

# Legislative Assembly.

Wednesday, 5th November, 1941.

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

## QUESTION—BETTING.

Mrs. CARDELL-OLIVER asked the Minister for Justice: 1, Is he aware that certain starting price bookmakers are avoiding military duties, alleging that they conduct one-man businesses? 2, If he is not aware of this practice, will he have inquiries made and take immediate steps to have these illicit businesses closed so that citizens may know that the State is in earnest in its all-in war effort?

The MINISTER FOR JUSTICE replied: 1, No. 2, No; as this is not a matter that comes within the province of my department, but is one entirely for the military authorities to decide.

## QUESTION—EGG MARKETING BOARD, ELECTION.

Mr. WATTS (without notice) asked the Minister for Lands: 1, Did the organised egg producers or any section of them ask the Minister to arrange for the Government to pay the cost of the taking of the poll for the constitution of the Western Australian egg marketing board as proposed under the Bill now before the House? If so, has he decided that the Government should do so? 3, If not, will he approve of the Government paying for a poll under the existing Act if it be not repealed?

The MINISTER FOR LANDS replied: 1, 2, and 3, I was approached by the organisation representing the egg producers in connection with the taking of a poll

under the present Act. My reply was that if that was all in the way of coming to a decision on the matter, I would consider the Agricultural Department taking the poll for the producers. When approached subsequently in connection with the suggested amendment of the principal Act I was asked if, in the event of the Act being amended, I would still agree to take the poll. I said I was prepared to give the matter consideration if the Bill now before Parliament were passed.

## BILL—STATE GOVERNMENT INSURANCE OFFICE ACT AMENDMENT.

Introduced by the Minister for Labour and read a first time.

## MOTION—STATE AND FEDERAL RELATIONS.

*As to Creation of Preservation Committee.*

HON. W. D. JOHNSON (Guildford-Midland [4.35]: I move—

That in the opinion of this House a preservation committee, representative of Parliament, should be created by legislation, with responsibility to safeguard the State's interests in its relationship with the Federal Parliament as reflected in—

- (1) The Loan Council, its aims, its method and decisions; to check and analyse decisions; compare the probable effect of decisions upon the different States of the Commonwealth; to prepare data explanatory of the State's actual and potential primary and secondary production; its development and undeveloped resources; the State's needs and limitation of its contributory resources; the economic effect of the State's enormous area; isolation—distances from seat of Government.

Such other relevant activities to ensure preservation of State's assets and to influence continued development and expansion.

- (2) The Disabilities Commission—
  - (a) to prepare and submit direct evidence;
  - (b) to check and analyse all decisions, reports and explanations;
  - (c) to compare the effect of decisions as between States;
  - (d) to take all relevant action to ensure the just consideration of the State's disability.
- (3) Prepare and circulate quarterly reports.

I hope the motion will be accepted as a constructive attempt to preserve Parliamentary responsibilities in the general administration of the economic affairs of the State. I propose to deal with the motion under the headings covered by it. I shall first deal with the Loan Council and its activities, as I view the position. Another heading deals with the Disabilities Commission and in regard to both phases I propose to quote extensively from the latest report issued by the Commonwealth Grants Commission. The reason for that course is that the motion is founded on the position confronting us today, which indicates that the general administration of the affairs of this State is being conducted by an organisation outside the control of this Parliament. A portion of the matter I propose to submit to the House was mentioned last night. The Minister for Works discussed the refusal of another place to pass legislation dealing with the transfer of Federal Aid Roads money from a loan position to a revenue position, so that this State would be situated from that point of view similarly to other States of the Commonwealth. I supported the Government in that respect, and the Minister in mentioning the matter rightly quoted the Disabilities Commission's comments regarding that phase. For that reason, I do not propose to duplicate his references.

Then again the Premier, in submitting the Loan Estimates to members, indicated the great part played by the Loan Council regarding the raising and expenditure of loan funds and in dealing with matters generally. He pointed out how the Loan Council was constituted by representatives of the States and of the Commonwealth. As the Minister for Works did earlier, the Premier also pointed to the attitude of the Disabilities Commission concerning the non-provision of revenue in connection with loan liabilities on roads here as compared with the position in the other States. The Premier fully explained the methods of the Loan Council in operation. As it is today, we are directed in the economic affairs of the State by two different bodies. One can be regarded as an external influence in that the Loan Council is largely external in the sense that it functions outside Western Australia. It does not make contact with individual States, but simply makes contact with a collection of Premiers, representative of the States, at a central place in the Eastern States. There-

fore, from the Loan Council point of view, only an external review of the affairs of Western Australia is obtained, and the direction we receive from that body is without any internal connection.

When it comes to the Disabilities Commission, however, the position is quite different. Its activities are more an internal investigation and decision. The Disabilities Commission visits this State, and it is on record that its members have travelled to portions of Western Australia in order to inspect and review for themselves the activities of State development. Further, it is on record that the members of the Disabilities Commission visited the irrigation areas for the purpose of seeing exactly how the irrigation activities of the Western Australian Government and the expenditure on those activities were operated. I do not know that they went there for the purpose of checking in any way the economic results. Of course they would not have an opportunity to do that. But the fact remains that they recorded in their reports having visited a portion of the State in that regard.

Again, one member of the Commission, Sir George Pearce, has some knowledge of the State; and from that aspect, taken with his attendance at the Commission's meetings and the fact that those meetings were largely held in this State—indicating some little special interest in the affairs of Western Australia—the inference is that the Commissioners' activities are more internal than those of the Loan Council, which may be termed external. When the Loan Council first began to function, after the signing of the Financial Agreement of 1928, its meetings in my opinion were organised with more regard for the convenience of State Parliaments than is the case today. In those early days we in this State were in a manner consulted and advised. There was none of the hasty rushing which has developed during more recent years. I know, of course, that the war has aggravated the position in that regard; but nevertheless it is true that as the years have developed, under Loan Council control there has been, at all events to my mind, less regard for the convenience of this State Parliament, and meeting have been called more to suit the convenience of States close to the seat of meetings of the Loan Council than the convenience of States far removed.

In the early stages this Parliament received more reports of the functioning of the Loan Council. The Premier, on his return from a meeting of the Council, would give some account to Parliament of the Council's operations and conclusions. Members will recollect that during the period when Mr. Lang was on the Loan Council, we received quite a lot of information as to the activities of that body. I admit that Mr. Lang did not increase his popularity; but nevertheless it was of interest to students of the subject that we received, as the result of the public controversies which occurred because of Mr. Lang's comments, some insight into the general discussions that took place at Loan Council meetings. Undoubtedly the Press criticism which resulted from those comments were illuminating, and supplied knowledge to those who were anxious to follow the Loan Council's operations. I mention Mr. Lang in particular because he acted and spoke in a very pronounced manner; but other Premiers in the early stages also commented, and they commented much more than has been the case in recent years.

As the Loan Council has penetrated more into the affairs of Western Australia, this State Parliament unfortunately has, I may say, penetrated out of contacts and reports and information that we were accustomed to receive in the early years. The Loan Council has gained more control, and the State Parliament as an organised body has become less interested and gets less information regarding Loan Council discussions and decisions. This Parliament as an organised body is now not used in relation to Loan Council matters. True, we get a general opinion, but the man in the street gets the same. The information we do obtain is largely what we read in the Press. Such a position is quite wrong; and I wish to try to make this Parliament function in some way so that we will not be just a body of men meeting as a supposed organisation to assist towards the general welfare of the State but not being used in regard to the all-important question of loan raising and the distribution and expenditure of loan funds. In that respect this Parliament has not an organised voice.

The present position is that the change in regard to raising of money under the centralised control of loan raising, which has been approved by the States and put

into operation, has necessitated Cabinet discussion, direction and decision. I do not desire to dwell on this aspect, because I have spoken on it over and over again. Under the Loan Council as at present operating in conjunction with this Parliament, it is only a section of this Parliament that can operate, because Loan Council meetings are called at any time required by the central Government. Cabinet discussion takes place on the matters to be considered, and our representatives go to the Loan Council meetings, and it is essential for them to be ready to make decisions, in conjunction with Ministers from other States, as to loan questions. We as a Parliament cannot take part in those discussions. The only way in which we can become, as I may put it, part and parcel of those discussions, is by individual resolutions. We can always table motions; we can ask questions, and of course we can multiply by these means the information we derive from the Press through individual activities.

I do not like individual activity of that kind. It is not the function of Parliament to rely upon individuals generally on matters of vital importance. Individuals are free lances. The resolutions of free lances are quite helpful. The Standing Orders permit, and it is desirable, that there should be freelance discussion and freelance initiations by resolution, and then expressions of opinion. After all, that is an individual expression. It is educational and of value. What I am concerned about is to get more of a team expression, rather than an individual expression. We should have some means of establishing a committee to function for the purpose of watching this new development. The matter should not be left to the individual. There should be some committee that will appreciate that there has been a complete change in the general administration of the affairs of the State, that the Loan Council has revolutionised some questions, and the Disabilities Commission has revolutionised others from the revenue point of view. We should, therefore, have some committee that will by legislation be given the responsibility of watching these things. I have outlined in the motion all the details, with the responsibilities for attending to which the committee I have suggested should be charged. I do not wish to take up time going into great detail.

The motion was made deliberately lengthy so that it would outline to members exactly what I had in mind with regard to the responsibility that legislation would place upon the committee and Parliament, so that the general administration of affairs would not be interfered with, and so that we might watch this particular activity wherein committees and organisations outside the State are functioning in relation to the affairs of State while Parliament is unable to take an active part in the deliberations or discussions or to influence the effects of such deliberations and discussions. I want to get a committee of members of Parliament within these limits, and I do not want it to go any further than in regard to the Loan Council and the Disabilities Commission, the two organisations which, as I have stated, have revolutionised the position as it affects the State Parliament from the point of view of economic administration. We have no chance of watching the relative positions of revenue income and loan income. We have no opportunity to check and watch and see how the operations in this State compare with those in the other States, as to how the Loan Council functions with due regard to the special circumstances of this State in respect of one special item, and all that kind of thing. Rather do we leave this to public servants who should not be associated in any way with the functions of Parliament.

Instead of leaving questions to individual officers who go to the Eastern States, Parliament should direct those affairs. The officers are assuming the functions of Parliament and administering the affairs of State instead of Parliament doing so. That organisation can only be assisted today under existing conditions, the Loan Council by Cabinet, and the Disabilities Commission by Cabinet plus very largely the public servants of the State. We have no opportunity to convey an organised expression of opinion to the Loan Council concerning the amounts to be raised; neither do we, under the Loan Council's operations and methods, get an opportunity to decide how the money shall be distributed. When the Treasurer attends Loan Council meetings to give voice to the needs of the State as to loan expenditure, he takes with him a schedule of works. He is on the spot, and submits details of the expenditure under various items.

The Premier: That is not so at all.

Hon. W. D. JOHNSON: If the Premier will allow me to finish I think he will see that I am right. I have never been to a Loan Council meeting. The Premier takes with him a schedule of the requirements of the State. When the Loan Council meets, he has to fit in those requirements. He may anticipate receiving £2,000,000 or £3,000,000. He gets out a schedule to justify the anticipations of the State Government concerning the amount of money that will be required for the year's operations. Last night it was disclosed that the Commonwealth Bank was consulted, and that Federal Ministers were consulted. After this consultation and discussion, the Premier, being on the spot, has to amend his items, and so arrange the details as to enable him to cut down his expenditure in conformity with the expenditure of the other States. Under present conditions there is no other way of doing things.

The Premier: That is not the way it is done.

Hon. W. D. JOHNSON: That is how I heard the Premier explain things.

Mr. Marshall: The fact remains that it is done, although it may not be done in that way.

Hon. W. D. JOHNSON: The Premier may split straws, but he has conveyed to the House that he has taken over the details to Loan Council meetings. His Press statements are to that effect. We know that he has had to reduce the claims he intended to make to fit in with the general reductions that are advocated and pressed for by the Commonwealth Treasurer plus the Commonwealth Bank. I may not be correct in all the details concerning this matter, but this is how I understand things, and I understand them in that way because of the reports of the Treasurer and others that I have read. I read all I can on these questions because I endeavour to keep myself posted on what is happening in the State concerning those matters in which I, as a member of Parliament, have very little say. When the Premier ultimately arrives at the amount required—that amount has to be justified by the details—we then have the information submitted to us in the form of the Estimates. The Estimates are before us today. These are already arranged. We cannot interfere because the Loan Council has had an assurance that that is what the expenditure

will be, that is how the money will be expended, and the works upon which it will be spent.

The Premier: Nothing of the kind! All we get from the Loan Council is the amount of money.

Hon. W. D. JOHNSON: I submit that the Premier has over and over again said that he takes a schedule of works with him. He said so last night.

The Premier: Nothing of the kind!

Mr. SPEAKER: Order! The hon. member is not in order in referring to what was said last night on another question.

Hon. W. D. JOHNSON: We know from actual declarations that a co-ordinator of public works has been appointed, and that he functions as an officer dealing with the Loan Council. We also have an officer within the State who confers with him. If the co-ordinator of public works has to advise the Loan Council, he must have the details. The Premier knows that those details are submitted to him.

The Premier: That is purely a wartime development.

Hon. W. D. JOHNSON: That may be so, but that position appertained before the war started.

The Premier: It did not.

Hon. W. D. JOHNSON: I will look the matter up. We will have a go at that on another occasion. This is only a start. We do not get, under existing conditions, an opportunity to discuss the matter. I mentioned when speaking on the Budget, the large expenditure on the Perth Hospital. That was not a declaration of Parliament. Parliament endorsed it and there was, of course, no protest. But the initiation of the expenditure, and the amount and method were not discussed by us. It was expenditure essential purely from a Cabinet point of view, and Cabinet had to anticipate the approval of Parliament. The fact remains that Parliament, as Parliament, did not go into the question of the whys and wherefores of the expenditure.

Another matter is more peculiar still! In my electorate a big expansion of the Midland Junction Workshops has taken place to cope with the needs of munitions manufacture. It is a huge extension and, speaking from memory, the cost ran to about £56,000. The State and Commonwealth combined in regard to it, and I see by the Public

Accounts and the Auditor General's Report that the amount advanced by the Commonwealth has to be repaid by the State Government in regard to certain activities, the details of which members can look up for themselves. The point I make is that there was a big expenditure. It was in my electorate and came about by negotiation with the Commonwealth.

While Federal members may have known of the matter as members of the Commonwealth Parliament, I knew nothing about it as a member of the State Parliament. I knew the work was going on, and I seriously believed it was a Commonwealth responsibility. I had read of what the Commonwealth was doing in South Australia and other places, and I jumped to the conclusion that it was a very fine extension and being financed by the Commonwealth Parliament. I have found, after reading these returns, that that was not so, and naturally I was disappointed, although I quite recognise that the State was anxious to have that extension on its property, and associated with its workshops, so that after the war it would be an asset for the purpose of continuing manufacture under peace conditions. That was wise. I want to know, and for this purpose I want a committee established, if we receive exactly the same treatment from the Loan Council as it has meted out to other States.

The Premier: We got £15,000, and instead of utilising that amount only, as in South Australia, we improved on it with some of our own money.

Hon. W. D. JOHNSON: That £15,000 has to be refunded.

The Premier: No!

Hon. W. D. JOHNSON: That is in the Public Accounts and the Auditor General's Report, and members can read it themselves. I understood that a certain amount of Commonwealth money had to be refunded.

The Premier: If we buy the annexe it is subject to depreciation at 10 per cent. per annum.

