Mr. Marshall) suggested last night. Australia as a whole has progressed a long way from the period when we were refused loans because we were paying the interest on previous loans out of new loans. The index of our financial position is the worth of our stocks on the markets of the world, and in that connection we are in a healthy position at present. We are paying our way, paying interest and sinking fund, and so long as we can keep on doing that, things will be reasonably right. We must continue to put our loan funds into works that will be an asset to the State and to the coming generations. Yet I still think there is room for improvement in the position. Although our receipts from income tax have increased for the last few years, they have not reached the peak year of 1929-30. We learn from another return that the hospital fund was overdrawn last year by £23,000. This, of course, has been financed in this particular instance by an overdraft, possibly from the trust fund. This would not have occurred had not some at least of the money been used for the erection of buildings. That is wrong; it is outside the intention of the Act. This taxation was imposed for the maintenance of hospitals, and I consider that hospital buildings should be erected, as in the past, from loan funds. The buildings are an asset—not a reproductive one in the fullest sense of the word, but an asset; and it is quite unfair to use the hospital tax for the erection of buildings, when the sole purpose for which it should be used is for the maintenance of hospitals. If we cannot give people full-time employment, if we keep them on a semi-starvation basis in some cases, at least we can look after them when they become ill, if only in order that we may send them out to start again the process of semi-starvation.

Mr. Hegney: That is rather gloomy.

Mr. RODOREDA: It is a fact. Return No. 14 deals with the road funds. I have already mentioned that this fund is the means of providing work for a very large

number of men indeed. Last year we spent £717,000, and there is still £97,000 in hand, but the very useful information as to where the expenditure occurred is not to hand. If it were, we should probably see the comparatively niggardly amount from this fund that has been spent on roads in the North-West. Great attention was drawn to the amount spent up there by the sum total being published in the Press. I do not see summaries published down here of the amounts spent in the South or South-West, but as soon as money is spent in the North-West, the matter is mentioned.

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

Mr. RODOREDA: I was about to remark that return No. 17 is the only one I have yet seen that conveys the real position of affairs regarding the State's assets. It contains a fund of information and should be of great interest to all members. I shall skim through the return briefly and offer a few comments on some of the items. From it we learn that the loss on the whole of the operations of the North-West ports for last year was the same as the deficiency for the one port of Bunbury. I find it necessary to get in a little propaganda for the North-West now and again. The general assumption seems to be that the North-West is a huge liability to the State.

Mr. North: Oh no.

Mr. RODOREDA: That seems to be the general impression.

Mr. Marshall: That is the first argument advanced against incurring any further expenditure up there.

Mr. RODOREDA: Members of the Opposition, when on the Government benches, proved that they at least adopted that attitude.

Hon. P. D. Ferguson: No.

Mr. RODOREDA: That is the only conclusion I can draw from the lack of expenditure to provide facilities in the North. I repeat that the whole of the North-West ports, in their operations last year, were responsible for a loss of only £17,000, which was equal to the deficiency for the port of Bunbury. The Swan River harbour and lights work showed a deficiency of £12,000 last year, and the port of Geraldton a deficiency of £30,000. Those figures include all charges on the capital cost of the works, interest, sinking fund and exchange. The State Shipping Service, which many people

regard as a huge sink for money, paid all its running expenses and last year cost the State only £21,900. When we get a new vessel, I should say that the State Shipping Service will about hold its own, if it does not show a slight profit over all charges. There would be the same overhead charges to run four boats as three boats; at least very little more expense would be incurred in office and overhead charges. I should like the public to be aware of the position regarding the North-West. The item "irrigation and drainage, South-West," was indicated by the member for Murray-Wellington (Mr. McLarty) as the sole work to show for large items of expenditure incurred by the previous Government.

Mr. McLarty: One of them.

Mr. RODOREDÁ: Nobody could name any other, and I accepted this item as the only one. That work failed last year by £4,500 to pay running expenses. The total loss for the year was £36,450. On the other item on which the Mitchell-Latham Government spent a lot of money, development of agriculture, the total capital cost is £24,000,000 and the total annual deficiency shown is £871,000. Those are astounding figures.

Mr. McLarty: You would not expect works like irrigation to pay from the start.

Mr. RODOREDÁ: I am not commenting on the figures; I am pointing out the actual position. The State Batteries failed to meet all charges by a sum of only £4,800. I am not sure whether the cost of the subsidy for carting ore is included in those figures.

The Minister for Mines: The subsidy is included.

Mr. RODOREDÁ: Then on this public utility, provided to help the prospectors, we showed a loss of only £4,800 last year. I ask the Minister for Mines to give further consideration to the request of the prospectors that some reduction be made in the charges for the treatment of the sands. At present the Government are getting a little more per ton out of the sands on account of the enhanced price of gold, and every little rebate which can be made on the item would be an invaluable help to the individual prospectors. Taking the State assets as a whole, we find that roughly five per cent. in value of them are fully reproductive. Out of the £90,000,000 of loan expenditure, practically

£4,500,000 worth of assets are reproductive, paying interest, sinking fund, exchange and running expenses, and showing a slight profit. Of the partially reproductive assets, we have £26,000,000 invested in railways, and I should say that the railways, with very little improvement, would be transferred to the fully remunerative list of assets. I hope that with the continued improvements to the railways by regrading, deviation and work of that kind, a satisfactory financial position will shortly be reached. In view of the requests by the member for Claremont (Mr. North) and the member for Subiaco (Mrs. Cardell-Oliver), it is interesting to look at return No. 18. The member for Claremont desires to have a lot more money spent on child welfare, and similarly, I suppose, the member for Subiaco, who wants milk provided for children whose parents cannot afford to pay for it. The cost of our social services at present is £3 12s. 11d. per head of the population. Social services include principally education, health, hospitals and charities, law and order and public safety, police, etc., and that figure per head is more than is derived from the four taxes we collect, namely income tax, financial emergency tax, hospital tax and dividend duties tax, which together yield £3 11s. per head of the population. Those hon. members must realise that a very considerable amount is already being expended upon social services. Whilst I grant that we should spend more upon them if we could get the money, I think that, for a State of our size and population, we are doing very well indeed.

Mr. North: I was showing that less was spent than was available to spend.

Mr. RODOREDÁ: The expenditure must depend upon the demand made upon the department. I would expect the department to spend in reason all the money that had been asked for. The Minister assured us that no instructions had been given to cut down on the vote. I must assume, therefore, that the requests made to the department were not sufficient to cut out all the funds available. Return No. 20 points out that our public utilities only failed by £13,000 to pay their way, including all charges. That is a considerable achievement. With very little improvement that could well be altered to a profit. Unfortunately this happy state of affairs is not expected to continue. For some unexplained reason, it is anticipated that for next year

on the same basis they will show a loss of £114,000. The table in this return shows that the receipts are expected to decrease by £133,000, and the working expenses are expected to increase. I fail to see what reason there could be for that, at the time when the Estimates were being prepared, but since then I have come to realise that probably that will be the case. There is no doubt the position of our primary producers is desperate, and the situation is becoming more desperate every 24 hours that pass without rain. Last year the position, with a reasonable season, was that most of the country water storage places were practically dry at the end of the summer. The Railway Department was carting millions of gallons of water per week for their own use and the use of farmers in the dry areas. It is a significant fact that today we are worse off as regards the quantity of water in the country storages, both railway and agricultural, than we were at this time last year. I have been informed that the Barbalin dam, which has a capacity of about 40,000,000 gallons, had 24,000,000 gallons in it at this time last year, and now has only about 14,000,000 gallons.

Hon. P. D. Ferguson: It is still possible that the difficulty will be overcome.

Mr. RODOREDA: Undoubtedly, and I sincerely hope that these dams will be filled up yet. I am doubtful about it, however. We shall require a very heavy fall of rain now to affect the position adequately. The railways are even now carting water for their own use, and something unusual will be required to put the position right. We hear a lot about our wonderful country and our undeveloped resources. For the most part, the fact is that our country is rather an arid one. It is not a land flowing with milk and honey, and every penny that is wrung from the soil means hard work and the expenditure of a lot of money. I do not think we shall be on safe ground with our agricultural areas until we have dependable water supplies there. I do not mean, by that, that we have to depend upon a number of tanks or dams in the agricultural areas. Tanks or dams are all very well, but if the rain does not fall, they are of no use. Without rain, the establishment of 50 or 60 tanks would be useless. We have to go into the question of providing some scheme whereby water can be taken to the dry areas.

Hon. W. D. Johnson: You could not grow crops, even then.

Mr. RODOREDA: I am not worrying so much about the crops. We usually get enough rain for them. Just now a change-over is taking place from crops to stock. Most of the farmers are now going in for stock, and they must be provided with water on that score alone.

Mr. Nulsen: If the tanks were covered, the position would be greatly improved.