Hon. W. D. JOHNSON: I do not want to go further into that matter; I gave that as an illustration. Recently I noticed buildings on land I knew belonged to the State at the east end of Hay-street. It used to be the area used by the police to break in horses and teach men to ride. When I saw a big building being erected, I immediately

jumped to the conclusion that it was something in connection with the Police Department. I made inquiries and found it was a building associated with chemical research. It was a matter not at all associated with the activities for which that ground had been previously used, but for something else in which the State Government was interested. I take as much interest in things as does the average member of Parliament, I think, but I did not know of this. It was new to me. I discovered it was State expenditure in regard to some chemical research business.

The Premier: It is the Government laboratory.

Hon. W. D. JOHNSON: Whatever it is, it is one of those things about which I was somewhat angry and disappointed because I did not know of it. I read about this building in the Press, where it was made public. As far as Parliament was concerned I knew nothing of it.

A recent move was made, and a very good one too, when certain officers went to the north of the State for the purpose of studying irrigation and the possibility of introducing irrigation methods in the North-West of this country. As a result of the reports of those officers the Government has decided to undertake some expenditure, which is a Parliamentary expenditure, and it is a very wise move indeed. The fact, however, remains that I read of that in the Press, and we were not consulted about it in any way.

The effect of all this is that Parliament is now largely restricted to discussions on legislation. Legislation gets more attention today than previously. There is more effort made by the individual to bring forward private members' Bills. There is an increased activity in legislation proportionate to the decreased activity in administration on economic matters, with the result that the sessions today are shorter and the recesses longer. The new order is here, and I want to find some way by which Parliament will take direct interest in these particular activities, and be charged by legislative direction to deal with and examine them. I want Parliament, after the Commonwealth Grants Commission has issued its decisions, to make reports. Subsequent to a recent decision, there was a controversy in the Press between Sir Hal Colebatch and Sir George Pearce in regard to certain fea-

tures of the report and decision. That, in its way, is all right. There is no reason why those two gentlemen should not have a difference of opinion, and should not ventilate it. But I do not want this Parliament to rely on that kind of investigation. I do not want Sir Hal Colebatch to submit questions to Sir George Pearce for the purpose of getting Sir George Pearce to elaborate and give further details of the Commonwealth Grants Commission's decisions. I want a committee to do these things and to accept as its responsibility the questioning of these matters, and not leave it to individuals.

I have already referred to the efforts which will have to be made by the officials of the State—the Under Treasurer and the other very capable officers who give information to the Commonwealth Grants Commission. These gentlemen would be better officers, and more capable in the submission of evidence, if they had Parliamentary direction instead of Ministerial direction. I believe, if Parliament had a committee, even though we may have to use these officers, they would be more efficient and more attentive and more capable as a result of the committee's operations. I do not want officials to voice the opinion of Parliament: Parliament should do it itself. Not every member of Parliament can do it, but we can have an organisation to cope with these new conditions which have developed as a result of Federation.

The Loan Council has made vital changes in the government of Australia, but this Parliament has not made any change from the conditions prevailing before the Loan Council commenced to function. This Parliament is operating in exactly the same way as did the Parliament before the Loan Council was established, with the difference that it is functioning more inefficiently in regard to economic affairs because of the external and internal interference, direction or assistance, of these two bodies. The motion sets out what would be the responsibilities of the committee. It would be told exactly what part Parliament expected it to play in the battles with the Loan Council and Commonwealth Grants Commission. I had difficulty in arriving at a term for the committee. After all, it is only a term; what I want is the committee. I have called it the "Preservation Committee." I thought that term would best convey what I had in mind. The committee is to preserve Parliamentary auth-

ority, and to maintain Parliament's interest and obligations in the general economic affairs of the State. I do not want an argument on the title; it can be whatever is thought best.

The greatest asset in a country is its Parliament. If we do not preserve our Parliament we are neglecting the main asset of our State. We need to preserve Parliament under the new order. The Loan Council and the Commonwealth Grants Commission have usurped the responsibilities of Parliament, and Parliament, as such, has not maintained its rights or its responsibilities. This Committee must be appointed by legislation; any other committee would be useless. It should be given legislative direction and authority, with a definite understanding that it consult Parliament on the matters it is charged to administer and safeguard, and report to Parliament, and generally keep Parliament in touch with all the subjects I have outlined in the motion. I want to show exactly why we as a Parliament should be a little more active in regard to loan affairs as viewed by the Disabilities Commission. At page 80 of the report, paragraph 188, members will find the following:—

It is not the province of the Commission to interfere with the financial policies of the States; but, in its task of assessing special grants on the basis of needs, it is bound to compare standards of expenditure on various services. Moreover, as expenditure on roads is a very important item, we have to satisfy ourselves that the effort made by claimant States to meet annual debt charges on road debt is in reasonable conformity with the effort made in the standard States.

The standard States are able to carry on because they are not claimant States and are not under the direction of the Commonwealth Grants Commission. The Commission does not go into Queensland, New South Wales, or Victoria. The Parliaments of those States function and have full control, but the Parliament of Western Australia is limited in its functions because, right through the report of the Commission, we are told that regard must be had to the standard States.

In recent years revenues from motor taxation and the annual payments made to the States under the Federal Aid Roads Agreement have increased substantially. In view of these facts we feel that both Western Australia and Tasmania should have brought their road finances more into line with those of other States.

I quote this—and I shall quote more—to demonstrate that the Commission is intermin-

ably reviewing the affairs of the various States. There is no doubt that the other States are taken as an example, and we are told that we as a State have not been as wise as the standard States have been. The Government, realising that, has introduced certain legislation and has been thwarted in its desire to get the position rectified. I could read further along those lines, but the Minister for Works gave quotations last night. There is quite a lot of interesting matter in the report, but I think most of it has been sufficiently covered by the Minister. I am dealing absolutely with loan questions. At page 73, I quote the following from paragraph 169:—

It is not suggested that all works on which loan money is expended should be reproductive; but, if they are not fully reproductive, the amortisation should not be left merely to the statutory sinking fund under the Financial Agreement. A special sinking fund at a sufficient rate should be provided to amortise the loan. In none of the Australian States is this austere policy carried out. It is notable, however, that, where services to consumers are provided out of State loan funds for which governments take responsibility, the provisions for depreciation and obsolescence are quite inadequate, while, when public utilities are run by autonomous public corporations liable for their loans, there is nearly always adequate provision for depreciation and obsolescence. It is, therefore, somewhat difficult to determine exactly how the various States compare in relation to provision for loan charges, though it is fairly clear that States like Western Australia incur large liabilities for unproductive loans and neither charge to consumers the full liability for loan charges nor make special provision for depreciation and redemption. In these circumstances the position of a State would grow progressively worse; and, when the loan liability is high, its financial position may become critical. In Western Australia the loan indebtedness is £206 per head, the highest of all States, and during the last five years the net loan expenditure has been £27 per head compared with an Australian average expenditure of £14 per head over the same period.

Members should appreciate the seriousness of declarations of that kind. These are declarations by the Commonwealth Grants Commission in regard to our loan operations, and therefore we should have some committee of Parliament to review them and ensure that we do not fall into the serious financial position foreshadowed by the Commission as likely to occur unless wiser counsels prevail. This is not a question affecting the present Government only; it has gone on ever since the Loan Council has been gradually but surely extending its

penetration. Therefore what has slipped in regard to these matters is Parliament itself. It is Parliament that has neglected its responsibility; it is Parliament that has let things slide; it is Parliament that must accept the responsibility if anything goes wrong. I shall quote a little further to finalise this matter. At page 42, paragraph 82, still dealing with loan expenditure, refers particularly to Western Australia—

In previous reports the Commission has criticised the loan expenditure of Western Australia, chiefly on the ground that large sums continued to be spent on works of an unproductive character. We expressed the view that a claimant State could not reasonably expect to invest in unproductive undertakings and get all the resulting losses made up in the form of special grants. Western Australia now submits a defence of its loan policy.

The report then outlines the defence of the Government's position put up by Cabinet in reply to the declarations of the Commission.

I have said sufficient to convey to members that the Disabilities Commission has, as it were, illuminated the loan fund position of Western Australia and its expenditure on loan works; and this, to my mind, is sufficient to justify the motion. We need Parliament to take up the report. Instead of leaving it to individual members to read and pick out special parts, we want a committee whose responsibility it will be to take up the report, analyse it and investigate it, so that recommendations may be offered for a change in the general affairs, or justification may be given for a continuation as viewed from the Western Australian angle. Then the committee could ascertain whether what the Commission expects Western Australia to do is being done by other States, and whether the general administration of State Parliaments is just what it might be from the viewpoint of an undeveloped State like ours. I return now to the disabilities. In the introductory chapter, page 9, paragraph 5, the following appears:—

Special grants were determined, therefore, by a strict measurement of financial needs. The Commission concluded that the relative financial position of the States, when analysed with sufficient care and understanding, was the only practicable basis on which special grants could be made. The fundamental principle developed by the Commission is expressed thus—

“Special grants are justified when a State through financial stress from any cause is unable efficiently to discharge its

functions as a member of the Federation, and should be determined by the amount of help found necessary to make it possible for that State, by reasonable effort, to function at a standard not appreciably below that of other States.”

Paragraph 6 reads—

The assessment of grants is a matter of some difficulty, because it requires a comparison of the inherent financial position of a State with that of other States—that is, of its actual budget position considered in relation to variations of accounting practice, of economy in expenditure, of severity in taxation, and of charges for services. When this comparison has been made, a standard must be fixed based on the experience of the non-claimant States. Then a judgment must be made as to the “reasonable effort” which should be made by a State seeking financial aid. The effort required varies with the cause of financial difficulty, and is greatest when the difficulties arise from the State's own past mistakes. In every case, however, the State must be left with ample incentive to improve its own financial position.

That is really the main reason for my motion. The Commission definitely calls upon us as a Parliament to realise that we must know something about the activities of other States. The members of the Commission judge us from their knowledge of other States, but we as a Parliament do not study the other States. We simply accept the direction and the opinion of the Disabilities Commission without making a check-up on what is happening in the Eastern States, analysing it or advising this Parliament regarding the opinions expressed by the Commission. At page 16, paragraph 25, appears the following:—

The net value of manufacturing production increased by 9 per cent. in 1939-40 to £221,000,000, and Western Australia was the only State in which the value of secondary production did not rise appreciably.

Members in listening to the Minister for Labour last night, might have been led to believe that there had been a big increase in secondary production in this State, but according to the Commission, this is not so. I admit that the Minister was dealing with a different period from that which the Commission was reviewing, but the two periods were so close together that there would be a definite relationship. We want a committee to go into this matter. Further on in the report, the Commission points out that this State is not receiving the same encouragement and assistance from war expenditure as other States are getting.



I shall now quote from paragraph 48, page 29:—

The drift of skilled labour to the industrial States of Victoria and New South Wales, owing to the recruitment of munition workers at higher wages, has raised some difficulties. It is felt that the industrial efficiency of States such as Western Australia and Tasmania is being greatly impaired by the loss of technical workers; and representations have been made to the Commonwealth that the only way to retain skilled labour is to establish branches of munition manufacture in those States. The Federal Government has been impressed by the case presented, and has appointed a special committee to examine the economic position of Western Australia, and the effect on that State of Australia's war effort. The increase in the cost of production due to rising wages, increased costs of materials, and higher freights and insurance charges, have been mentioned in evidence. It is claimed that Western Australia and Tasmania especially are now suffering from these causes.

That also shows the necessity for the appointment by Parliament of a committee to investigate matters of that kind and report on them to Parliament.

At page 32, paragraph 53, the Commission deals with social services. Parliament can hardly ignore these observations. The paragraph is headed "The effort required of Claimant States." Except Cabinet, there is no body constituted to consider the effort mentioned in the report. The effort should be of such a character as not to leave the State behind, because the Commission may not be just or may not be accurate in its investigations. The paragraph reads—

The Commission has deemed it necessary to make a judgment on the standard of effort which should be required of each claimant State. After investigation it was decided that the principle should be established that each claimant State should make a "reasonable effort" to maintain its own financial position. This we express as a percentage of normal social service expenditure, which is based on the average annual expenditure per head in the non-claimant States, viz., New South Wales, Victoria and Queensland. Where a claimant State's financial position is largely the consequence of past extravagance or mistakes, we require an additional effort, which is expressed in terms of severity of taxation. Although the degree of the effort is expressed in terms of social services and taxation, that implies no opinion on the part of the Commission that it ought to be carried out in these exact terms.

The form which the effort should take remains entirely at the discretion of the State. It may express its effort in greater economy in administration, in less generous provision of social services, in greater severity of taxation,

in higher charges for services, or in any combination of these and other methods of reducing the deficit. Our method does not in any way imply that a State should reduce its social service standards. In fact, it may increase them, provided it makes a total effort of the magnitude indicated in our method.

That is the method suggested by the Disabilities Commission. I ask members to read carefully pages 32 and 50.

Hon. N. Keenan: Why not call the Commission by its right name? It is the Commonwealth Grants Commission.

Hon. W. D. JOHNSON: It is a grants commission dealing with the disabilities of the States.

Hon. N. Keenan: No. It is not.

Hon. W. D. JOHNSON: Perhaps I ought to refer to the Commission as the Grants Commission, but I have always called it the Disabilities Commission, because it is charged with the responsibility of adjusting the disabilities of States owing to the operation of Federation.

Hon. N. Keenan: It has not been called the Disabilities Commission since 1927.

Hon. W. D. JOHNSON: After all, that is a detail. I prefer to call the Commission the Disabilities Commission. At page 43, paragraph 86, the Commission deals with the question of taxation. Here, again, we ought to have some organisation to check-up on what the Commission does, its methods and its conclusions. The paragraph reads—

Reliable figures for the gold-mining companies of States other than Western Australia were not available, and it was impossible to determine the grades of income into which the gold-mining dividends of all States fell. The Commission was therefore obliged to confine itself to figures supplied by the Western Australian Taxation Commissioner and the State Treasury as to the taxable profits and dividends of Western Australian gold-mining companies. Under the taxation laws of Western Australia local gold-mining companies are taxed. The State Taxation Commissioner was thus able to provide a figure representing the taxable income of gold-mining companies under the State law. To this taxable income we applied the Federal income tax company rate, viz., 13.8d. in the £1, but, in view of the existence of gold-mining companies in other States, and of the distribution of gold-mining dividends among all States, we decided to reduce by 25 per cent. the assessment based on the data received from the State Commissioner of Taxation. Admittedly, the adjusted assessment could only be regarded as a rough approximation; but, in the absence of complete figures, we had to make

a judgment, and, with a desire to be fair to Western Australia, we deemed it wise to make our first assessment on conservative lines pending further investigation.

Surely we ought to take notice of such a statement, which deals with the State's relationship to its principal industry, mining. The Commission admits that it did not get all the data it required, but that on the data it had received it arrived at an assessment on conservative lines. There should be some body to investigate and make a report to Parliament on such a matter.

Mr. Patrick: Did the Commission mention the Federal tax on gold?

Hon. W. D. JOHNSON: Yes. At page 44, members will find the claims submitted by Western Australia. I do not propose to read them. But the Commission says, at page 44, paragraph 88—

As to the specific points submitted by Western Australia, our views may be stated thus:—

(i) We do not think the hypothetical assessment made unduly restricts the ability of the State Government to raise revenue from gold-mining companies.

(ii) We are of opinion that the question of conserving dollar exchange is hardly relevant to the problem of determining relative severity of taxation.

(iii-v) We believe that the assessment last year, though not in any sense exact, was the best adjustment possible on the figures then available.

There should be some authority, besides Cabinet and Government officials, to provide accurate information on matters of such importance as these. The paragraph continues—

(vi-vii) State expenditure on the development of gold-mining and on social services connected with the industry, are, we feel, adequately taken into account in other parts of our calculations.

Parliament ought to take interest in matters which vitally affect our goldmining industry, so that the State may receive a greater measure of consideration from the Commission. I shall now quote paragraph 115, page 53—

If dividends are paid in the State in which the company earns income, they increase the capacity index of that State. If they are paid in another State, they increase the capacity of the recipient State, and we are of opinion that our relative index correctly states the capacity to pay all forms of State taxation. Dividend recipients usually have the benefit of other income, and our investigations show that the rate of tax applied to dividends was, on the average, higher than the rate levied on company income.

As I say, under existing conditions, Parliament has no opportunity to study the points raised by the Commission and the conclusions arrived at by it. I shall quote paragraph 118, page 54—

After the fullest consideration, and even if it were conceded that there were minor distortions in the system of taxing company income and dividends, we feel that they are not of sufficient importance to invalidate our method of estimating relative taxable capacity. It would be wrong, we believe, to introduce refinements of this character into a system of calculation in which a good many assumptions have to be made.

Those assumptions, as far as this Parliament is concerned, are not influenced, are not checked, and the Commission receives no help from this Parliament as an organised body. On page 55 of the report the Commission states—

It is generally recognised that the task of comparing the Budgets of the States is difficult because of wide differences in financial policies in essential needs, etc.

I have already read the reference to the procedure involving the assumption that the Budget of a State represents the State Government's effort to provide for the needs of its people. There should be something more than assumptions to guide this Disabilities Commission in its operations. I want to give one or two instances to indicate how unfair the present basis is. We have all the liability of expenditure and distribution of money but we are hampered by the operations of the central Government and the other States, and there is no authority outside the Government to guide the Commission in regard to these matters, nor does Parliament have an opportunity to voice an opinion.

Consider petrol rationing! When petrol rationing was introduced, the Grants Commission did not help this State by reason of its long distances. It took no notice of the carting distances from farms to sidings. We should have had a committee watching the operations. When it was decided to make allotments of petrol to farmers the Victorian basis was adopted, and nine miles was allowed as the carting distance. Our farmers suffered under that disability for some time until it was exposed. The Commission is not concerned about Western Australia's difficulties or about the special circumstances and the different conditions in this undeveloped State. Victoria was selected as the standard, and this State was charged

with the responsibility of endeavouring to operate under Victorian conditions. We need some way of protecting the State and of using experiences of that kind to influence the Commonwealth Grants Commission.

Consider also the Wheat Board! That was based on an Eastern States conception. In Western Australia the handling of wheat in bags is on a limited scale. From the farmer's point of view, it is a minor operation. On the contrary, in the Eastern States handling of wheat in bags is, generally speaking, a major operation. In some States it is absolute. When the Wheat Board was constituted, maximum representation was given to those handling wheat in bags and a minimum representation was given to those engaged in bulk handling. In this State bulk handling was a matter of vital concern to the farmers; in New South Wales it was in operation to a lesser extent; and in Victoria it had been inaugurated. But although the bag handlers were gradually but surely going out of business, they were able, as a result of the appointment of the Wheat Board, to dominate the position, and today bagged wheat handlers and jute merchants are in control by a majority vote, if it comes to a vote, on the Wheat Board. There again was a total disregard of this State's special circumstances.

There is another development, and I would like my friends from the wheat belt to appreciate this. Several attempts have been made to penalise this State because of our economy. We handle wheat cheaper than does any other State. Because of that, I suppose, the board has been influenced in making its decisions in regard to handling costs. An attempt was made and is still being made to eliminate bulk handling in order to force Western Australia to undertake bag handling—the more expensive method—to penalise our farmers; and the argument advanced is that the bag system operates in the Eastern States and should apply in Western Australia. The economic factor is not taken into consideration. Western Australia is an isolated State, a claimant State, and therefore does not count as do the other States represented on the board. There is a more serious development. It is proposed now to base payments on the capitalisation. The remuneration is to be based on the capitalisation of bulk installations.

Mr. Patrick: What is the meaning of that?

Hon. W. D. JOHNSON: What it means is clear. They say that instead of the cost of operations being the deciding factor, the cost of operations should have regard to the capitalisation, with the result that New South Wales which has spent £4,000,000 in installation will receive a consideration proportionate to its capitalisation. Western Australia has spent about £300,000, given a better service for a bigger crop, and on many occasions at a lower cost.

Mr. North: For fewer farms.

Hon. W. D. JOHNSON: Yes. And Western Australia is going to be paid on the basis of its capitalisation. If there is anything more unjust than that, I would like to hear it.

Mr. Boyle: Is that in the report of the Grants Commission?

Hon. W. D. JOHNSON. No. I am outlining the difficulties we are up against and I feel Parliament should go into these matters and have a committee functioning. We should always be on the alert. We should not only be here but should also be looking to the other States to see what is going on so that Loan Council operations and those of the Commonwealth Grants Commission will not hamper us to the extent that we are suffering today, largely because Parliament is not in possession of the facts and there is no one charged with the responsibility of endeavouring to obtain them. I believe Parliament should keep a watch.

I do not want it to be conveyed that this is a reflection on the Government: it is not. I do not want the committee to have any obligations or responsibilities or rights that would interfere with the Government. I want a committee that will take this document—the report of the Grants Commission—and study it on the terms of my motion, and any further terms which might be thought desirable to place in the legislation giving it authority. The committee, when constituted, will have to report to Parliament in regard to Loan Council and Commonwealth Grants Commission Operations and keep us posted as a Parliament on the relationship between this State and other States, and on the disabilities of Western Australia such as I have outlined in regard to the wheat industry. Such instances could be multiplied. We should have some body

analysing the position all the time, and sitting regularly and accepting the responsibility placed on it to watch on behalf of Parliament and report to Parliament regularly in regard to these matters.

It was, I think, the member for Pingelly (Mr. Seward) who advocated the appointment of a public works committee. Under the altered conditions of today, such a committee could not function. In the old days it could have been of very great assistance. But the appointment of a Parliamentary committee to preserve the rights, authorities and responsibilities of Parliament is a matter of urgent importance. I do not think we can go on in the way we have been. We cannot ignore these matters and sit here as members of Parliament limited to passing legislation with no possibility of going into the details of the economic direction of the State. We cannot continue indefinitely in this way. If appointed, the committee I have suggested would be able to analyse exactly how much unification has penetrated and how far it is operating.

If we have reached the stage at which unification has proceeded so far that it must go further, how much further it should penetrate would be a matter of particular investigation and negotiation. I do not want unification to come upon us in one fell swoop. I do not want the Federal authorities to say, "The economic position is impossible under war conditions. We cannot maintain all the State Parliaments. We will reorganise them." I do not want such a reorganisation to take place with unification based on Queensland, Victoria and New South Wales, as compared to the claimant States. If the committee I have suggested is appointed, its job will be to watch the position and if further unification appears imminent, to come to Parliament and say, "We had better negotiate to stop this or to ensure that our responsibilities are not out of proportion to our control of the purse."

We can, under certain circumstances, demand from the Grants Commission a further measure of assistance to enable us to carry on and give our people the same facilities and form of government as are given to any other State. But we are gradually but surely drifting away from that. The Parliaments of Queensland, New South Wales and Victoria can decide on social services and the only body they are

controlled by is the Loan Council. Members will recall that Mr. McKell, the new Premier of New South Wales, complained bitterly of his first experience of the Loan Council. He said that the Loan Council had unfairly treated his State; but New South Wales is subject only to Loan Council direction. Western Australia is under the Loan Council and has in addition to be subjected to the more serious investigation and direction of the Grants Commission.

The time has arrived when we must realise that there is a new order, that the method of government has been revolutionised by the Loan Council and the Grants Commission and I believe this Parliament should have been organised years ago to meet the altered conditions. We have allowed the situation to drift. It has become dangerous today and should not be allowed to drift any longer. We need to have an organised voice of Parliament through a committee regularly making representations on its behalf. There should be a committee charged with the responsibility of preparing Western Australia's case, and we should not rely upon public servants to engage in the State's defence. Members of Parliament, as the direct public servants of the State, should be undertaking the preservation of its rights, and not delegating that work to others.

On motion by Mr. Seward, debate adjourned.

## PAPERS—RAILWAYS.

### *Cheney Spark Nullifier.*

**MR. DONEY** (Williams-Narrogin) [6.2]: I move—

That there be laid on the Table of the House all papers relating to the tests made in respect of the Cheney spark nullifier on the Midland Railway of Western Australia, between Midland Junction and Moolabeenee on the night of the 28th June, 1924, and by a Midland Railway Company's engine driven by a W.A.G.R. engine-driver, Mr. Joseph O'Malley, from Midland Junction to Northam and return in October, 1921; these papers to include the reports submitted by the engine-drivers on these two occasions besides letters that passed between the W.A.G.R. and Mr. Chalmers, Chief Mechanical Engineer of the Queensland Government Railways in 1927, in respect of this same question, namely, the suitability of the Cheney device for the purpose of nullifying sparks from railway engines.

I brought this question of spark nullifiers or arresters before the House in 1935.

Mr. Cross: And no one took any notice.

Mr. DONEY: Wrong! All but the hon. member!

Mr. SPEAKER: Order!

Mr. DONEY: On that occasion I suggested that a Royal Commission should be appointed to ascertain if there was any better spark arrester or nullifier than the device that was in use at the time, and is still availed of in connection with the Government railways. I mentioned Sir George Julius, an engineer known by repute to most members of the House, as a man eminently suited to deal with a question of such importance. Members will realise that the matter is of importance when they are reminded that in New South Wales the damage caused by fires arising from sparks from engines, was valued at over £3,000,000 in one year and that the Railway Department of that State has paid out £72,000 as compensation for damage done by fire in one year and in another 12 months paid out £60,000 in compensation. I know that quite a number of members have entertained the idea that the Railway Department of this State pays nothing whatever as compensation for fire losses. My experience in that respect has been favourable because I have successfully submitted five or six cases to the department, and I am glad to make that admission now.

In taking the step I did six years ago in the interests of the farmers, graziers, orchardists and others, my object was to lessen the danger of highly destructive fires caused in the rural areas, particularly in grass and forest areas, through sparks from railway engines. On the occasion I speak of I failed to secure my objective, but I give notice that at the appropriate moment I shall return to the attack. In the meantime I shall content myself by moving a motion in the terms set out on the notice paper, so that Mr. Cheney may ascertain whether or not his invention of a spark nullifier received a square deal at the hands of the Railway Department. I shall not express any opinion on that point, but I want the correspondence placed on the Table of the House so that I may learn for myself whether Mr. Cheney received justice and, in fact, find out exactly what happened. Mr. Cheney, I understand, was at one time an engine driver in this State. The nullifier he invented has been accepted for use in nearly all the States of Australia.

The acceptance was decided upon only after very exhaustive trials had been carried out. Mr. Cheney was in Queensland in October and November of 1927 with the object of selling his invention to the Government of that State. It appears from what I have been told—I cannot vouch for the accuracy of the statements—that the Queensland Government was quickly interested in the device. As may be expected, the departmental authorities conducted searching inquiries before reaching a decision regarding the suitability of the nullifier for Queensland conditions. I understand that the Queensland trials, which extended over 30 days, continued daily for the full 24 hours, and the results were regarded by Mr. Chalmers, the Chief Mechanical Engineer of the Queensland Railways, as completely satisfactory. Members are asked to realise that in respect of trials in Australia or in any other part of the world, the verdict has always been the same; the nullifier has been regarded as completely satisfactory. As I have already mentioned, it was tried out in Queensland where trials were conducted on engines attached to passenger, goods, cattle, and interstate fruit trains. Mr. Chalmers was reported to be so highly satisfied that he decided to recommend the device for installation on each of the 1,150 engines then in commission with the Queensland Government Railways.

There is, I believe, some unwritten law operating as between the different State Governments whereby an inventor in any one State seeking to sell his invention elsewhere in Australia—this is in respect of the railways only—must have his device referred back to the State where he resides. It was to be expected that that course would be adopted, and it was in this instance. In due course the Chief Mechanical Engineer in Queensland, who had referred the matter to the W.A.G.R., sent for Mr. Cheney, who was informed by that official that he regretted, owing to the information he had received from the Railway Department of this State, which had caused him a great deal of surprise and disappointment, the negotiations regarding the nullifier would have to be cancelled. The question naturally arises as to what was contained in the letter sent from the Chief Mechanical Engineer of the W.A.G.R. to the Chief Mechanical Engineer of the Queensland Railways. That is

what Mr. Cheney wants to know and what I desire to know. I think any member similarly placed would also require to ascertain that information.

I frankly admit that Mr. Cheney is rather late in the day in seeking the disclosure that my motion is intended to achieve. I understand, however, that at the time he took such steps as were available to him, but the railway authorities were not willing to disclose the correspondence to him. In the circumstances, late though it may be in the piece, he has now sought my assistance. All I am concerned with in this matter is to see that a thoroughly good Western Australian, as I understand from inquiries I have made Mr. Cheney to be, has received a square deal from his own people. I shall certainly be bitterly disappointed if members on both sides of the House, and particularly some of those who were probably colleagues of Mr. Cheney in the railway service, do not extend willing support to the motion. It may quite easily be that the reply of the Railway Department, through the Chief Engineer of the W.A.G.R. of those days, was quite fair and proper, but the point is that, in justice to the individual principally concerned, the fact should be definitely established.

In order to prove that what I am seeking is worth while, it may be well to quote from some publications to indicate what type of device the Cheney spark nullifier really is. First I shall quote an extract from an article reprinted from the "Melbourne Argus" of the 29th December, 1926, under the headings "Spark Nullifier. Successful Trial at Powelltown." The paragraph I shall quote reads—

The Forests Commission representatives expressed the view that the nullifier was the best device they had yet seen, Mr. Ingles—

Mr. Ingles was the Chief Inspector of Forests in Victoria at that time—

—remarking that he had not seen thrown from the engine, while the device was attached, any spark which could be remotely suspected of causing a fire in midsummer. He further expressed the view that the nullifier reduced the danger of bush fire by at least 95 per cent.

Another quotation is from a report reprinted from the "Auckland Weekly News" of the 27th November, 1924. That report stated—

Through the co-operation of the National Timber Company, Ngongotaha, and officers of the Forestry Service, a demonstration, attended by a large number of sawmill managers, was

given of a spark nullifier attached to a locomotive. The device, a Western Australian invention, was tested with a loaded train on heavy gradients, and remarkable results were achieved. The locomotive was fired entirely on scantling waste. With the nullifier, no sparks were emitted, even on the steepest grades, but when it was removed, the bush was deluged with them. The capacity to raise steam was not adversely affected by the device, and very general satisfaction was expressed.

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

Mr. DONEY: Before tea I was reading two Press opinions, both of them highly complimentary to Mr. Cheney, touching the results of trials of his device in Queensland and Victoria. Had I felt so disposed, I might have read another half dozen similar references, but members may regard those two as typical of the others. The Cheney device has been in general use in New Zealand for quite a number of years. It is used also in Queensland—though not on the Government railways there—in Victoria, South Australia and Ceylon, and I believe in this State. It was used here away back in 1928. Whether these nullifiers have gone out of use since then I do not know, but the probability is that they are in wider use now than they were then. When the Minister replies, I should like him to tell the House whether the H.D.D. device has a similar or as good a record touching its use in other parts of the world as has the Cheney device. If he can say that of the H.D.D., I would be inclined to entertain a better opinion of it than I hold now, but if it is not in use in any other State, that fact would not appear to be over-favourable to its general utility.