Mr. RODOREDA: That would not meet the position if the rain did not fall. It is quite possible to take water from the Wellington dam to serve the areas south of the goldfields line. That may be regarded as an Utopian scheme, and would certainly cost a lot. When the Coolgardie water supply scheme was laid down it was regarded as somewhat Utopian, but it has been a success. Unless something like that is done, we shall be taking a huge risk if we put money into those areas that are not in the right zone for rain. Seeing that the position is what it is, that we have lost £300,000 of anticipated revenue, if the Government wish to carry out their programme, they will require to get more cash from somewhere. I should like to see money raised by means of a realignment of the financial emergency tax, by a percentage supertax on incomes, and by getting more money from the gold profits tax, which is an avenue that could well be exploited. The goldmining industry has scarcely been touched, from this point of view. I may not find the Minister for Mines in agreement with me, but I consider that the taxpayers of the State are entitled to some return from the enhanced price of gold. A proportion of that enhanced price is paid by the taxpayers, and no one else. We pay out some hundreds of thousands of pounds by way of exchange, and this has to come out of revenue and taxation. To that extent we are subsidising all exports, amongst them, gold. We should get a little more out of it. It is not asking too much to suggest that we should get at least another £150,000 more from the gold profits tax. I have one or two further suggestions to make, and I hope these will not cost as much money as the suggested water supply scheme. As the proper place to discuss them is on the Loan Estimates I will refer to only one, namely that out of the money the Government have at their disposal as much as possible should be spent on railway



re-grading. Little material is required for this work: practically all the expenditure would be on wages, and the increased haulage capacity of the locomotives on the re-graded sections would more than pay the interest on the cost of the work. I believe the sections already re-graded have proved a huge success, and I suggest to the Minister for Railways that he call a conference of the Commissioner and all district engineers to go into every possible aspect of the re-grading position. There has been so much success with the previous re-grading, as disclosed by the improved railway results, that I do not think money could be applied to a much more advantageous scheme. I sincerely hope that the position outlined in the Estimates will be realised, but I regret to say present indications are that the Government will not be as fortunate as I hope they may be.

**MR. McDONALD** (West Perth) [7.52]: I wish to make a few remarks of a general nature about the Estimates. I am in cordial agreement with a number of the sentiments expressed by the member for Roebourne (Mr. Rodoreda) to-night. No good purpose, in my opinion, is to be served by talking about monetary reform—with all respect to some of the speakers on the Estimates. To talk about monetary reform is merely like saying to a man who is sick that he needs health reform. Monetary reform may be necessary, but merely to mention that fact is not carrying us any further. I want to know how to reform our monetary system, and the way to carry out the reform. When anybody can tell us that, we shall be able to take some real steps forward. If any advocate of the reform will bring down a draft Bill showing what he proposes to do and the manner in which he proposes to establish his scheme, I shall listen to him with great respect. But the mere statement that monetary reform is necessary does not carry us much further. Indeed, monetary reform by itself will not solve our difficulties. There are many difficulties confronting Western Australia and the whole world, besides the monetary question. There is the fear of war, for one thing. There is the problem of fairer international trade, for another thing. And, much more important than all, there is the question of a better ethical relationship not only between States but between individuals, to bring about a better scheme of society. When we

talk in vague terms about doing something, it merely recalls what happened in England some time ago, when Socialism was a frequent slogan of certain people. However, when Sir Stafford Cripps, the foremost English Socialist on the Left Wing, explained that to carry his ideas into actual effect would mean the abrogation of Parliamentary Government and the establishment of a dictatorship, he was promptly disowned by a great many people who said that that was not the kind of Socialism they meant. So, in order to judge of any reform, the mere repetition of the idea will not carry us any further unless we know exactly what is proposed and how it is to be brought about. When the member for Roebourne entered on another phase of the subject he did not, I regret, do it equally well. He said, quite properly, that it was a piece of futility to go on dealing with what previous Governments had done. But, having said that, he apparently decided to repeat the futility which had been practised on previous occasions. When he did so, he did it in a way which did not carry the subject any further. He remarked that the member for Nedlands (Hon. N. Keenan) in quoting the debt of the State had left out the floating debt. The member for Nedlands quoted a figure of £89,000,000 as being the public debt of Western Australia. The figure appears on page 7 of the Treasurer's Statement. If one turns to page 9 of the Treasurer's Statement, however, one finds that the floating debt, amounting to £5,850,000, is included in the figure quoted by the member for Nedlands. Thus that hon. member made no error so far as that is concerned. But the member for Roebourne was at pains to endeavour to show that the Mitchell-Latham Government in their three years spent £2,000,000 of loan moneys to finance deficits. The first thing I have to say, in dealing with the futility of these comparisons, is that it is no more possible to compare the period 1930-33 with the period 1933-36 than it is to compare a Budget brought down by Mr. Gladstone in the good old Victorian days with a Budget brought down by Mr. Neville Chamberlain at the present time. The periods and conditions are entirely different. In 1933 we met the full brunt of the depression. In the course of one or two years the revenue fell by something between £1,000,000 and £2,000,000. No Government under any circumstances could have done otherwise than have recourse to loan funds to a certain ex-

tent in order to finance the deficits occasioned by the sudden, precipitate fall in revenue. If we do carry the improper comparison any further, we find that in the ensuing three years financial emergency taxation alone brought in between £1,000,000 and £2,000,000 more than was received in the preceding three years; and this would just about bridge the £2,000,000 that in the 1930-33 period had to be found by recourse to loan moneys. The object of the member for Nedlands, in drawing some comparison between the three years of the Government of which he was for part of the time a member, and the succeeding three years was, I think, to show that in the period 1930-33 the performances of the Government were really remarkable. And, in fact, they were remarkable. To have met the storm and stress of the depression at that period, when the depression was at its lowest depths, was a remarkable achievement. The member for Roebourne will, I hope, three years hence, in 1939, stand up in his place and with continued recovery of the world and this State be able to point out that the three years 1933-36 make a very poor showing of governmental finance in comparison with the three years 1936-39.

Mr. North: Let us hope so.

Mr. McDONALD: The real situation is that if we take those fateful years and draw a comparison at all, we must look for one moment at the difficulties of the Federal Government when Mr. Scullin was in charge. To meet the difficulties occasioned to them, the Scullin Government, who did not have to carry the burden of tens of thousands of unemployed such as fell upon the resources of the State, were compelled, as will be recollected—I do not blame Mr. Scullin for this, as he had no option—to make the only reduction in old-age pensions that has ever been made during the history of Australia. Moreover Mr. Scullin was compelled, in conjunction with the Premiers of the State, to institute a reduction of 22½ per cent. in all the internal national debt. That was a measure he was forced to take because, as one of his Ministers, I think Senator Barnes, said, unless the interest burden on the Commonwealth Government was reduced, that Government would not be able to pay more than 10s. in the pound in the way of pensions. Therefore, if a comparison is admissible at all—and I say it is not—between that period of the severest depression and the subsequent period of considerable re-

covery in Australia and throughout the world, then I think in fair and common justice it ought to show that a tribute of praise is to be given to those who carried on the affairs of government for three years during that most difficult period. I agree with the member for Roebourne in his complaint that we are inclined to look too much to the past and to make comparisons between past years. That has a certain value, but I agree with him that we would do better to look more to the future. That is to say, we should endeavour to form some view as to where we are going. I know perfectly well that every Government is too much subject to all kinds of circumstances, such as seasons, international trade arrangements, and various other factors. Those circumstances make it very difficult to form any certain belief as to what the future will bring forth. In 1931, at the instance of the then Prime Minister, Mr. Scullin, the Premiers of the various States met together to discuss with him a plan that subsequently became known as the Premiers' Plan. I regard that Plan as one of the finest things ever achieved by Australian statesmen. I do not care much whether there could have been a better plan, but when the people of Australia knew that the Premiers had met together to cope with the difficulties of the times and to decide to do something, the psychological effect on the country was tremendous. It made people feel that in the face of the hard times, the Governments were determined to grapple with their difficulties, even if it meant a certain amount of privation and the carrying into effect of some unpopular legislation. We know what the results of the Premiers' Plan were. In consequence of that Plan, we have largely emerged from those difficult days. I think the time has come when the Premiers might again survey the future, as far as the uncertainty of that future allows them to form an opinion, and then tell the people what they should aim at. I know that the Premiers meet at Premiers' Conferences from time to time when matters of the utmost importance are discussed. On the other hand, very short and guarded statements are issued to the public regarding those discussions. We know that matters of grave importance must be discussed there, such as how long we can continue to borrow at the present rate; where we can economise, if we should economise; where we can expand expenditure, if we can do so.

Hon. W. D. Johnson: And how we can pay our interest.

Mr. McDONALD: Yes, and the mounting burden of interest. Information regarding these matters is not conveyed to the people, perhaps for very good reasons. It may be that some of the doubts or difficulties which may be raised in the minds of our more responsible citizens might create some disturbance throughout the country.

Mr. Marshall: It might create a disturbance in the mind of the public if they understood the position.

Mr. McDONALD: They should be made to understand the position; it would be far better if they knew. I would prefer the people of Australia to be told where they stand and where they are treading, rather than that they should be left without being properly seized of the facts. I hope that the Premiers, at no distant date, will meet together to consider these problems and make some statement to the people at large as to where we are going, what the objective should be, and what should be done. It might involve the introduction of some unpopular measures. Some will undoubtedly be unpopular, but they will be necessary to assure our recovery and to assure a better standard for the whole country, as quickly as it can be done consistent with conditions, some of which, unfortunately, we cannot control. The time has come, in my opinion, when we should make some survey of the future, and our Premiers and the leaders of the country should take some strong and vigorous measures to restore a better level of general prosperity.

**MR. BOYLE** (Avon) [8.5]: At the outset of my remarks, I wish to refer to a statement made by the member for Murchison (Mr. Marshall) regarding charges that are levied against the primary producers. I am very pleased that he is interesting himself in the problem of monetary reform. I do not agree with the member for West Perth (Mr. McDonald) when he says he desires a legislative measure presented to him before he can agree that something practicable can be done. It is by agitation only that anything of a lasting nature can be accomplished.

Mr. Marshall: You have to create a public mind.