In June, 1928, Mr. Cheney tried out his nullifier on the Midland line. That would have been in Mr. Poynton's time as general manager. Once more the results, according to the Press reports, were entirely satisfactory, and as a result Mr. Poynton or his engineer ordered 13 engines to be fitted with the device, and they were so fitted. But when the then Engineer of the W.A.G.R. heard of this, according to my information, instructions were issued to have the device stripped from the engines. That seems rather hard to believe. I found it hard to credit until I discovered that there happens to be an Act requiring that any spark-arrester or nullifier fitted to an engine of the Midland Railway Co. has first

to be approved by the engineers of the W.A.G.R. I will not assert that that is so, but my information goes to show that it is. I can understand that such oversight and control by a competitor railway might be justifiable in certain circumstances.

**The Premier:** Not a competitor!

**Mr. DONEY:** I cannot see how the relationship between the Government railways and the Midland Railway Co., since both compete for traffic running northward, can be described as other than of a competitive nature. I cannot see that that attitude is justifiable since the W.A.G.R. is so linked up with a rival device. It might be of some interest to the House if I explain that the initials H.D.D. have reference to the three men who invented this type of spark arrester. They were Messrs. Hadlow, Davenport and Downing, three highly placed men at the Midland Junction workshops. I understand they were paid £1,000 for their device and for freedom for the W.A.G.R. to use it. I have no quarrel with the payment or the amount of it. But that was away back in 1918, and since that time, I am given to understand, without being able to assert it, there has been no modification whatever of the device.

So, in this very changeable world, particularly in the matter of inventions of this kind, for 23 years there has been no change whatever, and the device that was considered suitable 23 years ago is held to be equally suitable now. It appears that the chief engineer of the day and succeeding engineers considered then and still consider that their three men turned out a better job of its kind than could be found in any other part of the world. This, of course, would imply that in their opinion it was better than any one of the ten thousand or so devices of this type said to be in use in various countries. That claim of the W.A.G.R. is just within, and only just within, the bounds of possibility. Actually, as the House will realise, the odds are likely to be about a thousand to one against the device being the best that can be obtained today.

Anyhow, we know that every year without exception, though there may have been some years that I cannot recall, quite a number of crop fires occur in various parts of the State. It is but fair to the H.D.D. device to admit that not all the fires occurred on account of sparks slipping from

the funnel of the locomotive, but quite a number of them, not as many as in the former case, arose from the live coals slipping from—well, how shall I describe it?

**The Premier:** From the ashpan.

**Mr. DONEY:** I am not sure, for I am no engineer. Be that as it may, it is plain that the W.A.G.R. obstinately sticks to the H.D.D. device, and, although in this I may be wrong, refuses to give an adequate trial to any rival device. In these circumstances I inquire of the Minister whether our own W.A.G.R. engineers can be regarded as completely unbiassed judges of competitors' inventions. Personally I do not see that they can be. There certainly is likely to be a bias, a slight and possibly unconscious and, I will admit, quite natural bias, but nevertheless a bias. Whether that be so or not, it is pretty plain that they did in a wholly arbitrary way order the dismantling of the Cheney device in the case that I have quoted; whilst in the case of the trials in Queensland to which I have referred the report quite obviously led to most dire results for Mr. Cheney. I hold that to be a pitiable and most regrettable thing, because from inquiries I have made old Mr. Cheney, whom I judge to be about 70 years of age, seems to have been a man who deserved the very best treatment from this State. Yet, so far as the information supplied to me goes, he has received treatment that can only be described, if what I hear is correct, as shabby. At all events, with confidence I submit my motion to the House.

On motion by the Minister for Railways, debate adjourned.

[Resolved: That motions be continued.]

#### **PAPERS—MERREDIN FLOUR MILLS, LTD.**

**MR. BOYLE (Avon)** [7.43]: I move—

That all papers in connection with Merredin Flour Mills, Ltd., be laid on the Table of the House.

In asking for the production of these papers I am actuated by a desire to have the mills re-opened. The district has suffered a very severe loss from the closing down of an essential service which has operated since 1927. The mills were a great benefit to the local farmers. They were the most easterly flour mills in the wheatbelt of Western Aus-

tralia, and certainly the goldfields markets were greatly benefited by them. The original nominal capital of the company was £50,000, which was paid up to £7,574. The enterprise was well supported by the farmers of the district, who held 1,826 fully-paid shares. The balance of the shares was held in the town. Altogether the undertaking could be classed as a deserving local enterprise. The mills produced about 150 tons of flour per month, using 100,000 bushels of wheat annually.

The closing of the mills was a tragedy of a type that I do not think has its parallel in Western Australia. Unfortunately the shutting down was brought about by, shall I call it, a legal catastrophe. In other words, the Agricultural Bank sent a special detective of its own, Detective Hickey, to the town of Merredin. He appeared on the scene, and the mill books were examined and the bills of storekeepers in the town were overhauled. I am not finding fault with the legality of the action taken by the Agricultural Bank, but it is another instance of Section 51 of the Agricultural Bank Act being put to a use for which I do not think it was ever intended. The section is one to which I and other members on this side of the Chamber have repeatedly objected. The action taken in this case I consider one of the most flagrant abuses of the provision in question.

The wheat involved was sold to the mills by the farmers really to augment their meagre sustenance allowance. It will be understood that in 1936-1937, when the tragedy took place, the allowance made by the Agricultural Bank was somewhere in the vicinity of £6 per month for man and wife. I doubt very much whether at that period the extra allowance of 10s. per month for children was in vogue.

Mr. Seward: It was not!

Mr. BOYLE: If I am correct on that point, the result would be that the Agricultural Bank expected a married farmer and his family to subsist on £6 per month. The inevitable happened.

The Premier: How long ago was this?

Mr. BOYLE: Towards the end of 1936 and early in 1937. I am not quite sure when the 10s. allowance was introduced. I believe that an additional pound was given recently. If it was given, however, the extra

amount would be only 10s. per month per child, less than half-a-crown per week. I am emphasising this point to show that the farmers who sold wheat in small lots to the mills were not actuated by any motives of theft or misappropriation. The selling of the wheat to the mills was the natural reaction to a shortage of money to carry on with in the way of sustenance, because the amount of 28s. 6d. per week was then just as hopeless a proposition as there could possibly be.

The value of the wheat involved, according to the claims made by the Agricultural Bank, would be about £1,000. In very few instances did the farmers offer more than 20 or 30 bags of wheat to the mills. The result of the visitation by the male Nemesis from the Agricultural Bank was that the directors of the mills became subject to an action in the Supreme Court by the Agricultural Bank for the recovery of the amount of £1,000. Incidentally, the Agricultural Bank charged the farmers who had sold wheat to the mills with the quantity of wheat so disposed of. It is quite possible that the bank would receive back from the farmers the value of the wheat, while at the same time obtaining a consent judgment for £750 and costs of about £150 against the Merredin Flour Mills.

At that particular time the mills were in an excellent financial position. They owed little money. Their overdraft with the E. S. & A. Bank was £2,974 and the assets of the mills were worth over £15,000. The quantity of flour on the floor of the mills more than sufficed to pay the whole of the indebtedness of the mills. They paid 20s. in the pound, with the exception of the judgment by consent for £750 and an amount of £650 since claimed by the Taxation Department. So we had the spectacle of a flourishing concern, which was of great service to the farmers of the district, closing down because Section 51 had to be enforced for the non-delivery to the Agricultural Bank of one-third of one per cent. of the wheat of the district. The average wheat yield was 1,250,000 bushels; 8,000 bushels were involved, and that is one-third of one per cent. Yet the law was enforced against the company and the mills closed down because the E. S. & A. Bank flatly refused to pay the amount claimed by the Agricultural Bank. I do not say that the E. S. & A. Bank was justified in its action; I do not think



it was, as it was well secured. In addition, it held a guarantee for £2,000 from a man at Kalsoorie. It therefore appears as though that bank was absolutely disgusted with the action taken by the Agricultural Bank; but unfortunately the district has suffered accordingly.

As the Minister for Industrial Development is aware, I took the matter up with the Industries Assistance Board. I endeavoured to secure, under the Industries Assistance Act, a Government guarantee, which would have been underwritten by the guarantee for £2,000 I have already mentioned. On the 27th March, 1939, I wrote to the Minister as follows:—

I wish to bring under your notice the closing of the Merredin Flour Mills, Ltd. From both the mill employees' and local farmers' point of view, this is a tragic happening. It means that the mill hands—nearly all married men with families—are now thrown on an overcrowded labour market.

The farmers from miles around have regarded the mill as an institution which has provided them with the necessary bran and pollard for their stock at reasonable rates. Flour has been gristed from their own wheat in addition to the crushing of oats at a cheap rate. In fact local farmers practically own the mill, which has always been able to give them a price for wheat slightly above siding prices.

The trouble seems to have begun from the legal proceedings started against the mill by the Agricultural Bank for the alleged wrongful receiving of wheat by the mill. I am not attempting to enter into a discussion over the merits or otherwise of that case, but the fact remains that the mill has already paid to the Agricultural Bank about £250, with the balance to be paid within five months, an impossible proposition, as the mill had already paid the farmers in full for the wheat.

The mill shareholders have invested £7,544 in the mill. In addition, the E.S. & A. Bank is owed £2,974 on overdraft. The unsecured creditors are owed less than £100. Mr. E. W. Sterne of Kalsoorie has guaranteed £2,000 of the overdraft. The assets of the company amount to £15,786 3s. 7d., according to the balance sheet of September 30th, 1938. The E.S. & A. Bank, for reasons best known to itself, called up its overdraft. The mill cannot buy wheat and has been compelled to close down, although its financial affairs are in a sound position.

I attach the balance sheet and a statement from the mill secretary, Mr. J. Gribble, for your information. In view of the circumstances set out and the value of the Merredin Flour Mills, Ltd., to the farmers on the eastern wheat belt, the case is one for special consideration by the Government under the powers which they possess to deal with such cases.

If the request of the company for a guarantee of £4,000 is acceded to, the mills will reopen at once. The assets cover far more than the guarantee involved which, in conjunction with Mr. Sterne's guarantee, would not exceed £2,000.

The Merredin flour mills are the most easterly mills in the wheat belt and have a market for their products on the goldfields. The closing of the mill will have a disastrous effect on the farming position in the eastern districts. This position, it is unnecessary to tell you, is already precarious.

I trust that you will see your way clear to assist a cause which means so much to Merredin and the farming districts adjacent thereto. The secretary of the company, Mr. Gribble, and myself will be only too pleased to give you any further information you desire by means of a personal interview.

The Minister did not display his usual alacrity in replying to my letter. There was a reason and an excuse for that, Mr. Speaker, because at the time certain Ministerial changes took place. I am not alleging against the Minister that it is a habit of his not to answer letters. On the 7th July, some three months later, I again wrote to the Minister as follows:—

On the 27th day of March I wrote you in reference to a Government guarantee for an overdraft for the Merredin Flour Mills Company, Ltd. I shall be obliged if you will favour me with a reply.

Unfortunately, the reply was in the negative and the mills remained closed. They were closed when they were in a position of absolute solvency. They were closed because Section 51 had to be vindicated, as some 20 or 30 bags of wheat were purchased from farmers who were supplementing their meagre incomes. That was treated as a criminal offence. Neither the farmers nor the storekeepers were prosecuted, but the mills, which had bought the wheat, had to take the full brunt of the proceedings instituted by the Agricultural Bank. Consent judgment was entered in 1939. The mills did not resist. According to law, the directors did the right thing and consented to judgment. But today the mills are closed and seven to ten men are out of permanent employment. The farmers of the district now have to send their wheat 35 miles to Kellerberrin for gristing, and they have to pay freight to get their bran and pollard back. It is expected that the yield in the district this year will be some 1,500,000 bushels. It would be better if the mills were

operating. It would also be better for the goldfields if mills were working in that district, because then the goldfields would be absolutely secure against any disaster that might happen on the coast, where our flour mills are concentrated. The bulk of the milling in Western Australia is done between Northam and Fremantle. The mill nearest the goldfields is situated at Kellerberrin.

Another feature of this matter that is worthy of consideration is this: I speak in this strain because I realise there must be reconstruction after the war and today country districts are being denuded of the means of sustaining a population. The Premier has advocated in the House—and I have applauded his sentiments—a balanced economy. He said we needed a little more of the manufacturing side of industry. This is a case in point. I put before the Government a security worth £15,000 or £16,000. Incidentally, another tragedy has occurred. Miss Cummins, who is the proprietor of the brewery at Merredin, had sold to the mills, upon most favourable terms, an engine. In self-defence—and she has been generosity itself towards local industries at Merredin—she had to take the engine from the mills and it is now in permanent use at the Merredin brewery. I desire to peruse the papers because I want to get this industry re-established. It should never have closed down. The Government may in its generosity say “We will assist you through the Industries Assistance Act,” which it could do tomorrow. That mill today requires only about £2,500 to enable it to start operations.

I am not asking for the papers to be tabled in order to make any excursions into what happened. I want to try to arrive at a basis on which we can approach the Government to re-establish the industry which was very painfully started by the pioneers. In 1927, when the money was raised, Merredin was only a young district and Merredin town was only a young town, but I am told the people did not have to go outside the town to raise the £7,000 or £8,000 necessary. I know one man who paid £500 and bought 500 shares to demonstrate his confidence in the district, but the project has been wrecked on Section 51 of the Agricultural Bank Act. All has been thrown overboard because a detective and a dog visited the

district. I do not know what the dog was for, but it accompanied Detective Hickey throughout the proceedings, and a kind of reign of terror ensued over a procedure that had been followed for more than four years in Merredin before Section 51 was introduced into the Agricultural Bank Act in 1935. From 1927 to 1935 the manager of the mill was able to buy small lots from the farmers, and from 1935 to 1939 the same procedure of buying small lots of wheat was adopted and then this visitation took place and Merredin and the State were deprived of another industry.

I heard—and I hope it is wrong; I think the files will disclose the truth—that the report was influenced by someone who put up the plea that small mills in Western Australia should be closed down, that the larger mills could handle the position and that the smaller mills were only a nuisance. I am not sure of the truth about that, but I think the papers will disclose these things. They are some of the matters I want to look into. I want to ascertain what actuated the Government in its refusal to find money under the Industries Assistance Act when we find, according to the Auditor-General's report, that about £449,000 has been advanced to assist industries, and rightly so. Banana growers in Carnarvon have been assisted to the extent of £8,000. I do not raise any objection to their getting that money. The Auditor-General's report has reference to concerns that have gone out of business and £67,000 in one instance and £10,000 in another have been lost, but I am with the Government every time when it backs a deserving industry, and the Minister knows that. A sum of £609 has been paid by the Government for putting in a pilot plant to test our alumina deposits. I do not query that, but I ask why the Government should have refused to stand behind this mill at Merredin, and why it should have refused to see that these men were retained in employment and that the industry was maintained.

On motion by the Minister for Labour, debate adjourned.

#### BILL—PUBLIC TRUSTEE.

Returned from the Council with amendments.

**PAPERS—LINSEED CROP.***As to Treatment.*

**HON. W. D. JOHNSON** (Guildford-Midland) [8.5]: I move—

That all papers covering the negotiations and arrangements with Richard Gray & Co., regarding the treatment of the linseed crop to be harvested as a result of the distribution of linseed seed by the Government, and the subsequent inclusion of Hemphill & Sons in the said arrangement, be laid upon the Table of the House.

The subject matter of the motion is somewhat similar to that raised by the motion of the member for Avon (Mr. Boyle). The circumstances are not similar, but both motions are associated with industrial development which is controlled by the Minister for Industrial Development. My motion involves a new activity of the Government and I am anxious to have the papers tabled so that Parliament will have an opportunity to check the activities that are taking place in connection with industrial development. The records disclose that assistance to individuals, firms or companies should be subjected to a very close scrutiny by Parliament. I say that because we have rendered a great deal of financial support to various concerns and I do not think we have always been wise in the method we adopted in approaching the matter. Nor have we shown a very sound business judgment in regard to policing or watching the operations of concerns that have been assisted. There is one such concern which is in a very sad position today, but Parliament in the early stages did have a good deal to say in regard to the money advanced to that industry. I refer to the Calyx works at Subiaco.

**Mr. SPEAKER:** The motion does not deal with the Calyx works.

**Hon. W. D. JOHNSON:** I am quoting that to show why I want these papers tabled. It is in order that we may ensure that another mistake such as the one to which I am referring is not made. I do not want to discuss the Calyx works at length, but the records of the Auditor-General disclose that over £44,000 appears to have been lost in connection with that particular activity. The aim behind my motion is to try to obviate a recurrence of mistakes of a similar character. The motion is justified by the fact that over the years advances have been made to various concerns and, on account of our not having sufficient knowledge of the

particular transactions involved, the safeguards from the State point of view have not been just as tight and businesslike as they should have been.

One could quote quite a number of instances to justify the tabling of the papers to which my motion refers. The Avon butter and bacon factory is one illustration. The State lost £13,000 because the matter was not properly investigated and not correctly estimated. It is true that it lies with the State to encourage local and secondary industries. Of course, as I said in speaking to the Budget, we have to maintain a very balanced position in regard to the relative merits of secondary industries, the subject of this motion, and the primary industries which are the foundation of the State's economic structure. I know that one needs to be developed, just as, over the years, the others have been. Unless great care is taken in the handling of the administration of these matters, what is profitable to the State may be penalised in an effort to do things which the particular circumstances of Western Australia do not justify. Quite a lot can be done with a small population provided the raw material gives a special advantage. If there is no special advantage, then a limited population is a serious handicap in the establishment of industry.

We have to be careful in the advancing of money that we do not create competition in a State with a small population. For instance, the Minister for Lands and Agriculture has wisely started in various ways to license different activities. I have always supported the licensing of activities because it has a restrictive influence and compels an investigation into one before another is started; or, in other words, we ensure that the overheads of two do not crush the possible success of one. I could quote an illustration in regard to Manjimup. That was a superfluous activity. There was no need for it because the district was already serviced. However, the Government came along with assistance to the extent of some thousands of pounds to maintain that concern when it was questionable whether it was justified.

**Mr. SPEAKER:** The hon. member is getting right away from his motion.

**Hon. W. D. JOHNSON:** My motion specifies assistance in regard to linseed crops.

Mr. SPEAKER: The motion deals with that, and that only. The hon. member must confine himself to the motion.

Hon. W. D. JOHNSON: If members understood exactly why I was moving the motion, without an explanation from me, everything would be made easy.

Mr. SPEAKER: Whether members understand that or not, it does not allow the hon. member to get away from the motion.

Hon. W. D. JOHNSON: I have always been allowed to make comparisons.

Mr. SPEAKER: The hon. member should know, as an ex-Speaker, that he is totally out of order in getting away from the motion.

Hon. W. D. JOHNSON: It is probably that knowledge which influences me to do what I am doing. However, my motion deals with negotiations and arrangements. Why should I go into these subjects? Members will ask what negotiations and what arrangements am I after? I am trying to explain from past experience the kind of negotiations I wish to investigate, and the kind of arrangements I want to avoid. That is why, in attempting to justify my motion, I am giving an intelligent outline of my ambitions. I will not argue the point any longer, but will give you, Mr. Speaker, the motion, which is that all papers covering the negotiations and arrangements with Richard Gray & Co. be laid on the Table of the House. It is not the Manjimup company. There is an analogy and comparison between the Manjimup advance and the Richard Gray & Co. advance. I could give other illustrations to show why the Richard Gray & Co. papers should be placed on the Table of the House in order that we might know what happens.

Mr. SPEAKER: I have told the hon. member he is not in order in discussing Manjimup.

Hon. W. D. JOHNSON: The Government wisely decided some time ago, in addition to the planting of linseed for the purpose of fibre, to plant linseed crops of a variety which would give a return to the State in the shape of linseed seed, from which linseed oil could be extracted and from which the by-product of linseed meal would be available. There is in this State a great need for these two commodities. The State imports a quantity of linseed oil and linseed meal. The Government went to some

trouble, for which I commend it, to get the right type—and we all hope it does get the right type—of seed to produce a good return per acre of linseed crops from the land available in Western Australia.

Having arranged for the crops to be planted, the Government then decided it would be necessary to prepare the way for the treatment of the linseed seed. In the first place an error of judgment was made inasmuch as the Government did not publicly call for competitive offers to create the necessary plant to treat the crop which would be harvested as the result of the distribution of the seed. It made overtures—I do not know the details, which is why I want the papers made available—to Richard Gray and Co., manufacturers of a number of stock foods. It is a small concern operating at West Perth, and according to a search in the Companies Office its capital is very limited, running into something less than £600. During the time the Government was negotiating with Richard Gray and Co., the University Research Laboratories, those associated more particularly with stock nutrition and the difficulties of certain areas in regard to the maintenance of healthy stock—for instance, rickets at Gingin and wasting disease at Denmark—scientifically investigated and ultimately, I think under Dr. Underwood, created a special investigation section. As a result of the work of this special body the exact kind of foods required, the mixtures and licks advisable to be used in various parts of the State for stock feeding were discovered.

Mr. Raphael: Was not one of the troubles lack of copper?

Hon. W. D. JOHNSON: That was one of the ingredients, of course. When the University had perfected it as far as possible, the question arose how it could be produced on commercial lines. Representations were made for the purpose of establishing a company for the manufacture of stock foods on a large scale and in consultation or collaboration with the University, so that we might not only have a stock food factory, but that the factory should endeavour to produce all lines specially suitable for Western Australia. The matter was submitted to Westralian Farmers Ltd., and it was suggested that a company should be formed, but the reply was that the matter ought to be co-operatively run so that the farmers could

create the factory, control the factory and supply requirements of stock food. That was ultimately decided upon, and Westralian Farmers Ltd. set to work to get the necessary machinery.

Mr. SPEAKER: Order! What has Westralian Farmers Ltd. to do with the motion?

Hon. W. D. JOHNSON: I will explain that presently.

Mr. SPEAKER: I would like the hon. member to explain it now. He is moving for papers regarding Richard Gray & Co. and Hemphill and Sons. There is nothing in the motion about Westralian Farmers Ltd.

Hon. W. D. JOHNSON: The whole subject-matter of the motion is the relationship of the Government and its action in assisting a concern in competition with the existing concern, and I have to read the correspondence dealing with the matter.

Mr. SPEAKER: I cannot see that the motion has anything to do with Westralian Farmers Ltd.

Hon. W. D. JOHNSON: If that is taken out of the motion there will be nothing in it.

Mr. SPEAKER: There is nothing in it about Westralian Farmers Ltd. The hon. member will confine himself to Richard Gray & Co. and Hemphill & Sons.

Hon. W. D. JOHNSON: If that is your decision, Sir, it would make me appear ridiculous, and it would not be commonsense for me to proceed.

Mr. SPEAKER: Order! I do not want any reflections on the Chair.

Hon. W. D. JOHNSON: I do not wish to reflect, but I must ask for protection of my rights. My position is that I have to explain to the House that Richard Gray & Co. has a concession from the Government to interfere with the operations of the local concern, and that the firm is bringing in Eastern States' capital to compete with and possibly hamper the operations of a local concern. If I cannot explain that, the motion will be of no use.

Mr. SPEAKER: Order! The hon. member is moving for certain papers.

Hon. W. D. JOHNSON: Certainly.

Mr. SPEAKER: Order! The hon. member will resume his seat. He is moving for certain papers to be tabled for his information. I understand that when he gets them, he will obtain all the information he requires. He is not in order in discussing what has been done in connection with Westralian Farmers Ltd.

Hon. W. D. JOHNSON: If I could rest assured that the file would be tabled, I would have no occasion to speak at all. I assume that in order to justify my request for the tabling of the papers, I must explain why I want them.

Mr. SPEAKER: The hon. member has to explain what happened regarding Richard Gray & Co. and Hemphill & Sons, but no other firm.

Hon. W. D. JOHNSON: The point is that I had a discussion with the Industries Department. I have been discussing the matter with that department for some time, and the argument is with regard to the co-operative factory that is operating and the connection of the Government with an opposition concern that is associated with the linseed monopoly in the Eastern States. It is necessary for me to explain all the circumstances. The correspondence is definitely about the established factory of Westralian Farmers Ltd. and the Government's association with Richard Gray & Co., which firm is now definitely coupled with Hemphill & Sons, and the result is that the operations of the local concern are being hampered. I wish to explain the circumstances in order that the House may understand that my action in moving the motion is not just an ordinary desire to get some information. It is not a quizzing attempt. I believe that the State interests need to be protected and safeguarded, and I am trying to explain why I am asking for the papers. Let me read a letter. This is connected with the motion and will show, Mr. Speaker, exactly why I want the papers.

Mr. SPEAKER: Does it deal with Richard Gray & Co., Hemphill & Sons or the Government?

Hon. W. D. JOHNSON: Yes. Under date the 22nd September, I wrote to the Minister for Industrial Development as follows:—

Dear Sir: I consider that the developments in connection with the Government's arrangements under which David Gray & Co. undertake to instal a plant to extract linseed oil and therefrom release linseed meal for use in the preparation of stock food have taken such a very serious turn from a State point of view that I offer no apology for following up my recent discussion at your office by putting my fears into writing and earnestly requesting that the Government's association with linseed growing in this State and its treatment should be immediately reconsidered by Cabinet.

This is in view of the disclosure that Mr. Gray is contemplating the formation of a new company or the expansion of his own company to make room for an Eastern States concern to take an interest. This, I submit, has a definite connection with the contract or business agreement which Gray & Co. have secured from the Government in the control of linseed growing and its treatment.

I consider that it was wrong for the Government to conduct negotiations exclusively with Gray & Co. Inquiries should have been made to ascertain whether there were other interests which could render the necessary service without entailing the State in any financial obligations, and only making the Government activities possible after the arrangements with Gray & Co. had been finalised. I question whether the Agricultural Department was even aware of these negotiations. Had inquiries been made the need for Government grant or bank guarantee for economically using the linseed crop grown as a result of the Government's enterprise in importing and distributing the seed would not be necessary. The first I heard of the negotiations was early in March last, and I inquired from the manager of the Co-operative Stock Food Factory, Mr. Melville, which was then in course of construction, whether he had any information on the matter, and was astonished to find he had no knowledge whatever.

I instructed him to immediately contact Mr. Fernie (Director of Local Industry), which he did on the 11th March. Mr. Fernie was informed that we were interested to learn more regarding the linseed, to ascertain the quantities anticipated, and who was to carry out the extraction process. Mr. Melville stated that The Westralian Farmers Ltd. had already some six months previously ordered plant for the manufacture of stock foods and that we knew that the extracted linseed would give us a valuable ingredient which would otherwise have to be imported from the East.

It was suggested that the Westralian Farmers Ltd. would be interested in extracting the oil, as they had already considered the extraction of coconut oil from copra, and that the same plant could be used for both materials. The answer received was that the State Government had already committed themselves and had arranged for a local firm trading under the name of David Gray & Co. to process the linseed. "Negotiations had been proceeding for some 15 months previously," said Mr. Fernie. A protest was made that other than the Press announcement a few days previously, there had been no public intimation.

Mr. Melville's report influenced me to see Mr. Fernie and later, on March 20th, a conference between yourself, Mr. Fernie, Mr. David Gray, Mr. Melville and myself took place.

The Minister for Labour: I was not at that conference.

Hon. W. D. JOHNSON: I thought the Minister was there. He has told me since

that he was not there, but I thought he was. The letter continues—

We did not receive much satisfaction and the matter was left to David Gray and ourselves to co-operate if possible. Mr. Melville did not contact Mr. Gray again until a month or so ago. He then intimated that he hoped we would not be competitors and further might co-operate in regard to the linseed. It was subsequently learned, however, that he proposed installing cubing and pelleting plant, and would become a direct competitor in our operations.

In the recent developments as outlined above is the danger that the State Government might assist Eastern States vested interests to compete with the local farmers' organisation. Mr. Gray might unconsciously be a cloak hiding the competitive motives of Eastern States interests to intrude into this new venture. What guarantee is there that at a future date Eastern States interests will not decide that the Western Australian linseed crop be transferred to the Eastern mills for treatment? What is to become of Eastern States mills which now depend on imported seed from India if Western Australia can supply the requirements of the Commonwealth? We have had examples where the Eastern States have bought out local enterprise in order to close it down. I can foresee the possibility of our seed being sent to Eastern States mills for treatment because our local enterprise, controlled from its inception by the Eastern States interests and capital, has been closed down and the equipment transferred elsewhere.

I have felt ever since I came into this matter that the Government could hardly believe that a small company could carry on this enterprise which necessitates the use of expensive machinery, and this influenced me to submit to Mr. Gray in the presence of Mr. Fernie and, I think, yourself, that if he came up against any difficulty the co-operative concern would help him out either by taking the Government agreement over or joining with him to make the proposed new industry an asset to the State. If Mr. Gray's announced negotiations with Hemphill & Sons are correct—and you informed me in our recent discussion that you had some knowledge in this regard—then Mr. Gray instead of turning to the co-operative movement as he promised to do is using the strength given him by a Government business agreement to bring into the enterprise a connection which could undermine the Government policy of stabilising local industry and could nullify its determination to use the agricultural resources and advantages of the State to build up a linseed oil industry, the by-products of which are so vital to successful stock raising.

I would emphasise for the Government's information that the Co-operative Stock Food Factory, which has almost reached the production stage, is owned and controlled by over 7,000 farmers in this State. To give a brief history of the co-operative connection therewith, I might state Mr. Melville, then a University research officer, in company with Mr. Stewart of the same institution, contacted the chairman of directors of the Westralian Farm-

ers Ltd., Mr. C. W. Harper, in October, 1939, and discussed with him a proposal to develop the industry. Professor Currie, who had succeeded Professor Nicholls, was acquainted with these negotiations, and he later had conversations with Mr. Harper and other directors of the Westralian Farmers Ltd. on the matter. From that time onwards the Westralian Farmers Ltd. interested themselves in the project, seeing in it a most practical method of assisting farmers in production of animal products. By August, 1940, a complete plant had been ordered for the production of sheep, poultry, dairying and pig foods on lines which had proved so successful in the U.S.A. and Great Britain and also in the Eastern States of Australia. When erected, the Western Australian unit will be the most modern and scientifically assembled plant in the Commonwealth.

Mr. SPEAKER: Order! I must ask the hon. member to confine himself to the motion. There is nothing in the motion as to treatment meted out to those firms as against the treatment meted out to other firms. If the hon. member does not confine himself to Richard Gray & Co. and to Hemphill & Sons, then I shall have no option but to ask him to resume his seat.

Hon. W. D. JOHNSON: I think, Mr. Speaker, that the question of linseed oil and the extracting of oil from linseed as a result of a plot planted with seed by the Government is a matter of major importance. The ingredient is a major one in the manufacture of stock food.

Mr. SPEAKER: Order! We are not concerned with that at all. All we are concerned with now is the negotiations and arrangements between the Government and Richard Gray & Co. and Hemphill & Sons, and no other stock food or other concern has anything to do with it. All we are concerned with is the negotiations between the Government and the two firms mentioned. I must ask the hon. member to confine himself to those matters.