Mr. BOYLE: Exactly. I would like to inform the member for Murchison that the interest charges levied against the wheat-

growers amount to 10d. per bushel on the cost of production, or, on the farming community of the State, an amount of not less than £1,750,000 annually. If we take the value of the primary production of the State at, say, £14,000,000—it is less in value because gold represents something like £6,000,000—not less than 16 per cent. of the entire value of that production is foreclosed upon for interest. How long can any industry stand a burden of that description? It may truthfully be said that a great deal of that interest is unpaid. I notice from the voluminous report before the Committee that the Agricultural Bank has no less than £450,000 of unpaid interest. It must also be borne in mind, however, that that interest is charged against the settlers, who are then in the doubly unfortunate position of having that interest compounded.

Mr. Marshall: That is murder.

Mr. BOYLE: It is the most awful position that any industry has faced. I appreciate the action of the hon. member in the fight he is putting up for monetary reform. It may be said that monetary reform is not the beginning or the end of a reformative attempt, but it is the crux of the position. How we can continue to pay 16 per cent. of the value of our primary production away in interest charges is hard to say, and it simply represents a sliding down to ultimate extinction.

Mr. Rodoreda: What can we do about it here?

Mr. BOYLE: A great deal.

Mr. Marshall: By publicity the people will know where they are. They do not know now; it is kept secret from them.

Mr. BOYLE: It is only by continually reminding people of the necessity for reform that we can hope to achieve reform.

Mr. Marshall: Of course it is.

Mr. BOYLE: It is a Federal matter, but we are one of the component States of the Federation. If the agitation is properly handled, it will inevitably lead to a better state of affairs.

Mr. Lambert: You know the corrective if you are prepared to put it into operation. It is a very simple formula.

Mr. BOYLE: It may be known to the hon. member, and if so, it would be well to enlighten the Committee. If I had the simple formula in my pocket, I would not keep it there. It is only by an evolutionary process of continuing to press for monetary reform that we will bring it about.

Mr. Cross: Is it not a fact that the interest burden is cracking every State to-day?

Mr. BOYLE: In this State of Western Australia it is, when out of every £100 of revenue we have to reserve £40 for the money-lender. And that is so in all the States.

Mr. Marshall: All wealth is produced from the land, and half of our wealth goes away in interest. So we can see what the farmer has to pay.

Mr. BOYLE: It has been said that finance is government, and government is finance. It is obvious to us all that the equilibrium of State finance is entirely dependent on Federal aid. This sovereign State of Western Australia, after 36 years of Federation, is reduced to the position of a mendicant State, or, worse, a vassal State. I can prove that by the document I have before me, a document compiled by the Treasury. We had the spectacle recently of a surplus, and the Estimates before us show that the Government have budgeted this year for a small surplus, which is quite a sound financial proposition, a small surplus of £5,000. The ink is hardly dry on the document before three gentlemen composing the Federal Grants Commission put their pen through the £800,000 which the State Government expected, and reduced it to £500,000, thus destroying any attempt by the Government of the State to restore financial equilibrium to the State.

Mr. Lambert: And your party is keeping those three persons in power.

Mr. BOYLE: I do not think so. As far as that particular party is concerned, I will have something to say on it before I sit down. The amount granted to Western Australia in special grants totals £1,373,000 and we have, or had last year, £800,000 as a grant in aid, or a total of £2,100,000. It is interesting to note how these amounts are arrived at. We are told the £800,000 is a special grant. It has been reduced this year to £500,000. But if we were to go back to what was considered a most inadequate arrangement for the State, namely, the 25s. per capita payment, we would find that under that totally inadequate arrangement we should get something like £600,000 this year.

Mr. Marshall: That is the old per capita system?

Mr. BOYLE: Yes. So actually the Federal Government to-day have pushed us back further than we would have been

under that admittedly inadequate arrangement. Can it be wondered at that some of us are secessionists? We should all be secessionists. I read in the "Bulletin" the other day that this secessionist movement is dead, but I can tell the "Bulletin" that it is not dead, and that the wish expressed by two-thirds of the electors of the State at the 1933 poll is not going to be disregarded in this House if I have anything to say about it. We are here by the people's will, and as democrats we should carry out the people's will. This latest action is a further example of the treatment meted out to this State by the Grants Commission.

Mr. Lambert: The Federal Country Party could put out those Commissioners in 24 hours if they so wished.

Mr. BOYLE: It is interesting to see how these special grants, totaling £1,373,000 are arrived at. Of that amount £527,000, or nearly half of it, comes from the Federal Aid Roads Tax. Our contribution to the Federal tax for roads was £506,000 and sinking fund £21,148, or a total of £527,664. Now we are told by the Federal authorities that this State of Western Australia is receiving more than any other State in this regard. It is based on a two-fifths population and a three-fifths area. I want to say that the Minister for Works did good work in the East in getting that extra one-fifth this year. I sympathise with him for I have approached the Federal authorities many times, and I can say it is only by dint of hard struggling that one can get anything from those financial cormorants in the Eastern States. That £527,664 we not only contributed in petrol taxation, but £160,000 more was contributed by the motorist-taxpayer and the users of petrol in Western Australia. My figures, taken to the 30th June, 1936, show that we imported 22,000,000 gallons of petrol on which we paid 7½d. per gallon, or £687,000 paid by the motorists of Western Australia. We were handed back £527,000 of it, while daddy keeps £160,000 in Canberra for us, and then tells us how wonderfully lucky we are to be governed from that capital 2,000 miles away. Why, we were better governed from Downing-street before responsible Government, for at least we always then got a square deal. Under the heading of assistance to industry, we find that wheatgrowers' relief

amounted to £418,875. That is an incorrect statement in this document, because the wheatgrowers of this State did not receive £418,875. What they did receive was the sum of £231,000 for a wheat bounty, which worked out at 1s. 10½d. per acre as against the average in the Eastern States of 2s. 9d. per acre.

The Deputy Premier interjected.

Mr. BOYLE: I am merely stating the case as it appears on this document. It was a case in which the drought-stricken settlers were loaded on to the others.

Hon. C. G. Latham: And that on the advice of this Government.

The Deputy Premier: No.

Mr. BOYLE: The wheatgrowers' relief of £418,875 shows £231,000 for a bounty of 1s. 10½d. per acre, and £188,000 for rural relief fund, for the administration of the Rural Relief Act. That does not come to the wheatgrowers at all. It has been provided by the friends of the business men, for they look after their friends at Canberra. Those people to whom the farmers owe money will have £12,000,000 to divide amongst themselves. That will be the sum for the farmers' creditors and not for the farmers at all. The only possible effect it can have on the farmer's wellbeing is that he will have a certain amount of debt load shifted from his shoulders. This amount of £188,000 is put down on this document as wheatgrowers' relief. It is creditors' relief, and if we assume that there will be 4,000 farmers concerned, as the Commissioners or the Trustees said this morning, these 4,000 unfortunates will have to find £5 each to have the privilege of paying their creditors Federal money.

Hon. C. G. Latham: There was also £50,000 from the previous year.

Mr. BOYLE: There was a first payment for rural relief of £50,000, which we can add to the £188,000, but that makes the position worse, because it means £188,000 plus £50,000 which the wheatgrowers did not receive. The position is that the State of Western Australia is burdened with the administration of that fund and it is going to cost the Government anything from £12,000 to £20,000 to administer the fund, of which the only beneficiaries will be the creditors of the farmers. This resurrection of the Dead Debts Act is designed to give these people so much in the pound in payment of their

debts. So far as the secured debt of the farmer is concerned, which most affects him, it remains untouched under this Federal legislation except that it can be suspended, and the banks have adopted the attitude that they will not suspend, so that there is no relief given in that regard. I object to a document of this kind telling us that wheatgrowers' relief has amounted to £418,000 when it has amounted to nothing of the sort. I do not want to refer to anything which has happened in the past, but I find it necessary to do so in this regard. The Government has been, in the ordinary language of the street, sold a pup. Last year they balanced their Budget when they were allowed by the Loan Council a deficiency of £234,000. I will say this for the Government, that they could have taken advantage of that deficit, but they balanced the Budget. They balanced it, however, at the expense of the farmers and workers of this State. There is no other way in which the Budget could have been balanced and they showed a surplus of £88,000.

The Minister for Justice: How far would that go?

Mr. BOYLE: If you add that to the £234,000, which was the amount allowed by the Loan Council for the deficiency, it runs out somewhere over £300,000, and the reward for Governmental virtue was the reduction of £300,000 in the grant by the Commission. Let us take advice from Mr. Collier. In speaking to this Assembly on the 16th December, 1932, he said—

The position of our wheatgrowers and their prospects for next year are such as to justify Parliament in taking strong action.

The Minister for Works: I bet you are going to mention the £100,000.

Mr. BOYLE: I am going to mention more than that. That is a trifle when you read Mr. Collier's remarks. Mr. Collier continued—

I would supplement the Commonwealth grant by making available for assistance to our wheatgrowers the sum of £100,000.

Later on Mr. Collier, in reply to an interjection by the then Premier, said—

At any rate, that is the deficit allowed for this financial year.

The deficit allowed for that year was a trifle of £763,000! There was no balanced budget behind this. It was a deficit of £763,000, and Mr. Collier very rightly said he would sign a cheque, if in office, for £100,000 for wheatgrowers' relief. I had a

telephone message to-day from the outlying portion of my district, Nungarin, informing me that the drought relief payment of £6 a month had not materialised at all this month, and that settlers are wondering whether they are to receive any relief. This is the 17th September and no relief payments for September have been made to the 300 farmers, in that district, and it is doubtful how long that will continue. The figures made available this morning show that £21,000 is left in that fund. If there are 3,000 farmers to receive £6 a month, there is little more than a month's sustenance left for these men. What is going to happen between now and the 1st December if and when they garner their crops? It is a position that shows our utter dependence on Federal finance, and the sooner it is ended the better. What are known as the small States—Western Australia, South Australia and Tasmania—applied for £1,300,000 to help balance the Budget and they are fobbed off with £2,430,000, or very little more than half. This is not a federated Australia; there is no Federal spirit in Australia at all, and I doubt whether there ever was. Australia today consists of Queensland, New South Wales and Victoria. That is the federation of Australia to-day! So far as this sovereign State of Western Australia is concerned, we are told by the Commission that we are going to get £500,000, which is £44,000 more than we are entitled to, and they are going to deduct that next year.