Hon. W. D. JOHNSON: I am sorry, Sir, but I cannot. There is only another paragraph or two of the letter, which really has a definite bearing on the question. However, we will let it go at that. The position is that we have discussed linseed seed and the processing of linseed seed oil; and naturally from that processing there will be linseed meal. In order to do justice to the present industry the Government arranged with Richard Gray & Co. to do certain things; but Richard Gray & Co. were not financially strong enough to do them. Instead of trying to get the additional strength within the

State, Richard Gray & Co. went to the Eastern States. There they entered into negotiations with a firm by the name of Hemphill & Sons for the purpose of obtaining from them the necessary financial strength to purchase and instal the machinery that would be required to create the secondary industry. It is desirable to create an industry for Western Australia, and Richard Gray & Co. and Hemphill & Sons will now have the opportunity of using their control of the seed that the Government has planted to establish the industry. But there is a danger. Richard Gray & Co. is a Western Australian concern, or it was; but when it becomes associated with the processing of the linseed and forms an alliance, or enters on business, with an Eastern States concern, the firm becomes quite a different proposition.

The Minister on his return urged local production, but in this case local production has been expanded to absorb Eastern States capital, and in that matter Hemphill & Sons are going to play a major part. To explain why I think there is a danger in the arrangement, let me mention that linseed oil today is the subject of a monopoly. Linseed oil has been a monopoly in Australia for some time. Meggitts Ltd. controls linseed oil that is processed from linseed crops grown in Australia. It also imports linseed oil from India. Meggitts Ltd. has used its strength to control all activities—

Mr. SPEAKER: Order! There is nothing in the motion about Meggitts Ltd.

Hon. W. D. JOHNSON: It is no use talking of linseed unless one knows what it is to be used for.

Mr. SPEAKER: Order! The hon. member has not mentioned Meggitts Ltd. in his motion. He can only discuss his motion. All he asks for is the file relating to the negotiations and arrangements with two firms.

Hon. W. D. JOHNSON: I shall try to approach it in another way. Hemphill and Sons are definitely mentioned in the motion. The danger is that that firm is already interested in Eastern States linseed crops and linseed oil. Hemphill is a shareholder of Meggitts Ltd. I have already said that Meggitts Ltd. controls this industry in Australia. Meggitts Ltd. is interested in Richard Gray and Co., who have control of the Western Australian crop.

That is what I want to explain to the House. I did not desire to enter into those details, but I must say something to justify my motion. I am quite inexperienced, I know; but it will be necessary for me, when moving a motion in future to give notice and to go into a great deal of detail, so that the motion will cover all points of view.

Mr. SPEAKER: The hon. member has had ample latitude. If he wished to discuss these things, he should have mentioned them in his motion.

Hon. W. D. JOHNSON: Very well!

Mr. SPEAKER: Order! The hon. member moved another motion this evening and was given every latitude. It should be quite easy for him to frame any motion he wants to discuss.

Hon. W. D. JOHNSON: I plead ignorance in that regard and shall try to do better next time. I desire the papers to be laid on the Table in order to ascertain what safeguards there are in the arrangement made with Richard Gray and Co., and Hemphill and Sons to protect the interests of the State. I pointed out that there was an alternative, but I did not get far with that. However, there is an alternative. I wanted to let the people of the State know that there was a means by which this could be done solely within Western Australia. There was no need to bring Hemphill and Sons, of the Eastern States, into the proposition at all.

Mr. SPEAKER: Order! I think the hon. member is again getting away from his motion.

Hon. W. D. JOHNSON: Hemphill and Sons are mentioned in the motion.

Mr. SPEAKER: There is nothing in the motion dealing with what the hon. member is discussing at present.

Hon. W. D. JOHNSON: I am giving the history. I will give the family history of Hemphill and Sons.

Mr. SPEAKER: Very well. The hon. member may possibly do that, but he must confine himself to the motion.

Hon. W. D. JOHNSON: Hemphill and Sons are an Eastern States firm, very wealthy and very well entrenched. They have an interest, by shareholding, in linseed oil operations in the Eastern States. We do not want Eastern States capital to come into this State.

Mr. SPEAKER: Order! The motion does not contain anything about Eastern States capital.

Hon. W. D. JOHNSON: Unfortunately we cannot bring Hemphill and Sons, of eastern Australia, into Western Australia. We are not interested in Hemphill and Sons of eastern Australia, but we are interested in the money of Hemphill and Sons of eastern Australia. Hemphill and Sons are not being brought here for the purpose of grinding the seed. They are not going to turn the machines and work as labourers in the factory. They are brought here to bring their money, and with that money they will get control of the factory that has been established. I leave it to the House to realise that. At the outset, I said there was need to study the Auditor-General's report.

Mr. SPEAKER: Order! There is nothing in the motion about the Auditor-General's report.

Hon. W. D. JOHNSON: The Auditor-General advises us, in matters of this kind, to be particularly vigilant.

Mr. SPEAKER: Order! I must ask the hon. member to obey the Chair. I cannot give him any more latitude. If he continues to depart from the motion he must resume his seat.

Hon. W. D. JOHNSON: I leave the matter at that.

The Minister for Labour: I think the hon. member had better do so.

Mr. SPEAKER: Order!

Hon. W. D. JOHNSON: Were I not so weary, I would like to analyse the motion at length, but I do not propose to do so. The matter is too serious. I bow to your decision, Mr. Speaker.

**THE MINISTER FOR LABOUR** (Hon. A. R. G. Hawke—Northam) [8.47]: It is altogether undesirable that a speech such as the one just made by the member for Guildford-Midland (Hon. W. D. Johnson) should be allowed to pass without immediate reply. When speeches of that type get a week's start, it is difficult indeed to break down misunderstandings which have been created in the public mind as to what was actually done by the Government in this transaction. Members will know that a week ago today the member for Guildford-Midland asked a question of me. He asked whether I would lay upon the Table of the House



the file dealing with the arrangements made between the Government and David Gray & Co. covering a proposal to process linseed in this State. My reply was brief and clear. I said the file would be made available to any member of the House desiring to peruse it. The member for Guildford-Midland has made no attempt from that time until now to peruse the file. Instead, he puts a motion upon the notice paper asking members to support him in his desire to have the file laid upon the Table.

Members should understand—I am sure most of them do—that firms approaching the Government for financial assistance are naturally not anxious to have the whole of their financial arrangements with the Government broadcast to the world. Such firms are in a position comparable to that of other business firms who make arrangements with a private bank. These business firms or business individuals certainly do not desire their financial arrangements to be broadcast to the world. I imagine there would be no end of argument in this Parliament if a Bill were submitted calling upon every bank and financial institution in this State to lay its files covering financial arrangements with business men in this State on the Table of the House. When a file is tabled, it becomes not merely the property of members of this House but the property of everyone in the State. It becomes the property of anyone who cares to peruse it. It can be published in any or all of the newspapers of the State, and we know that there are in this State, as in all States, some newspapers that would go to any lengths to do anything it pleased them to do. Therefore I think that as a matter of general principle it is not desirable that files covering financial arrangements made by the Government with business firms should be laid on the Table.

It is entirely desirable, however, that the files of the Government dealing with matters of that description should be readily available to any member of Parliament at any time any such member desires to study them, and the Government is perfectly willing to make available any file which any member desires to study at any time. If after a member has studied a particular file he considers there is within the transactions that have been carried out something that ought to be broadcast to the public, that ought to be given the widest possible publi-

city, then would be the time, in my judgment, for a motion to be moved in this House for that particular file to be laid on the Table. If that course were to be followed, the hon. member would have a knowledge of everything that was done. He would understand the transaction from beginning to end and he would be able to come here and state the facts of the case, and upon that statement of the facts he would be fully entitled to appeal to members of the House to support him in a motion for the tabling of the papers. That is not only the right thing to do; it is the only fair and decent thing to do in respect to those business firms who approach the Government for financial assistance in developing the industries of Western Australia. Therefore my attitude to the motion at this stage is one of opposition.

I say to the member for Guildford-Midland (Hon. W. D. Johnson) and to every other member of this House that the file is available for perusal. If the hon. member will accept the offer to study the file and subsequently decide that the papers should be tabled, let him then come to this House and move a motion to that effect, and on the basis of a complete knowledge of the whole transaction he could submit his reasons in justification of the motion and members could decide upon the facts, as interpreted by the member on the one hand and the Government on the other, whether the file should be tabled for the information of the world. I would have very much appreciated an opportunity to say something about the remarks of the hon. member in respect to the Calyx works and the butter factory at Manjimup.

MR. SPEAKER: Order! I cannot allow that.

THE MINISTER FOR LABOUR: You, Mr. Speaker, have already ruled that reference to those two matters is not permissible, and I propose without question to accept the ruling you have given. I come now to a consideration of the points raised by the hon. member in support of his claim to have the papers tabled. What is the case he has submitted in support of his motion? First of all he has told us that the Government rightly set to work in this State for the purpose of establishing the growing of linseed with a view to having the seed from the resultant crop processed into linseed oil and linseed meal products. He gave the Govern-

ment credit for the initiative it displayed in establishing this new industry in Western Australia. He then told the House that a firm with which he is associated—Westralian Farmers Ltd.—had been giving consideration for some time—

**Mr. SPEAKER:** The Minister may not discuss Westralian Farmers Ltd., either. I stopped the member for Guildford-Midland from doing so.

**The MINISTER FOR LABOUR:** Very well, Mr. Speaker. The hon. member told us that an organisation in this State was giving consideration to the question of processing linseed. Goodness knows where it proposed to get the seed, but consideration, he said, was being given to the question of processing linseed into linseed oil and linseed meal products.

**Hon. W. D. Johnson:** The machinery we were getting out was to be used on copra, because we knew we could not get linseed in the State.

**The MINISTER FOR LABOUR:** If that is so, the complaint of the hon. member falls to the ground in connection with this particular matter.

**Hon. W. D. Johnson:** No, it is the same machinery.

**Mr. SPEAKER:** Order! The hon. member has the right of reply.

**The MINISTER FOR LABOUR:** It may be, but the organisation concerned was purchasing the machinery without having made any arrangement whatever to obtain the linseed which was to be processed into linseed oil and linseed meal products.

**Hon. W. D. Johnson:** We could not get it in this State.

**The MINISTER FOR LABOUR:** The idea evidently was that the organisation would trust to luck about that, and if, in due course, as the result of a fluke or something else, the linseed became available, the organisation would use the machinery to process the linseed. Soon after the Government began to give consideration to the question of establishing this industry, Mr. David Gray came into contact with the officers of the department, and he immediately became interested in the possibility of establishing the industry locally. This firm of David Gray & Co. was already engaged in the production and distribution of stock foods, and to that extent it was in competition with the other organisation mentioned by the member for Guildford-Midland. Members will notice

that the hon. member is not very careful about this matter, because his wording of the motion contains at least one obvious mistake. The firm is not Richard Gray & Co., but David Gray & Co.

Time went on and the department was concerned in collaboration with the Department of Agriculture to have the industry established as quickly as possible in order that the crops might be grown and the seed gathered and processed into linseed oil and linseed meal products. Negotiations continued constantly between officers of the Department of Industrial Development and representatives of David Gray & Co., and finally an arrangement was reached with that firm. The arrangement was that the Government would undertake the responsibility of importing suitable seed from California. The seed would be made available to farmers in the Avon Valley district; David Gray & Co. for this season would have the sole right to purchase the seed and that company, in turn, would establish the necessary processing factory, and purchase and instal the necessary machinery. The Government agreed to finance the purchase of the seed from the farmers to a maximum amount of 6s. per bushel. Any payment beyond 6s. a bushel to the farmers was to be financed by David Gray & Co., which company was to refund to the Government, when the seed was processed and sold, the 6s. a bushel advanced by the Government in the first instance.

The Government also agreed to give a bank guarantee to David Gray & Co. to the extent of £3,500, to assist in the erection of the necessary factory, and the purchase and installation of plant. When all of these arrangements were made the member for Guildford-Midland comes into the picture.

**Hon. W. D. Johnson:** It was only then made public; nobody knew of the arrangements up to then!

**The MINISTER FOR LABOUR:** It is all very well for the member for Guildford-Midland to indulge in humbug of that description.

**Hon. C. G. Latham:** That is an offensive remark!

**Mr. SPEAKER:** Order!

**The MINISTER FOR LABOUR:** It may be offensive to the Leader of the Opposition.

**Mr. SPEAKER:** Order! The Minister for Labour will address the Chair.

**The MINISTER FOR LABOUR:** This matter was reported to more than one meeting of the Council of Industries, and statements were made in the "West Australian" newspaper on more than one occasion in connection with it prior to the time when the member for Guildford-Midland came to see me on behalf of Westralian Farmers Ltd.

**Hon. W. D. Johnson:** That is the first time I heard that. Immediately it appeared in the "West Australian" I went to see you.

**The MINISTER FOR LABOUR:** It is probable that as soon as the hon. member read in the Press that the Government had entered into arrangements with David Gray & Co. he came to see me about the matter. My point is that the question of establishing the linseed industry in this State by Government assistance was published in the newspaper several times before that. If the firm with which the member for Guildford-Midland is associated was deeply interested in the matter it is a great wonder to me that it did not make an earlier approach for the purpose of informing my department that it was interested in the establishment of the industry in this State.

**Hon. W. D. Johnson:** The very first morning it appeared we went to see you.

**The MINISTER FOR LABOUR:** The hon. member claimed tonight that the Government should have invited offers from firms willing to undertake the processing of linseed seed. I am not quite sure what he meant by that, but it seemed to indicate to me that there should be some kind of public auction by the Government—

**Hon. W. D. Johnson:** By intimation.

**The MINISTER FOR LABOUR:** —of the rights to establish a secondary industry in this State for the processing of linseed. That is a new idea altogether. If it were put into operation, or an attempt were made to put it into operation, we would have, not one motion for the tabling of papers in connection with such a transaction, but no end of upset both in Parliament and outside. That would be the result if a mixed, impracticable system of that nature were attempted in relationship to the establishment of secondary industries. When the hon. member came to see me the arrangements between the Government and David Gray & Co. had been completed. Everything was moving according to programme.

**Hon. W. D. Johnson:** You did not say it was completed, but that you had gone too far.

**The MINISTER FOR LABOUR:** Need we, Mr. Speaker, split hairs upon that point? Is there any difference in actual fact? Does the hon. member suggest that because the arrangements were not actually signed, sealed and delivered, the Government would have been justified in putting itself into reverse gear and getting out of them?

**Hon. W. D. Johnson:** I think the Government should have done that when Hemphill and Sons came into the picture.

**Mr. SPEAKER:** Order! The hon. member will have the right of reply.

**The MINISTER FOR LABOUR:** I am coming to that point, but I would like to deal with the matter in proper sequence and not jump all over the place. When the member for Guildford-Midland interviewed me in connection with the matter, I suggested that he might consult with David Gray & Co. for the purpose of seeing whether anything might be done to create a link between that firm and the organisation represented by the hon. member for the purpose of establishing this proposed secondary industry. We arranged that a conference should be held at the offices of the Director of Industrial Development, at which representatives of David Gray & Co., and of Westralian Farmers Ltd. would be present. That conference was held. The position was discussed and the hon. member accepted it, and recognised that the arrangements were then too far advanced to permit of any crashing down of them; and he expressed the wish to Mr. Gray that the firm of Westralian Farmers Ltd. should be considered by Messrs. David Gray & Co. if the latter firm at any time desired financial help or advice in connection with the establishment of the industry.

Time went on, and in due course the firm of David Gray & Co. was contacted by representatives of the firm of John Hemphill & Sons. An arrangement was entered into by these two companies under which they will jointly establish and operate the processing industry of linseed oil and linseed meal in this State.

**Hon. C. G. Latham:** Did they repay the advances made by the Government?

The MINISTER FOR LABOUR: No advance was made by the Government. The Government offered a bank guarantee of £3,500 to David Gray & Co. for the purpose of assisting that company to establish the industry. Under the new arrangement, by which David Gray & Co. and John Hemphill & Sons are to carry on the industry, no guarantee by the Government is required for its establishment and operation.