Mr. Lambert: We are living in the backyard and they live in the parlour.

Mr. Marshall: Well, you are in your place.

Mr. BOYLE: We are told by the Commission that Western Australia's inferior financial position is due to reckless financing. That is beautiful; I like that. After 36 years of Federation this State, which is next to the Rand as the greatest gold-producing country in the world, and whose primary industries, if given fair play, would be second to none in the world, is told that its inferior financial position is due to reckless financing of wheatgrowing settlement in areas well suited to wheatgrowing, and to attempting dairying settlement in the higher rainfall areas. We are parties to the Empire Settlement Act, which was an Imperial Act, which made Western Australia one of the main points of receipt of British migrants. Thirty-four mil-

lion pounds was the sum voted by the Imperial Parliament for the settlement of Britons in Australia, and we in Western Australia were given money towards the scheme—group settlement came out of it—but the State is left today by the Imperial Parliament and the Commonwealth Parliament to carry the baby. We are responsible for the whole of that money and the payment of interest on it.

Mr. Cross: It is a fairly hefty baby, too.

Mr. BOYLE: Yes; it taxes the financial resources of the State. The Government had to find £4,000,000 last year by way of interest on that and other loans for which we are responsible. The Commission proceeded to say:—

Unsheltered industry, which in Australia is predominantly export industry, is subject to world demand and cannot raise its prices. In Australia higher costs of consumption goods are nearly all passed on quickly, and often automatically, to wages and the costs of industry. It follows that the greater part of the cost of protection is passed on and finally borne, not by the consumer but by the export industry.

The export industry of Australia is almost entirely primary. Of the entire export value of goods from Australia, 97 per cent. is primary. The secondary industries are responsible for only 3 per cent. The Commission continued:—

The claimant States have a large proportion of unsheltered industry.

That shows the extraordinarily contradictory ideas of the Commissioners.

In Western Australia it is 60 per cent. of recorded production against 24 per cent. in Queensland, and an average for all States of 35 per cent.

Yet Western Australia, which has 60 per cent. of unsheltered industry, has £300,000 knocked off its disabilities grant. What justice is there, what decency is there in meting out to Western Australia treatment of that kind? We are told also:—

At the same time they have considerably less than their share of protected production, whether factory or farm. On both counts, therefore, they are put at a serious disadvantage by the operations of the protective policy.

Taking the three States, South Australia, Western Australia and Tasmania, we find that the unsheltered production was £41 per head in Western Australia against £24 in South Australia, and yet they gave South Australia £1,370,000 against our £500,000. We have £41 per head of our production un-

protected compared with £24 in South Australia and £18 in Tasmania. Yet Tasmania got practically all it wanted. I will not suggest the reason. When we got a £5 per ton tax on flour to assist the wheatgrowers, the State of Tasmania had refunded to it the whole of the tax it had paid on flour, namely, £88,000. Is that fair treatment to Western Australia? It has set the small States against one another.

The Deputy Premier: I think it was fair to make that refund, because Tasmania produces no wheat.

Mr. BOYLE: But Tasmania sells her jams to us.

The Minister for Works: Tasmania has 60,000 apple farms against our 11,000 farms which evens it up.

Mr. BOYLE: At any rate, the £88,000 paid in flour tax was all refunded to Tasmania.

Mr. Marshall: They were putting the jam on in that case.

Mr. BOYLE: And we, unfortunately, are getting the squeeze. Marketing legislation is a subject which will be prominently before us and which must affect the Budgets of the States. The adverse decision of the Judicial Committee of the Privy Council was the most disastrous blow that primary production in Australia has received. According to the Royal Commission on wheat, we have no fewer than 35 primary industries protected under the protectionist policy of Australia.

Mr. Lambert: You were speaking in opposition to the Federation just now.

Mr. BOYLE: As long as we are in the Federation, I shall endeavour to get as much as I can out of it for the people of Western Australia.

Mr. Lambert: Constitutionally, though.

Mr. BOYLE: That is the only logical way to act. I intend to support a referendum for the amendment of Section 92 of the Commonwealth Constitution, and I predict that it will be carried because, on the carrying of the amendment, depends the whole safety of the primary industries of Australia, of which we are a part so long as we remain in the Federation.

Mr. Thorn: I want to inform you that I will not support it.

Mr. BOYLE: I wish to impress upon members that the wheatgrowing industry of Western Australia is an unsheltered industry. It is an unsheltered industry

throughout Australia, but more so in this State. Until we get some means of Federal control delegating to the growers control of their own industries, we shall never make them pay. There is no room for the middleman in the handling of the wheat crop of Australia. It has been proved beyond doubt in Queensland, which has no fewer than 15 compulsory pools, that compulsory pooling has been successful in that State. Admittedly, the Queensland wheat crop is below the consuming power of the people of that State, but I would point out that the export of butter from Queensland is almost as large as that from Victoria.

The Minister for Mines: And will be larger in a few years' time.

Mr. BOYLE: Possibly. To support an amendment of Section 92 of the Commonwealth Constitution is no new idea with me, because I advocated it in an article I contributed to a metropolitan paper on the 26th July last, nearly two months ago.

The Minister for Employment: Was that the "Groper"?

Mr. BOYLE: I am not giving an advertisement even to the "Groper." Section 92 reads—

On the imposition of uniform duties of customs, trade, commerce and intercourse among the States, whether by means of internal carriage of ocean navigation, shall be absolutely free.

That is the section on which we lost the Privy Council case. I would support an amendment to the following effect:—

But notwithstanding anything in this Constitution, the Parliament shall have power to make laws providing for the control of marketing the primary products of the Commonwealth, including the restriction or prevention of the carriage of such goods between the States.

That is the only way in which we can prevent a State like Western Australia, which exports 21 out of every 24 bushels of wheat it produces, from being tied at the tail of the cart of the Eastern States. The Eastern States' population exploit us to the extent of £10,000,000 a year for goods they dump into Western Australia, and I believe they take from us in return goods to the value of £1,250,000. I have support for this from the Australian Wheatgrowers' Federation, the mouthpiece of the wheatgrowers of Australia—they are mostly Eastern States men—to the effect that they are willing to grant Western Australia a fair and equal share

in the home market of Australia, that is, in the 30,000,000 to 40,000,000 bushels of wheat used in Australia. Three things are necessary to rehabilitate the farming industry in Western Australia. The first is a writing-down of the debts that farmers owe. That is being done to a minor degree at the present moment. The wheatbelt of Western Australia has to be re-settled. There are 2,791 abandoned farms to-day, of which there would be quite 2,000 in the wheat belt. It is a problem that spasmodic reliefs such as the writing down of debts and debt adjustment will not solve. The Government are faced with the necessity of securing money to enable the industry to be carried on. It is a pity that at least one-half of the £12,000,000 that was granted to the accredited friends of the Government was not put aside for rehabilitation.

Mr. Lambert: That was not a fair statement to make. What do you mean?

Mr. BOYLE: I am speaking of the friends of the Federal Government. Unquestionably, certain moneys were voted which their business friends would get. I say that without hesitation, otherwise what was the necessity to vote £12,000,000? We were promised £20,000,000.

The Minister for Agriculture: You must be ashamed of them as a Country Party Government.

Mr. BOYLE: It is not a Country Party Government.

Mr. Lambert: They would not be here to-day but for the Country Party.

Mr. BOYLE: There are two things I intend to do that may not be on all fours with the principles appertaining to this side of the Chamber. I am not always doing what other people do, but there are certain things I am bound to do because I sit here, and there are certain other things I am not bound to do. One is that I will not surrender my political freedom to anyone, or my common sense, that is based on five years of hard work amongst farmers in Western Australia. I am not going to see that work destroyed for academic reasons. I am more than ever firmly convinced that the only way we can save the primary industries of Australia is to allow those men who are engaged in them the right to harvest and market their own products, and get the best price that is available for them.

Mr. Marshall: Quite right.

Mr. BOYLE: That is one point upon which I would not budge an inch. There is this other point, too, that we shall never get any good out of Federation until we get out of it.

**MR. LAMBERT** (Yilgarn-Coolgardie) [8.43]: It is a peculiar thing, when we come to discuss monetary reform, that no one appears to have anything like a formula or specific for it. All that has to be decided by members is whether they are going to subscribe to the present banking system or not.

Mr. Hegney: It is in the laboratory.