Hon. W. D. Johnson: They still have control of the linseed.

The MINISTER FOR LABOUR: The hon. member is in a hurry to get away from that point; I wish to stay on it for another second or two.

Hon. C. G. Latham: I want to see that cleared up, too.

The MINISTER FOR LABOUR: The position now is that the Government does not have to provide the financial guarantee of £3,500 which it previously offered.

Hon. C. G. Latham: You have cancelled that, have you?

The MINISTER FOR LABOUR: Yes, definitely cancelled it. In effect, the industry is being established in Western Australia without any cost at all to the Government, excepting the advance of a maximum of 6s. a bushel to growers of linseed, which advance will be secured upon the seed as it is processed and will be recouped to the Government as the processed linseed is realised upon.

The position seems to resolve itself to this: The firm of David Gray & Co. had the opportunity to choose between the firm of Westralian Farmers Ltd. on the one hand and the firm of John Hemphill & Sons on the other hand. David Gray & Co. chose to take into association in connection with this industry the firm of John Hemphill & Sons. Is there anything wrong with that? I think the member for Guildford-Midland, instead of perhaps condemning the Government in this matter, and instead of reflecting upon the firm of David Gray & Co. for the choice it made, ought possibly try to ascertain why David Gray & Co. preferred the assistance and association of John Hemphill & Sons to the assistance and association of Westralian Farmers Ltd. It was not within the province of the Government to say to David Gray & Co., "You cannot make any arrangement with any firm except Westralian Farmers Ltd."

Hon. W. D. Johnson: But you could have kept it within the State.

The MINISTER FOR LABOUR: I will come to that point presently. It was not within the province of the Government to dictate to David Gray & Co. as to what it should do, outside the proper development of the industry, which was the undertaking given to us when we agreed to back the firm financially in the establishment of the industry. What would our position as a Government have been had we dictated to David Gray & Co. and said, "You must take into association with you the firm of Westralian Farmers, Ltd. and not the firm of Hemphill & Sons"?

Hon. W. D. Johnson: That would have been according to Government policy, I think.

The MINISTER FOR LABOUR: It would not have been according to Government policy or according to commonsense, but would have outraged every principle of ordinary decency in the dealings of the Government with business firms. Had we sought to dictate to David Gray & Co. in that regard, that firm would have been justified in asking us to accept full responsibility for what might happen afterwards. It would have been an impossible position for us had we tried to dictate to David Gray & Co. as to whom it should take into association with it for the purpose of developing the industry. That would have been thoroughly wrong and indecent, and I cannot imagine any Government attempting to indulge in tactics of that sort. The member for Guildford-Midland raised the point that the acceptance of John Hemphill & Sons into the industry by David Gray & Co., and the rejection by David Gray & Co. of Westralian Farmers, Ltd.—

Hon. W. D. Johnson: David Gray & Co. did not reject Westralian Farmers, Ltd.

The MINISTER FOR LABOUR: It did!

Hon. W. D. Johnson: It did not.

Mr. SPEAKER: Order! I do not think we will discuss Westralian Farmers, Ltd.

The MINISTER FOR LABOUR: The member for Guildford-Midland suggests that the linking in of John Hemphill & Sons with David Gray & Co. was wrong, and that some local firm should have been given the opportunity of linking in. He further suggests that the linking in of John Hemphill & Sons with David Gray & Co. is full

of danger and full of menace, and that it will somehow bring to Western Australia the tentacles of some monopoly and place within those tentacles the people of Western Australia.

Hon. W. D. Johnson: There is a danger, definitely.

The MINISTER FOR LABOUR: There is no greater danger in that regard than there is in connection with some of the monopolies already established and operating in this State.

Hon. W. D. Johnson: That is so.

The MINISTER FOR LABOUR: The member for Guildford-Midland suggested that John Hemphill & Sons will have no worth-while interest in Western Australia except a desire to exploit the public of this State. He suggested that this Eastern States firm probably joined in this enterprise only for the purpose next year or the year afterwards of wrecking it.

Hon. W. D. Johnson: That has happened in this State, you know.

The MINISTER FOR LABOUR: Is it conceivable that a firm like John Hemphill & Sons would put, say £8,000 or £10,000 into the building of a factory and the purchase and installation of plant today, and deliberately take action next year or the year after for the purpose of wrecking the enterprise? I think it requires a most peculiar method of interpretation on the part of an individual to wring that deduction from the actions of a firm desirous of establishing in this State an industry for the processing of linseed.

Speaking for the Government, I say we are not so much concerned about the source from which money comes for the development of our secondary industries as we are about having them developed. If John Hemphill & Sons and other firms from other States or countries care to come to Western Australia and put £10,000, £20,000, £50,000 or £500,000 into our secondary industries, most of us will be glad to see them, glad to talk with them, glad to negotiate with them, glad to give them all possible encouragement and assistance, so long as their bona fides are established beyond question.

It is perhaps a disappointment to the member for Guildford-Midland and those associated with him that the firm of John Hemphill & Sons has been invited to join this enterprise and has decided to join it.

I have no feelings between one concern and the other. We have been motivated by one main desire, that desire being to establish the industry as quickly as possible and upon as sound a foundation as possible. To all those who have co-operated with the Government in this matter, including particularly Mr. Gray, we offer our appreciation. Mr. Gray is a young manufacturer, one of the youngest in the State, one of the most progressive, a man who wants to do things to develop the secondary industries of Western Australia. Is he to be condemned because he has shown sufficient enterprise to interest in a practical way other firms in this particular industry? He doubtless has his own reasons for not having linked with the member for Guildford-Midland and his colleagues in this matter. I do not know those reasons, and I do not care what they are. Mr. Gray himself had to make the decision, and he made it in the light of all the facts available to him. I believe it is not incorrect to claim that the firm of Hemphill & Sons is not entirely new to Western Australia. I understand it has carried on activities in Western Australia in the past. I think it has some interest here, some money invested here outside the particular industry which we are discussing under this motion.

Hon. W. D. Johnson: They are all over Australia.

The MINISTER FOR LABOUR: Then they are South Australian, Western Australian, and so forth. Is it wrong, if the opportunity offers, to have action taken to increase the interest and the strength of these firms in Western Australia?

Mr. Seward: It might be.

The MINISTER FOR LABOUR: Would it be wrong, generally speaking, to try to get the Broken Hill Pty. Coy. to put £2,000,000 into development here?

Hon. C. G. Latham: Surely you would not advocate that, would you?

The MINISTER FOR LABOUR: I would!

Hon. C. G. Latham: I hope we shall have a better deal than the East is having, then.

The MINISTER FOR LABOUR: The Broken Hill Pty. Coy. can look after itself. I think we should be careful not to intimate to Eastern States firms that we do not want to have anything to do with them, that we do not want them to have anything to do with us, that we do not want them to take

any interest in our industrial development, that we are opposed to their linking up with firms for local greater development of secondary industries in Western Australia. On the other hand, I think we ought to indicate in the clearest manner possible that we would welcome their advent to this State for the purpose of assisting us in the policy of industrial expansion upon which we are engaged at present.

I emphasise again the statement I made at the beginning of my speech. The statement was that the Government has no objection whatever to making any file or files in connection with any matter relating to financial assistance to industry available to any member of this House at any time. If after a study of the files, or of any particular file, any member thinks he is then justified in having the files or file placed upon the Table of the House for the information of the public and the world, he would be right in coming here and moving a motion to that effect. If he could prove his case the House, I am sure, would not object to the file or files being laid upon the Table.

Mr. Seward: I shall be pleased to accept your invitation.

The MINISTER FOR LABOUR: Good! The hon. member will find that the invitation will be lived up to. Therefore I suggest to the member for Guildford-Midland, in all earnestness, that he take an early opportunity of perusing the files. If he subsequently feels that the files or a file ought to be tabled, that the whole of the transactions between the Government and this firm should be made available to the public, then let him come to this Chamber and move a motion justifying it to the majority of members. If he is able to do that, the files or file will be laid upon the Table of the House in accordance with the standing orders of the House. Until that is done, I do not consider him justified in the motion put forward, which I shall oppose.

Hon. C. G. Latham: I move—

That the debate be adjourned.

Motion put and negatived.

HON. C. G. LATHAM (York) [9.25]: To me it is a most extraordinary thing that a Minister should issue an invitation to us to look at files, and then oppose this motion.

The Minister for Labour: The motion will come on again.

Hon. C. G. LATHAM: Once the motion is dealt with, I cannot deal with it later. The Minister's attitude is most extraordinary. I would at least have thought that a subject quite new to us, as to which we have had no opportunity of gaining knowledge except through the speech of the member for Guildford-Midland—

Hon. W. D. Johnson: It was not a speech, but a disjointed discourse.

Hon. C. G. LATHAM: The Minister issued an invitation to us, and one of my colleagues said he would accept it. Then we are debarred from doing it. We were quite willing to accept the invitation, but then this situation came about. What is behind it all? It looks to me now that, as the Minister will not allow us to look at the files before the motion is finalised, there must be something wrong.

The Minister for Labour: Don't be stupid!

Hon. C. G. LATHAM: Possibly a monopoly is to be given to these people. I will not allow such a monopoly to grow up. I want to know what is behind this. It is the usual thing in this House that when the Leader of the Opposition wants an adjournment, he gets it. I cannot give reasons now. When an invitation is extended by a Minister and I accept it, I do not like a kick-back immediately I have accepted it.

The Minister for Labour: The motion has not been defeated. What are you crying about?

Hon. C. G. LATHAM: Either the motion goes, or I have to sit down and do nothing, without an opportunity to discuss the matter later. I have been here long enough to know what the standing orders provide in that respect. To me the Minister's attitude appears most extraordinary. I am now concerned about what actually is behind all this. Is it that a monopoly is actually being given to these people? If a monopoly has been given, I shall oppose it. I commend the mover of the motion for asking for the papers; but it is useless for me to go on with something I know nothing about. I do not know the firm, Gray; I certainly know the firm, Hemphill. I know that the Hemphills are people in this State with branches in every State of Australia. They are a reputable firm as far as I know.

But now, having listened to the discussion, I want to say that any member of the House, so far as I am concerned, has a perfect right to ask the Minister for information. Public funds are being used for the purpose of developing an industry. I have before me the Auditor-General's report dealing with matters of this kind, and very few of those matters are successful. So that it was only right for the member for Guildford-Midland to have an opportunity to peruse the papers.

The Minister for Labour: He could have seen them a week ago.

Hon. C. G. LATHAM: But I have not seen them.

The Minister for Labour: You could have seen them a week ago.

Hon. C. G. LATHAM: I was not interested until I heard this discussion.

The Minister for Labour: You can see the papers now.

Hon. C. G. LATHAM: What is the good of seeing them now? You know very well, Mr. Speaker, that if I came along later with a motion on this subject I would be ruled out of order in seeking again to discuss a matter disposed of by the present motion. I do not agree with the procedure suggested by the Minister. It is wrong in principle. If the Minister were on this side of the House he would have a right to complain exactly as I have a right to complain. I can only say that the Minister is inexperienced; but some of the Ministers alongside him are not inexperienced. It is useless to issue invitations without affording an opportunity for them to be accepted.

I shall certainly support the motion, although at first I had no intention of doing so unless there was justification. I agree with the Minister that we have no right to bring before this House public business that interferes with the financial position of any firm or company. But it is no use his saying, "You can come quietly down to my office and see some papers." If we accept that invitation he will then say, "But you cannot use them for this purpose." I do not know what to do, Mr. Speaker. If I talked for fifteen minutes there would be an opportunity to get an adjournment, but that is a long time to ask me to talk about something of which I know nothing.

Mr. Raphael: I will give you a hand in a minute.

Hon. C. G. LATHAM: If so, the Minister will probably realise his mistake.

The Minister for Labour: I do not mind an adjournment.

Hon. C. G. LATHAM: I remind the Minister that the Leader of the Opposition, irrespective of who he is, occupies an official position in this House.

The Premier: There was some misunderstanding.

Hon. C. G. LATHAM: Does the Minister think we can arrange an adjournment now? I cannot speak again to the motion, because you, Mr. Speaker, would not permit me. I do not want to be unfair to the Minister, but he has made a terrible mistake.

The Premier: No!

Hon. C. G. LATHAM: The Premier says the Minister has not, whereas I think he has. Where public funds are concerned the Minister might as well be as straightforward as he can possibly be.

The Minister for Labour: How much more straightforward could I be?

Hon. C. G. LATHAM: I do not know Gray & Co. I do not know where the came from. They are evidently a new firm in Western Australia. I have been associated for a long time with businesses that bring me into close contact with produce firms; yet I have never before heard of Gray & Co.

The Minister for Labour: They have been here a good while.

The Minister for Lands: You have heard of Hemphill & Sons.

Hon. C. G. LATHAM: Yes, but I think Gray & Co. are a new firm. Evidently their financial stability is not very sound, since they had to approach the Government for financial assistance. Of course, I have some knowledge of what brought about the growing of linseed and flax in this State. I have commended the Minister for doing all he possibly could to establish those industries. We should expand and diversify our industries as much as possible. But I do not like what occurred just now—issuing an invitation to inspect a file. I suppose these matters are discussed at party meetings. The Opposition should have some knowledge of what it wishes to speak upon. Hemphill & Sons are a good firm, but I do not want a monopoly granted to them or to anyone else. After all, if they are going to produce from linseed either oil or stock feed, then those commodities should be made available at a

price which consumers can afford to pay. Some firms—I do not think Hemphill & Sons are one of them—start operations in this State in order to close down a business, so that they may get a monopoly of it.

Hon. W. D. Johnson: McPherson & Co. Ltd.!

Hon. C. G. LATHAM: That is one firm, but you, Mr. Speaker, would not allow me to name it. In all the circumstances, we should be extremely careful. After all, the Minister need not carry all these burdens himself; he can take the House into his confidence. I had a great deal of confidence in him when he said, "You can come to my office and inspect any of these files."

The Minister for Labour: So you can!

Hon. C. G. LATHAM: Of course, as long as we do not discuss this matter afterwards.

The Minister for Labour: The idea I had was that some member might, after a study of the file, desire to move a motion.

Hon. C. G. LATHAM: It cannot be moved. It will be our responsibility.

Mr. SPEAKER: Order! There is nothing about that in the motion.

Hon. C. G. LATHAM: I know.

The Premier: You are out of order!

Hon. C. G. LATHAM: Yes. I would like to have known something more about the motion. If the member for Guildford-Midland intends to reply, I hope he will give us a little more information. He made a speech which was somewhat disjointed. I think he believed he would be allowed a great deal more freedom than he was allowed, and consequently his case was not submitted to the House in the form he desired. As far as I can see at the present moment, a doubt is left in one's mind as to whether it is advisable to advance public funds in this way without first making a thorough investigation. As I said, I do not know the firm of Gray & Co., but I do not want to be unfair to them. One cannot very well speak without knowledge. I accept responsibility for what I say now. Gray & Co. may be a firm that would say, "Here is an opportunity to make something out of this business." So they get a preliminary right and then sell it to somebody else. I know there are many firms that have made such an approach to me, and immediately they got what they wanted they put it on the market.

The Premier: They hawk it around.

Hon. C. G. LATHAM: For that reason, this is not a healthy thing. I would like the Minister to have told us something more about the firm. I will make inquiries, and then probably the only opportunity I will have to discuss the matter again will be on the Appropriation Bill.

The Minister for Labour: It comes under my Estimates, which are still before the House.

The Premier: They will be tomorrow.

Hon. C. G. LATHAM: Do not forget that we all want to see the file tomorrow.

Mr. Raphael: The Minister will have a busy time.