Mr. LAMBERT: It is in the melting pot. The question whether the system should survive as it is now is one for Parliament alone to determine. Unless Parliament shirks its duty, as it has done year after year, and merely sets up imaginary ideas showing how our monetary system can be reformed, we shall never reach anywhere. It is quite futile, as the member for Murchison said, to discuss it under such conditions. The total indebtedness of Australia at the outbreak of war in 1914 was £214,000,000. To-day the indebtedness is £1,200,000,000 with an external and internal interest commitment of about £1,000,000 per week. If the member for Avon were to survey our loan indebtedness, he would see that to-day on the aggregate of our loan indebtedness we are paying 4.5 per cent. interest as against the last conversion loan of 3.8 per cent. The balance is being paid by the taxpayers. I join with the hon. member in the wish that some concrete suggestion could be made for the relief of our farmers. The productive capacity of the soil is not such as to allow of a big load of interest commitments with the Agricultural Bank, or to allow for the purchasing of the properties, as well as to allow for the conduct of the farms on a commercial or economic basis. In a general scheme of rehabilitation we have to turn our attention to those wheatgrowers who have not been favourably treated by the elements in the last few years, and try to rehabilitate them upon some suitable basis. Unless we do that, we cannot get anywhere. We are merely living, in this Federation of Australia, in a back yard, whilst the money-hungry and money-grabbing manufacturers of the Eastern States are battenning upon us. They are battenning upon the primary producer to the extent that he is being forced out of production. The party with which the member for Avon is allied cannot be



held blameless. The Commonwealth Government could not exist for 24 hours without the support of the Country Party. Whilst they continue to put up tariffs and barriers, and whilst they hunger for additional shelter for secondary industries in Australia at the expense of the primary producer, we shall go from bad to worse. No monetary system that could be conceived could give such assistance to primary producers in this State as would allow them to operate on anything like a profitable basis. It is no good members opposite harping about altering the monetary system. We must control the banks, or they will control us. The banking system has been evolved out of the old feudal days of the sixteenth century. It had its genesis in the first great stimulus provided by the dawn of the machinery era in Great Britain, which ultimately spread all over the Continent of Europe and to other parts of the world. Until we are prepared to look facts in the face and search for a practical corrective of the present-day wrongs of the monetary system, we shall never get anywhere. There is nothing wrong with the banks as banks. But there is a distinct and definite wrong in the economic position as regards the relationship of the banks to the State. Until we have removed that definite and clear wrong, we shall not achieve anything. I do not think the member for Avon (Mr. Boyle) knows exactly what the Labour Party stand for.

Mr. Boyle: Unification!

Mr. LAMBERT: No, not unification. At all events, we do not stand for support of the money-mongering and manufactures-grabbing population of the Eastern States, concerning which the hon. member spoke so eloquently a few minutes ago.

Mr. Thorn: What is your opinion of Section 92?

Mr. Marshall: Oh, you are all dried-fruits!

Mr. LAMBERT: I have no objection whatever to what the member for Avon suggests. Like him, I see nothing wrong in Federation and the Commonwealth. We ought to be a unified Australia.

Mr. Boyle: That is right.

Mr. LAMBERT: In a unified Australia upon the basis of strategical defence and economics, Western Australia would be an equal partner in the Federal partnership. It is not so to-day. That is the great wrong.

Hon. P. D. Ferguson: The Commonwealth is forcing us out by the treatment given to us.

Mr. LAMBERT: We must have unified legislation for marketing. Still, we will not allow the Federal Government to get away with doing unconstitutionally something which should be done constitutionally. The body-blow I would seek to administer to the Commonwealth Government is to restrain the State Government from functioning in any capacity so long as the Commonwealth is not giving us that meed of assistance which we deserve. As the member for Avon pointed out, the excise on petrol in itself shows distinctly that the proportion of tax we receive by way of road grant comes out of an excise on the man who uses a motor car, and does not come from the Commonwealth, and never could have been expected to come from the Commonwealth. Unless there is a clear restoration of a per-capita return to the State of Excise and Customs, Western Australia will never get anywhere. The Federal Government have never yet made the slightest attempt to exhibit on their part the Federal spirit that animated us in supporting a unified Australia.

Mr. Thorn: You are putting up a good case for Secession now. Go on!

Mr. LAMBERT: Not necessarily for Secession. What has been done by the Commonwealth in regard to Northern Australia? Have the Commonwealth Government realised their obligation in that respect? North of the Tropic of Capricorn Northern Australia should have been made a Commonwealth State to be supported by Commonwealth money. Western Australia has a huge area, but only about two-tenths of that area has productive capacity, apart from gold. Western Australia should not be saddled with the incubus of its North.

Mr. Thorn: What you suggest would ruin the State.

Mr. LAMBERT: The most vulnerable portion of Australia is to-day unprotected except for a couple of air bases. This continent is a continent that we should maintain in a condition worthy of the great pioneers who made Australia habitable. That position will never be attained if we rely upon the Federal Government, with their viewpoint narrowed to the cities of Sydney and Melbourne and the luxuries to be enjoyed at Canberra. That is actually the position to-day. The responsibility for it is not on this side of the Chamber, nor on the Federal Lab-

our Party. Country Party members here speak in season and out of season on the disadvantages of the people now holding their acres in the wheat belt. Do the Federal Country Party support the National Manufacturers' Government at the Federal seat?

Mr. Boyle: The Federal Country Party proposed the amendment of the Federal Constitution.

Mr. LAMBERT: That may be definitely true, but the legislation in question is merely sectional. The time has clearly arrived for appreciating the altered economic and social conditions throughout the world. We should be prepared, as the Queensland Labour Party were prepared, to give effect to a policy of controlling prices. Price-controlling legislation has proved most beneficial to Queensland. The State now gaining most from State-controlled industry is Queensland. The Federal Country Party should be prepared to stand up to their obligations. It is no use for a few members of that party to come here and tell us what they are doing. They are doing nothing. They have fallen down on their job. The position is most disgraceful. The member for Avon may smile, but he well knows that Western Australia as a State could never finance a scheme which would give the relief required by and due to our wheatgrowers and primary producers generally. I sharply disagree with the effort so far made by the Agricultural Bank to implement legislation which has been enacted and which gives the institution arbitrary powers. I hope the Agricultural Bank Commissioners realise that in rehabilitating and assisting primary industry, as regards either group settlement or wheat-growing, they are not expected to take the arbitrary action which, I understand, they have resorted to in some instances. We have spent so much, and we are committed to so much more, in this respect, that the expenditure of another million or couple of million pounds will not land the country in bankruptcy.

Mr. Hegney: Posterity will have to pay.

Mr. LAMBERT: I do not know of anyone more capable of paying than posterity. Even in the 15th century there were men in the House of Commons who held that the country was rushing headlong to ruin because they spent a few thousands at a time when the national debt

of Great Britain was about a quarter of Australia's indebtedness to-day. It is impossible to ruin a country so long as it is governed properly. No country will be governed properly when hypocritical subterfuges are set up under a system known to be definitely wrong and universally recognised as requiring alteration. The system of credit needs revision. The currency available is that centred in the people's savings. When those savings are held by the Associated Banks, they are parcelled out to people at prices and at times that suit the institutions. So long as that system prevails, there will always be dislocation of finance and the monetary system.

Mr. Hegney: It is because of that system, which is wrong, that we require free milk for under-nourished children.

Mr. LAMBERT: That is quite true. If we had a free flow of currency, there would be free milk for the people. There is sufficient milk available in the State to provide all the children who require it with adequate supplies. It is helpful, and hopeful, to know that a lady like the member for Subiaco (Mrs. Cardell-Oliver) can so reconstruct her ideas as to see the absolute necessity for definite reform in that direction. I have one other definite objection to lodge; I referred briefly to it the other night. I allude to the extravagantly run and richly endowed University of Western Australia. The time has arrived when Parliament should ascertain definitely exactly what value is being secured for the money voted for that institution, before we agree to continue making those funds available. I join with a member of another place, Mr. Parker, in his claim that, in view of University professors travelling abroad on study leave, broadcasting or writing meaningless articles—I do not know that the last-mentioned are ever read, although they are paid for—we should certainly see whether we are getting value for the money Parliament votes. In contradistinction to that, we could well provide a liberalised system of bursaries under which the boys and girls of the country districts could enjoy the privileges of the educational facilities at the University, technical schools, or the School of Mines. If we did that, we would render greater service to the community than by a continuance of the pre-

sent system in connection with the University.

Hon. P. D. Ferguson: We could find out what is done with the £34,000 voted for the University.

Mr. LAMBERT: While I pay my tribute to the great man whose foresight made possible the rearing of our main school of learning, at the same time I feel we are not deriving the value from it that we should. There is another institution on the top of the hill, to which I have made frequent reference in past years.

Mr. Hegney: Let it rest!

Mr. LAMBERT: It is a disgrace that the Government should spend annually £2,000 or £3,000 in connection with the Observatory to enable someone to star-gaze through a telescope. It represents something of no interest whatever, no economic or scientific interest whatever to the State. Nevertheless, the Government continue to keep up that star-gazing institution, thereby duplicating work already done by the Federal Government. The member for Avon (Mr. Boyle) knows that if anything plays a definite and clear part in our progress and in the economic life of the State, it is the application of science to our primary and secondary industries. While we cannot afford to pay for an agricultural chemist of the highest possible qualifications to assist in that direction, we can afford to pay a star-gazer to look through his telescope and occasionally invite some kiddies to the Observatory to take a peep at where stars are, or ought to be. Twenty years ago I said that our star-gazer had been parcelled out a section of the sky to catalogue the stars. He poked the telescope in the wrong direction and sneaked some other fellow's field of investigation. While I may speak with some degree of levity, I am definitely serious when I say that it is shameful and unpardonable for the present Government—I have complained, too, about past Governments—to continue this useless and unnecessary institution. If the Observatory is rendering a national service, it is a national obligation, and the responsibility should be accepted by the Commonwealth Government. The expense should not be borne year in year out by a State Government who have to assert their inability to provide the necessary finance to encourage small social services that would tend to make better the conditions of the people generally.

MR. TONKIN (North-East Fremantle) [9.8]: While I disagree with a good deal the member for Yilgarn-Coolgardie (Mr. Lambert) has said about the University and the Observatory, I do not propose to argue the point with him other than to say I believe both institutions have their good uses, and that, although possibly they do not come up to the mark in all directions, they provide a fair return for the expenditure incurred. It appears that during the general debate on the Estimates it is permissible to deal with almost any subject under the sun.

Mr. Withers: Yes, unfortunately.

Mr. TONKIN: Perhaps that is an advantage to some of us. I propose to say a few words about the monetary system and credit. That should be relevant to the Budget, because the financial programme for the year's operations is dependent upon the amount of money and credit available. It is true that the Estimates before us do not deal with loan funds, but if the State should be so unfortunate as to expend more money than is received in revenue, then loan funds come into the question, because the deficit has to be financed from that source. What a happy Treasurer we should have if we could provide him with money free of interest! I make the statement in all seriousness that it is possible to provide the Treasurer with money free of interest. One of the reasons why I have risen to speak on this subject is to put new heart into the member for Claremont (Mr. North). For some time now we have heard him in this Chamber waging a battle against what he was pleased to call sound finance. And I believe he was making some progress. I believe he had a distinct grouch against private banks; that he was endeavouring to bring about something that would supersede their authority. But last evening the hon. member informed the House that henceforth in this Assembly there would be no further advocacy from him of the Douglas Social Credit proposal. And flourishing a Commonwealth Bank note, he gave as his reason for his alteration of tactics that the things he had been advocating had at last showed signs of having come to pass. He read from the bank note that it no longer contained a promise to pay.

Mr. Thorn: From whom did he borrow the note?

Mr. Marshall: Not from you.

Mr. TONKIN: He read from the bank note to show that it no longer contained a promise to pay. The hon. member was so pleased at this discovery that he thought the fight had been won and the battle was over. He reminded me of the poet who likened himself to an astronomer and who wrote—

Then felt I like some watcher of the skies  
When a new planet swims into his ken.

And I thought that, like that happy astronomer, the hon. member had been for some time studying in the dark. For almost 20 years we have had a currency divorced from gold. For almost 20 years we have had in Australia an inconvertible paper currency. But it was not until 1932 that we had this new note which gives the member for Claremont so much pleasure. Up till 1932 the Commonwealth Bank note did have written upon it a promise to pay in gold on demand at the Treasury. But of course there was no intention on the part of the Treasury to keep that promise.

Mr. North: But it was the law.

Mr. TONKIN: The Act was altered in, I think, 1931, to make it permissible for the note issue department to retain only 15 per cent. of gold against the notes issued. Actually the note has not changed at all; it is still of the same type; it still means the same thing. But since 1932, when the amendment of the Act was put through, there has disappeared from the Australian note the promise to pay, and it simply states that the note is legal tender for the amount of its denomination. But the Australian bank note is not a bank note at all, strangely enough; because a true bank note is an instrument of credit, whereas the Australian bank note is not an instrument of credit, but is merely a paper coin.

Mr. Sampson: It is legal tender.

Mr. TONKIN: It may be so, but that is not the point. Perhaps it is just as well that we should have a proper understanding of the difference between money and credit, both of which together form the currency of the country. Money is composed of coins, of metal, paper, or some other substance with the value expressed thereon. But credit consists of a promise to pay. There is the difference—credit consists of a promise to pay. And when the banker is permitted to carry on business in his own way without any restriction, he creates his promises to pay in two forms, that is, he has two forms of credit—deposit credit and bank note credit.

If it means deposit credit he simply writes in his ledger that he promises to pay that amount of money to the client. Let us suppose I go along to the banker and arrange for a credit of £100. That means he will give me credit, he will allow me to draw, he will honour my demands up to £100. He promises to do that. On the other hand, prior to 1910 in this country, the banker could also create credit by issuing his own notes. He wrote promises on pieces of paper, and those promises to pay were instruments of credit. They were true bank notes. But the Australian Bank Notes Act of 1910 took away that power from private banks, and it is now generally recognised that bankers should not be allowed to print their own notes. Some years ago it was thought that a private bank would be impossible without the power to print notes. It is now realised that it is wrong to allow private banks to print their own notes, because if they have that power they simply substitute one promise for another, and so eventually bring disaster on the country.

Mr. North: They have gone back to that now in England.

Mr. TONKIN: Surely not.

Mr. North: What about the Bank of England?

Mr. TONKIN: Of course that is the only bank in England with the power to print notes. While it is generally accepted that private banks should not have the power to issue notes, the belief is widespread that private banks should have a monopoly of the creation of credit, which is based upon the money in the country. There is this fact which makes me amazed at the statement of the member for Claremont: He must know that the private banks are solidly entrenched in control of Governments, and in control of all enterprises in the country; yet he believes the battle has been won because there is a slightly different wording on a Commonwealth Bank note. Let us take a look at the banks and their functions in order to get a clear idea of what a stranglehold they have on the country, and so that we may see what measures ought to be taken to remove that stranglehold. The functions of the banks are to finance the trade and commerce of the country and to provide a safe repository for money or valuables. I state quite definitely that it would be far better for the people if these functions were performed by institutions nationally owned and controlled, instead of being left to pri-

vate banks. The first point I wish to emphasise is that the banks do not lend their own money; they lend the people's money; and also that the people, by paying their taxes, having their laws passed, and providing for the enforcement of those laws, make it possible for the private banks to be the safe repository for money. Most of you have heard of Beaumont Pease, who is chairman of Lloyd's Bank, London. He was in Australia in 1934, and in November of that year addressed the Victorian branch of the Economic Society. He said—

The main instrument for granting credit lies in the hands of the banks. It is therefore necessary, in order to understand the subject properly, to consider what are the functions of banks. The first point I wish to impress upon you is that banks deal not with their own money, except to a very small extent, but with the money of their depositors.

There is the statement of a banker himself, the Chairman of Directors of Lloyd's Bank. He said definitely that bankers do not lend their own money but that of their depositors. He went on to say—

Capital is not really necessary for the business of banking.

That is about the only business I know which can be run successfully without capital. Are we to rest content to leave the control of this credit in the hands of the private banks? Mr. North is so content because he told us that henceforth his advocacy will cease. He believes the battle has been won. The industrial and political activities of the nation are controlled and limited by the volume of currency available to it.

Mr. North interjected.

Mr. TONKIN: The Commonwealth Bank could always open out if it liked, but it does not like to do anything but what the private banks dictate. That is my complaint. Although the whole mechanism of finance is theoretically a device to facilitate the movement of existing wealth internally and externally, it has developed into an instrument for controlling the future production of wealth. State policies are dependent upon the amount of money available to Governments, and the volume of currency available to Governments is entirely regulated by the private banks, who control the monetary policy and so make themselves the measurers of the quantity of money allowed to circulate. I do not want members to take my word for that. I will give the statement of another banker. In the "West Australian"

of the 5th March, 1935, appeared a report of the annual meeting of the Midland Bank, of which Reginald McKenna is chairman of directors. He said:—

The quantity of our money is no longer governed by the fortuitous supply of gold and the degree to which hoarding is practised by central banks and others; the quantity of money is subject now to pure management, with first regard to the needs of commerce and industry.

Banks can create and destroy money and limit supplies to Governments, however much the Governments may desire to get additional funds to put in hand important works. McKenna, in his "Post-war Banking Policy" states:—

The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. Every bank loan creates a deposit or money and every repayment of a loan destroys a deposit or money. I am afraid that the ordinary citizen will not like to be told that the banks can create or destroy money. Monetary policy is the policy which concerns itself with regulating the quantity of money.

To give the matter a local flavour, I will quote a statement of Lord Novar, better known as Sir Ronald Munro Ferguson, ex-Governor General of Australia, and Director of the Union Bank of Scotland. Addressing shareholders in May, 1932, he said:—

It was only the banks who, by limiting supplies, could curb the lavishness of Governments and individuals.

There is no room for doubt in that statement. Lord Novar continued:—

Fortunately, the real power was still in the hands of the independent banks.

Which means that the real power of government is in the hands of the directors of private banking institutions. We can both desire and plan to do much, but our ability to carry out those plans is entirely dependent on the whim and fancy of these directors. These men, of course, are in business for profit. They cannot implement national policy when it conflicts with their own private interests. That is why, at the onset of a depression, when prices are falling, and the country is in need of additional credit, the wrong policy is put into operation. The interests of the country demand that more money should be issued, but the interests of the private banks demand that the loan shall be called in.

Mr. McDonald: Certain banks increased their advances.

Mr. TONKIN: No, they did not.

Mr. McDonald: Yes, they did.

Mr. TONKIN: I will give the hon. member an illustration. If he casts his mind back, he will remember that at the commencement of the depression, shares in West Australian Newspapers Ltd. fell very heavily, and the "West Australian" has a monopoly in this State. I should say it is a gilt-edged investment; its shares are valuable.

The Minister for Employment: They will not be when the "Groper" starts.

Mr. TONKIN: Why did those shares fall so heavily? I will tell Mr. McDonald. The private banks issued an ultimatum to the borrowers that the overdrafts had to be reduced. A number of men in a big way in business were then faced with the necessity for raising money quickly. Many things take a long time to sell. Shares like those of the "West Australian" should sell readily. So a number of men who were called upon to raise money quickly in order to pay their overdrafts and satisfy the banks placed their shares on the market and that forced the value down. I could give the member for West Perth other examples. The private banks did call up overdrafts and so accentuated the depression. I mention this to show that where the policy of the private banks conflicts with the policy of the country, the private banks always follow the policy best suited to their own interests. I suppose that is only human nature. What I wish to do is to take from the private banks the power of control and leave it in the hands of Governments. The member for Avon (Mr. Boyle) mentioned what a tremendous toll interest takes of primary production. The present Prime Minister of Australia some years ago appointed a wool committee to make a report on the industry. In the report appeared the following statement:—

Many small woolgrowers have interest burdens amounting to as many pence per pound as the figures per cent. of interest. Interest at  $6\frac{1}{2}$  per cent. may cost them  $6\frac{1}{2}$ d. per lb. of wool produced.

Those figures are astounding. Here are some that are even worse. The Auditor General of South Australia, in an official report, stated that the result of investigations into 43 farms in four of the principal wheat-growing centres of the State showed that interest amounted to half the total cost of growing wheat. The member

for Avon mentioned that in Western Australia interest accounted for 10d. a bushel. In South Australia, apparently, the burden is much heavier. In view of the report of the South Australian Auditor General, how on earth can farmers carry on under those conditions? No wonder the private banks have amassed tremendous profits. If one turns to the evidence given before the Commonwealth Court of Arbitration in 1931, one will find the following statement by an accountant:—

Eleven of the leading banking corporations of the Commonwealth between the years 1919 and 1930, on an aggregate paid-up capital of £44,845,575, accumulated reserves to the extent of £36,651,121 and made net profits of £41,355,237.

[Mr. Withers took the Chair.]

That money must have come from industry. It was the result of a too heavy interest toll levied upon the industries of the country by the private banking institutions. The State could render the service of financing at simply book-keeping costs. In 1920 the private banks advanced to the Commonwealth Government £6,000,000 for the purpose of redeeming the war-gratuity bonds. The Commonwealth Government agreed to pay interest at the rate of  $5\frac{1}{2}$  per cent. In 1924 the Commonwealth Government decided to pay off portion of the debt and paid it off by issuing, without cost, £4,200,000 worth of notes. I remind the member for Claremont that that was in 1924 when the Commonwealth Bank Act stipulated that a reserve of 25 per cent. of gold must be maintained. The Commonwealth Government paid off the amount by printing notes to that value. Why did not they print the notes in the first place instead of paying interest on £4,200,000 for four years at  $5\frac{1}{2}$  per cent.? That is not fiction; it was actually done. The record is to be found in the "Official Year Book." The result was that the note issue of Australia was increased from £52,425,000 to £56,625,000 without any addition to the gold reserve. During the war period the Commonwealth Bank exercised a powerful check on interest rates. They handled loan flotations at an average cost of 5s. 7d. per cent. as against £2 7s. per cent. which had been charged by brokers in London operating through private

banks previous to the establishment of the Commonwealth Bank. Let members compare those figures. That gives an idea of the rake-off the private banks had been securing. Here is another example of financing in a sensible way. A combined total of over £20,000,000 was issued in notes, thus saving interest charges, to finance the building of the trans-Australian railway and to provide credit for war finance. The £20,000,000 worth of notes were additional to the £4,200,000 worth of notes mentioned previously. What has been done before can be done again. If it was right in 1924 to print notes and issue them to Governments, in order to save interest charges, it could be done now. Why is the member for Claremont throwing up the sponge?

Mr. North: Because the responsibility is on the Commonwealth Bank. They have the powers.

Mr. TONKIN: The Commonwealth Bank have the same powers now as when they were required to provide a 25 per cent. gold reserve against the note issue.

Mr. North: Private banks can call for notes as hard as they like.

Mr. TONKIN: Private banks have been calling the tune for years and are still calling it.

Mr. North: I said calling for notes.

Mr. TONKIN: The Commonwealth Bank is controlled by a directorate of men interested in private industry. Their interests are in other spheres. They are not there to look after the welfare of the nation and provide finance in the best possible way for Governments. Mr. Boyle deplored the fact that the State has been deprived of £300,000 through the cut in the disabilities grant. That figure is a mere bagatelle when it is considered that the Commonwealth Bank can issue as many notes as are required without any interest being charged upon them.

The CHAIRMAN: The hon. member must address members as the member for so-and-so, and not by name.

Mr. TONKIN: I am in error because I have followed meticulously the example of other members. I listened to the member for West Perth who was careful to curb himself when he addressed someone as "hon. member," for he straightway called that gentleman by his name. To make assurance doubly sure, I referred to the Deputy Chairman, and asked him what I should do.

Hon. C. G. Latham: The Standing Orders say what should be done.

Mr. TONKIN: It is because of what the Deputy Chairman told me that I am addressing members in this way.

The CHAIRMAN: Standing Order 130 lays it down that no member shall refer to another by name, except in certain circumstances.

Mr. TONKIN: The explanation given to me was that when we were in Committee—

Hon. C. G. Latham: You could do as you liked.

Mr. TONKIN: We could do things we could not do when sitting in full House. I plead guilty, though I endeavoured to make sure of the correct procedure before I commenced. Unfortunately I was not given sound advice. I am sorry the member for Claremont has come to the conclusion that the battle is won.

Mr. North: Only sham battles remain; the main battle is over.

Mr. TONKIN: So far he has only been skirmishing; the real battle is ahead. Private banks are just as firmly entrenched today as they were in 1932. Our battle is against the monopoly of private banks, and their control of credit.

Mr. North: My battle was against the faulty monetary policy.

Mr. TONKIN: That is not faulty monetary policy. The hon. member said that now the Act had been altered, it was not necessary that the Commonwealth Bank should keep a certain amount of gold in reserve, but that the Commonwealth Government could issue notes when they liked, and that thus the problem had been solved. He admits that the question hinges upon the issue of notes.

Mr. Lambert: That is wrong.

Mr. TONKIN: That is a very small part of the whole matter. It is upon the notes in circulation that the big edifice of credit is subsequently reared.

Mr. North: That is why it is so important.

Mr. TONKIN: It is generally agreed that private banks should not be allowed to create money, but that is a very small proportion of the currency. The idea is, "Make a big show of being honest and sincere, and do not allow private banks to issue money; keep that under the control of Governments. Credit, however, is much larger in volume; leave it in the hands of the private banks." Is the hon. member

still prepared to leave the control of credit in their hands? If so, he was only waging a sham fight, but if not, the battle has not been won; it has not even started.

Mr. North: I am not sure that your assertions are correct.

Hon. C. G. Latham: They are near enough.

Mr. TONKIN: What assertions?

Mr. North: That the control of credit is entirely in the hands of private banks.

Mr. TONKIN: Can the hon. member show me where the Commonwealth Bank has created credit?

Mr. North: The central bank has more control than you are giving it credit for.

Mr. Sampson: Will the member for Claremont be permitted to reply?

Mr. TONKIN: If not, let us have the opinion of the member for Swan.

Mr. Marshall: He has not got any.

Mr. Sampson: I will give it when the dialogue is finished.

Mr. TONKIN: I will try to convince the Leader of the Opposition.

Hon. C. G. Latham: You have already convinced me.

Mr. TONKIN: Does he think the battle has been won?

Hon. C. G. Latham: I agree with you.

Mr. TONKIN: If the hon. member agrees with me, I must be wrong.

Hon. C. G. Latham: You admit that for once. You are so conservative, one has difficulty in agreeing with you at all.

Mr. TONKIN: I challenge the member for Claremont on the question of the control of credit. Private banks have a monopoly in the creation of credit. The Commonwealth Bank note is no longer credit; it is now money. We are printing notes which are not credit, but coins. We also make other coins, florins, shillings, copper coins, but these are not credit. We put that money into circulation, and upon that money prices depend, and upon those prices and that money the private banks create their credit at will. I have given quotation after quotation from bankers to prove that they can create credit at will, that they curb the lavishness of Governments. If the Commonwealth Bank had power to create credit, how could the private banks curb the lavishness of Governments?

Mr. North: If the Commonwealth Bank destroyed 5,000,000 pound notes, there would also be destroyed £5,000,000 worth of credit.

Mr. TONKIN: I do not want money to be destroyed, but I want to increase the facilities for credit.

Mr. Lambert: We all want that.

Mr. TONKIN: Bankers believe they have the power to curb Governments.

Mr. Marshall: So they have.

Mr. TONKIN: Of course they have. Australia knows that, and the member for Claremont knows it. It may be that the hon. member has only set up a smoke-screen so that he can retire behind it. Possibly we shall find him later on, sword in hand, marching towards the common enemy. I regret that the member for Claremont has decided to throw up the sponge, as it were. We want his advocacy, just as we want the advocacy of other hon. members who believe monetary reform to be essential. We shall never be able to govern properly or to put plans into operation until we can control our own credit facilities. It is true we can do very little directly in a State Assembly; the matter can be dealt with only in the Commonwealth Parliament. But we can do a great deal indirectly if we once believe such action to be necessary. I firmly believe, and I hope the member for Claremont firmly believes, that the action in question is required, although for the time being the hon. member wishes to lie low.

[*Mr. Sleeman resumed the Chair.*]

MR. WATTS (Katanning) [9.51]: During recent debates we have heard a great deal about the necessity for monetary reform, particularly in reference to Government finance. I am second to none in wishing that some better method of financing the problems of government could be evolved, but I am also definitely in agreement with the member for West Perth (Mr. McDonald) that members on the opposite side of the Chamber who have discussed the subject during recent debates, have conspicuously failed to tell us what action should be taken, either by the State Government or by the Federal Government, or by any other Government, with sufficient delineation, as it were, to let us know on what lines we are to think. I do not profess to be to any extent an economist, or one who can make such an effort in regard to monetary reform as the member for North-East Fremantle (Mr. Tonkin), for example. We must therefore look to such men as he for guidance in these



matters. If the hon. member has the right remedy, if he can point out to us chapter and verse for it, let us have it and let us consider it. As the member for West Perth observed, if a Bill, or shall I say a motion, which would be easier, were brought down pointing out paragraph by paragraph what lines of action and what detailed methods should be adopted to effect these highly urgent improvements, and establishing point by point, with facts and figures, any proposal that is relied upon, the hon. members in question would be doing this country a service. But as the position is now, we have heard a great deal which in my opinion can be largely set down as hot air; and in consequence the time devoted to the subject has not been very profitably expended. In saying this I do not wish to criticise the intentions of the member for North-East Fremantle, because I have no doubt that his intentions are of the best. As I said a moment ago, I am perfectly willing to follow anyone who can establish to my satisfaction that he knows of some better method of Government finance. But I do think it is time that the hon. members who are so concerned and so worthy in regard to these matters should get down to details that we can consider point by point. I ask, if they have further intentions of addressing themselves to the subject in this Chamber, that they should consider well whether it would not be advisable for them to adduce the details to which I have referred. The questions they have raised with regard to monetary reform bring us to consider certain references made recently to the abolition of poverty. There is no doubt whatever that every decent man and woman in this country wants to see poverty abolished, if only from selfish motives.

Mr. North: This should not be a party question.

Mr. WATTS: I am coming to that. If only from selfish motives, we all should wish to see poverty abolished, because. I take it, in the process of the abolition of poverty the purchasing power of the whole community would be increased and the prospects of those trading or doing business in one way or another would naturally be improved also. So whether it be from humane motives or from commercial motives, every thinking person, I suggest, desires the abolition of poverty to be brought about. But the abolition of poverty has been definitely made a

party matter in this Chamber, and I think that is wrong. I would ask hon. members present to cast their minds back to a few evenings ago, when the member for North-East Fremantle (Mr. Tonkin) taunted the member for Nedlands (Hon. N. Keenan) on certain references that hon. member had made to the abolition of poverty. The member for North-East Fremantle referred to the fact that the member for Nedlands had taken the platform at a public meeting in the Perth Town Hall and had lent his name to the gathering in question entirely for political purposes—according to the member for North-East Fremantle. That seems to me an entirely wrong way to go about the matter. Listening to the member for North-East Fremantle a few evenings ago, I wondered whether he intended to assist in the abolition of poverty or whether he believes that the idea of members sitting on his side of the Chamber is not to abolish poverty but only to represent it. I trust I was wrong in that view of the hon. member. If I was right, then it is a great pity. Members on this side of the Chamber who were represented at the gathering in the Town Hall were interested in the question, so far as they could be in a small way, with the best of intentions and with the idea of assisting towards the abolition of poverty in Western Australia. I realise, with all other members present this evening, that to lay down the method and evolve a system of abolishing poverty is not going to be the work of one week, or one month, or even one year.

Mr. North: Or one man.

Mr. WATTS: Or one man, most decidedly. It is the duty of all of us to be prepared to turn open minds to the consideration of the questions that are raised and the efforts that are suggested. We must be prepared to consider any proposal put forward. If ultimately we reject that proposal because it is found to be impracticable, we can only regret it. But I do trust that the question will not be made a party matter in this State. I hope that the fullest opportunity will be given, and the fullest inquiry made among all sections of the community to ascertain what can be done towards the solution of the problem. The member for Yilgarn-Coolgardie (Mr. Lambert) earlier in the evening addressed himself to the subject of the University. I want to make myself

perfectly clear on the question. I do not desire that the University should cease its operations, nor do I desire that the Government of this State should reduce the subsidy to the University. But I am definitely of opinion that some effort should be made to put the facilities there provided to better use. I would point out that if any of our young people are desirous of studying medicine, they are at the present time obliged to go to the Eastern States at very considerable expense—far greater expense than the majority of persons wishing to study medicine are able to afford. It does seem to me that some effort should be made in Western Australia to enable our own young people who desire to enter the medical profession to enter it in Western Australia, and to have some prospects of receiving, at all events to a great extent, the necessary tuition and experience here. Further, I have no doubt whatever that a greater number of bursaries or scholarships, or whatever they may be called, should be provided for the young people of the country districts. It is not suggested that the metropolitan area has a monopoly of brains. I do not think anyone suggests that. I am aware that there are young people from the country districts who do enter the University, but by far the great majority are to be found from amongst the metropolitan residents. I commend seriously the suggestion by the member for Yilgarn-Coolgardie (Mr. Lambert) that further money should be provided in that direction. I want to have a word about University professors. I listened to one over the air the other evening. He talked about the Australia he wanted to see. The Australia he desired was to have one Parliament. The six State Parliaments were no longer to be permitted to exist. He criticised State Parliaments. To a considerable extent he doubted their usefulness and the Australia he wanted to see was a unified Australia. So far as I am concerned, a unified Australia would be unsatisfactory. I entirely agree with the former Premier, Hon. P. Collier, who, during a debate in this House on the subject, was reported in the Press as having said that unification would mean ruin to Western Australia. I believe it would, and it is astounding to me that a University professor, whose employment is the direct result of the existence of the Western Australian State Gov-

ernment and their decision to maintain a University, should speak over the air telling the people that what they required was a unified Australia. I admit that that professor is entitled to his opinion. Everyone is entitled to his opinion, but I doubt if it is good policy for a gentleman of that calibre to make such observations under existing circumstances.

The Minister for Employment: Why give him the right to his opinion and refuse him the right to express that opinion?

Mr. WATTS: There are many other subjects upon which he could speak over the air if he wished to do so. In view of the special circumstances I have referred to, he would be well advised to refrain from discussing unification as the best possible system for Australia.

The Minister for Employment: If you limit his right of expression, you take away his liberty of expression.

Mr. WATTS: I regard unification as a political question, and the professor should keep out of it. He is certainly entitled to his opinion, but he should refrain from publishing it in that way. There is one other matter I wish to refer to and that is to a deputation comprising representatives of the Fruitgrowers' Association who waited on the Minister in charge of State Sawmills some time ago. They discussed with him the supply of red wood cases made by the State Sawmills. It seems to me that the attitude of the sawmills in that regard is extraordinary. We have had advice on very good authority—that of Mr. Angwin, a former Agent-General, whose views are supported by the present Agent-General—that Western Australian red wood cases have established a hall mark for good fruit from this State. We are also fairly certain that unless satisfactory supplies of those red wood cases can be kept up, we shall be obliged to use imported white wood cases, which would not only have a disadvantage, because they would have to be imported, but they would not bear that hall mark to which Mr. Angwin and the present Agent-General have referred. In the course of his reply, the Minister stated:—

In order to produce even that amount (between 300,000 and 350,000 cases a year), we are forced to sacrifice better timber orders. This year we have produced over 500,000 cases, and every case over 350,000 has been produced at a loss to

the State Sawmills. This is one of the few cases where mass production is uneconomical beyond a certain point. To endeavour to meet supplies for the past season, we have been drawing on the timber which should be set aside for next year's supplies. At the present time there are on hand 95 loads of fruitcase timber compared with 371 loads at the same time last year. Cut cases on hand also show a great reduction. If private millers are in the same position that we are, you will readily see that their output for next year will have to be curtailed. The position is particularly serious and I regret to say I can see no solution to your problem. We might just as well face the position now rather than beat about the bush.

The Minister further said that the State Sawmills, like other millers, were subject to forestry regulations, by which the intake to the mills was defined, and that they were not allowed to exceed their quota. Those were the observations of the Minister, and I have heard nothing since to indicate any improvement. It seems extraordinary that the State Sawmills should be in a position that they cannot supply the demand of the fruitgrowers, or make some arrangement so that their demands can be met. I trust it will not be very long before we shall hear of something different from the observations of the Minister to the deputation.

Progress reported.

*House adjourned at 10.6 p.m.*

## Legislative Council.

*Tuesday, 22nd September, 1936.*

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

### QUESTION—PETROL CONSIGNED TO KALGOORLIE.

*Quantity and Railway Freight.*

Hon. H. SEDDON (for Hon. C. G. Elliott) asked the Chief Secretary: 1, What

quantity of petrol was consigned to the Kalgoorlie railway station on the State railways for the year ended 30th June, 1936? 2, What was the price per gallon charged by the Railway Department for transporting this petrol to Kalgoorlie?

The CHIEF SECRETARY replied: 1, Bulk supplies in 5,000 gallon tankers of petrol or kerosene (separate totals not recorded) 937,000 gallons. Particulars of petrol in drums or cases not available. 2, Approximately 4½d.

### LEAVE OF ABSENCE.

On motion by Hon. J. Cornell, leave of absence granted to Hon. C. B. Williams (South) for twelve consecutive sittings of the House on the ground of ill-health.

### BILL—ABORIGINES ACT AMENDMENT.

*Second Reading.*

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [4.36] in moving the second reading said: This is a measure which is being eagerly awaited by a large number of people, for considerably more interest is now being manifested in the aborigines problem than was evident a few years ago. The Aborigines Act, which we are seeking to amend, was passed in 1905 and became law in the following year, that is, 30 years ago. It was briefly amended in 1911, but has not been altered since. During the past 17 years the present Chief Protector of Aborigines has pointed out to successive Governments the need for amending many provisions of the existing Act. He has emphasised the difficulty in administering the department in the absence of requisite legislative authority and the difficulty of applying the provisions of the existing Act under altered circumstances, many of those provisions not being applicable to present-day conditions. The passage of time has accentuated these difficulties, and the department is now more completely handicapped in this direction than it has ever been before. Recognising the necessity for altered provisions, certain other States of the Commonwealth have reviewed their legislation. That applies also to the territories, such as the Northern Territory, under the Commonwealth. Moreover, certain of the States have