Hon. C. G. LATHAM: Yes. The file is a confidential one and he will not allow it to be taken out of his office.

Mr. Raphael: I have the 8 o'clock appointment in the morning.

Hon. C. G. LATHAM: I shall support the motion, for the reason that I think we are being treated unfairly.

On motion by the Minister for Lands, debate adjourned.

## MOTION—POST-WAR PROBLEMS.

### *As to Employment.*

Order of the Day read for the resumption from the 29th October of the debate on the following motion by Mr. North (Claremont):—

1. That this House considers that Cabinet should take steps now to explore avenues of employment for our fighting men and war workers after hostilities.

2. That the public works to be examined for this purpose should include the following:—

Western naval base, with docking facilities;

Completion of various harbour works as necessary;

Gauge standardisation and modernisation of W.A.G.R., in stages;

Conservation of water supplies and reticulation of wheat belt, in stages;

Provision of necessary State utilities to enable establishment of a steel and aluminium industry.

3. That the Premier should get in touch with the Federal Government to ensure a practical liaison and joint effort in respect of these projects.

Question put and passed.



**BILL—WILLS (SOLDIERS, SAILORS,  
AND AIRMEN).***Council's Amendments.*

Schedule of three amendments made by the Council now considered.

*In Committee.*

Mr. Marshall in the Chair; Mr. McDonald in charge of the Bill.

No. 1. Clause 3: Delete all the words after the word "forces" in line 18, page 1, down to and including the figures "1903-1939," in line 2, page 2.

Mr. McDONALD: These amendments were made after the Bill had passed through this Chamber. They are amendments which appear to me to be desirable and which I suggested might be moved in the Council. The first amendment relates to Clause 3. It is proposed to strike out the words "including any member of the naval forces of the Commonwealth of Australia as constituted under the Defence Act, 1903-1939." These words are unnecessary. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 2. Clause 6: Delete all the words after the word "the" in line 26 down to and including the word "elsewhere" in line 32, and substitute the words "phrase 'soldier in actual military service' shall include any man who, by the terms of his enlistment, is liable for service beyond the limits of the Commonwealth of Australia as a member of the military or air forces or the army medical service of the Commonwealth of Australia or of any other part of His Majesty's Dominions."

Mr. McDONALD: When the Bill was previously brought before the House I explained that under the Wills Act of 1837 "a soldier in actual military service"—to use the phrase in the Wills Act—is entitled to special privileges, one being that he can make a will although under 21 years of age, and another being that he can make a will without the usual formalities as to witnesses required in the case of ordinary wills. I also explained that in England in the old decisions, this phrase "soldier in actual military service" had received rather a restricted interpretation as referring only to a soldier engaged on an expedition out of England or on the point of proceeding on such an ex-

pedition, because in the old days people in England did not think in terms of warfare in England but in terms of expeditions to the Continent or some other part of the world. In order to avoid too narrow an interpretation, the Bill as it left this House provided that the expression "in actual military service" meant such service whether in Australia or elsewhere.

On further consideration it appeared to me that the Bill as drawn might give the term rather too wide an application, so I re-drafted that part first of all to make sure that the term "soldier in actual military service" included all those soldiers, airmen or members of the Air Force who enlisted for service overseas. The amendment now before the Committee makes certain that all those who enlist for service overseas in the A.I.F., the Royal Australian Air Force or the Royal Air Force or the Army Medical Service come within the term "soldier in actual military service," and they will have this privilege regarding wills. As to the militia service inside Australia, I have not dealt with that. I have left it to be dealt with according to the interpretation that the courts may put on the words "actual military service," because it seems to me that we do not want to extend this special privilege where it is not required, and there may be many men in the ordinary militia service who would be able to obtain advice in the ordinary way and make their wills in accordance with the ordinary formalities.

There may on occasions be soldiers who, although they have not enlisted for service overseas, may be serving in some part of Australia, and it may in some instances be interpreted that those men would come within the special privilege of soldiers in actual military service. The amendment makes sure that the privilege extends to all men who enlist for service overseas, and as to those who are soldiers for service inside Australia it leaves them to the ordinary interpretation of the law as to whether or not they should be deemed to be soldiers in actual military service in line with the decisions of the court from time to time as to what is meant by that phrase. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

No. 3. New clause—Insert a new clause after clause 5, to stand as clause 6,

as follows:—6. Any person who being then under the age of twenty-one years has made a will which is rendered valid by section 11 of the Wills Act, 1837, and this Act, and who thereafter ceases to be a person to whom section 11 of the Wills Act, 1837, as explained and extended by this Act applies may revoke such will although at the time of such revocation he is still under the age of twenty-one years in any manner (other than by the making of another will) in which the Wills Act, 1837, provides that a will may be revoked.

Mr. McDONALD: This is an additional amendment I suggested because I saw it in rather similar legislation in New South Wales. A soldier who is in actual military service within the meaning of the Wills Act can make a will or a verbal will while under 21 years of age, but if he makes a will, being under 21 years of age, and then leaves the service and is no longer a soldier, his ordinary disability returns, and he can then neither make a will nor revoke a will already made. It may be that a soldier makes a will in favour of his sweetheart while a soldier in actual military service, and under 21. He may then be discharged perhaps through wounds or for some other reason before he reaches the age of 21, and may want to revoke his will, but having left the army and therefore having lost the special privilege attaching to a soldier and being a minor and under the ordinary disability, he could not revoke the will he made under the Act applying to soldiers. This amendment will enable a man who has been discharged from the army and is under 21 to revoke a will made by virtue of the special privileges conferred by the Act. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

Resolutions reported, the report adopted, and a message accordingly returned to the Council.

## **BILL—MARKETING OF EGGS REGULATION.**

### *Second Reading.*

Debate resumed from the 29th October.

MR. THORN (Toodyav) [9.50]: I listened with a great deal of attention to the member for Canning (Mr. Cross) when he

introduced this Bill. I do not like the measure. It has been rumoured that he introduced it on behalf of the Government.

Mr. Cross: You know that is ridiculous.

Mr. SPEAKER: Order! Will the member for Toodyav address the Chair?

Mr. THORN: The hon. member, when introducing the Bill, stated that several organisations requested it. I would like to know how many have asked for it. He would have a job to name them. He also stated that all the parties engaged in the industry agreed that the present Act was unsatisfactory. What a statement to make! The present Act has never been tried out; no use has been made of it up to date.

Mr. Cross: What about the stabilisation committee? That has been operating.

The Minister for Lands: They are frightened of the poll provisions.

Mr. THORN: I do not know why, because the Minister said he had agreed to pay the expenses of a poll. The Act at present on the statute-book contains a number of useful sections.

Mr. Cross: The producers do not think so.

Mr. THORN: The hon. member has made that statement, and I challenge him to name the different organisations which have approached him on the matter. We can then verify his remarks. Members will agree with me that we have at present quite a workable Act. If it were not workable one would have thought that amendments would have been brought forward instead of a new Bill being introduced which contains some of the principles of the present Act, and a tremendous amount of verbiage.

The Minister for Lands: There is no doubt about that!

Mr. THORN: That is so. The Minister previously remarked on that aspect.

Mr. Cross: That is a matter for this House and the Committee to decide.

Mr. THORN: The member said he thought it best to repeal the present Act and introduce a new Bill. Of course he is an authority on these things, but I am afraid that I, as one member of this Chamber, am not going to accept his decision on that point. He also proposes to alter the definition of "producer" for the purposes of registration, from 75 head of poultry to 150. One would think if he is sincere in his desire to obtain improved marketing condi-

tions for poultry farmers, and to make the Act workable, he would not set out to alter the definition of "producer" because, as the Minister rightly stated, the control of eggs under the existing Marketing Act would be broken down. This measure would allow 40 per cent. of the total production to be free from control. How can any form of marketing control be obtained, or producers be assisted in marketing eggs in an orderly and proper manner when 40 per cent. of the eggs are permitted to be marketed free from control?

Mr. Cross: Who said the Minister's percentage was correct? It is only a guess!

Mr. THORN: I am far more prepared to accept the advice of the Minister on these questions than that of the member for Canning. The Minister has made a very close study of these matters, and he also has the advice of his officers.

Mr. SPEAKER: The hon. member must now get back to the Bill. The member for Canning will keep order. He has the right of reply.

Mr. THORN: If we are sincere in attempting to give this control to poultry farmers, and to assist them in the marketing of eggs, we should not extend the number of head of poultry to allow a poultry farmer to be registered. I have no desire to interfere with the private resident who wishes to keep a few head of poultry, but people who have up to 50 head for their private use have sufficient, and when they go beyond that number they begin to enter on the commercial side of poultry farming. We agree that a man should have 75 head of poultry to come within the definition of "poultry farmer." The member for Canning now seeks to make it 150. That is farcical. The present Act makes provision for the acquisition of the eggs, but the member for Canning desires to delete that clause, or at least he has not included provision for the acquisition of eggs in his measure. If we make a study of existing Acts dealing with marketing boards, it will be found that most of them have the power of acquisition. They should have that power, too. If the board thinks it is desirable, in order successfully to market eggs for the season, to resort to acquisition it should be empowered to do so. It is a very necessary clause and should be in the Bill.

The existing Act does not provide for a majority of producer representation on the board; nor does this Bill. I would like to see that provision made. It is most desirable that there should be a majority of producer representation. If the member for Canning is desirous of assisting the producer, I should have thought he would have made such provision. The man who produces the goods should have some say in the marketing of them, so long as provision is made for other sections of the trade to be represented. I would like to see a clause providing for a representative of the Government, three representatives of the producers and one representative of the consumers. When he introduced the Bill, the hon. member stated that he supported the Act which provided for an acquisition scheme, but it had proved unsuitable. There again he makes a wild statement! The Act has never been made use of. It has never been in force. How did he arrive at that conclusion? It is necessary to make a very close study of this measure introduced by the member for Canning.

Mr. Cross: The producers made a close study of it.

Mr. THORN: Another clause which seems to be very weak is that which defines a retailer. It states that to be registered or licensed as a retailer a man must handle 300 dozen eggs a week. I can assure the House that not too many retailers will be licensed under that provision.

Mr. Cross: That is so.

Mr. THORN: Then why include such a provision? To do so is only making a farce of the Bill. If we are going to register retailers, let us fix a fair and reasonable figure.

Mr. Cross: Well, you suggest one.

Mr. THORN: We should not make the measure ridiculous by providing that a retailer must handle 300 dozen eggs a week, because the hon. member knows that the retailers who handle that number could be counted on the fingers of one hand. I am of opinion that we should not support the Bill, and it is the only reasonable and sensible attitude to adopt. We have discussed similar legislation which was passed by both Houses and at present is on the statute-book. It is not our duty to repeal that Act. If necessary we should amend it and improve it so that it will be workable and

suitable to the needs of those who have asked for legislation. The member for Katanning (Mr. Watts) has given notice of several amendments in the hope of being able to improve the Bill. I daresay the member for Canning will accept them.

Mr. Cross: Some of them.

Mr. THORN: If the hon. member is sensible he will accept them, because they have been well thought out and they represent a sincere desire to make a workable measure of the Bill. I repeat that we should improve the existing Act, and at this stage I shall not commit myself to supporting the Bill in its present form.

*[The Deputy Speaker took the Chair.]*

MR. SAMPSON (Swan) [10.2]: The member for Canning (Mr. Cross) is to be commended for having endeavoured to do his best.

Mr. Rodoreda: That is a backhanded compliment.

Mr. SAMPSON: It might be said that he has rushed in where angels might fear to tread, but he has done it with very good intentions. I feel that we have some cause for complaint against the Minister for Agriculture, because a Bill like this does call for the power that a Minister is able to lend such a measure. If we refer to the Constitution Act, we find that Bills appropriating revenue or moneys or imposing taxation shall not originate in the Legislative Council; but a Bill shall not be taken to appropriate revenue or moneys, or to impose taxation, by reason only of its containing provisions for the imposition or appropriation of fines or other pecuniary penalties, or for the demand of payment or appropriation of fees for licenses or fees for registration or other services under the Bill.

The DEPUTY SPEAKER: Will the hon. member kindly indicate the point he is making? There is nothing in the Bill regarding the Constitution or standing orders.

Mr. SAMPSON: I am endeavouring to show wherein the Bill is faulty in that it has been introduced by a private member, not by a Minister, and is unaccompanied by a Message from the Governor. The Constitution also provides in Section 46 (8) that a vote, resolution or Bill for the appropriation of revenue or money shall not be passed unless the purpose of the appropria-

tion has in the same session been recommended by Message from the Governor to the Legislative Assembly. This Bill does impose certain charges upon producers, and I question whether it is competent for a private member to introduce it.

Mr. Cross: You are usually wrong.

Mr. SAMPSON: I do not think the hon. member is right this time.

The DEPUTY SPEAKER: The hon. member may proceed along more constitutional lines.

Mr. SAMPSON: The Bill provides that no dealer or retailer shall be required to contribute in any year to the expenditure of the board under Clause 26 an amount exceeding a sum equal to one per centum of the gross proceeds in that year derived by him from carrying on his business as a dealer or retailer. There is a further provision that no dealer or retailer shall be required to contribute and pay in any year to the eggs stabilisation fund under Clause 27 an amount exceeding a sum equal to 25 per centum of the gross proceeds in that year derived by him from carrying on his business as a dealer or retailer as the case may be. Then heavy penalties are provided, and I daresay they are justified. I wish to make it clear that I am anxious to see the Bill reach the statute-book, but to pass it would be futile if it is not competent under the standing orders to become an Act. The member for Canning is animated by the best intentions in regard to the Bill, but the question exercising my mind is whether a private member is competent to introduce it.

Mr. Cross: Did not the Speaker give a ruling on that point the other day?

Mr. Watts: Not on that point.

Mr. Cross: Something very close to it, then.

Mr. SAMPSON: I want to see legislation brought in that would mean proper control of every phase of marketing. I want to see those who depend upon the land for a living given an opportunity whereby minimum prices will be possible and stabilisation brought about to ensure those prices.

Mr. Cross: Then you should be a strong supporter of the Bill.

Mr. SAMPSON: I support the Bill wholeheartedly, but I should like the assurance of the Deputy Speaker, if he is able to give it, that the Bill is in order in being introduced by a member other than a

Minister and unaccompanied by a Message from the Governor. I feel that a debatable point arises there. I regret exceedingly that the Minister for Agriculture did not introduce the measure, because there could then have been no misgiving or doubt as to its validity.

Mr. Raphael: Or of the quality of the eggs; no political eggs, I suppose.

Mr. SAMPSON: The measure is a sound one. It may contain an overplus of verbiage, but much machinery must be provided in a measure of this sort. Therefore I do not propose to criticise the Bill. With the member for Toodyay (Mr. Thorn), I think the number of birds—150 female birds—is rather a large number to stipulate as the qualification for registration as a poultry farmer. I think a smaller number would be desirable. However, this is a point that may receive consideration in Committee. Actually I question whether under the principal Act, which has been on the statute-book for a year or so, everything could not be done that the Bill seeks to accomplish. There again I am prepared to give consideration to the statement made by the member for Canning (Mr. Cross) to the effect that poultry farmers are of the opinion that producers should have at least 150 head of female birds before becoming eligible for registration under this legislation. I applaud the method whereby the Bill will come into operation by a majority vote of those farmers who possess that number of female birds, or more, but I do not agree with the proposition that the egg stabilisation board should comprise five members. It is unwise to overload such a board.

The constitution proposed in the Bill is that two members shall be representative of the producers and three be nominated by the Governor. In that respect I question the loyalty of the member for Canning to the interests of poultry farmers, because his first duty should be to see that the egg producers are fully protected by their representation on the board. Apparently that is no concern of his, for he has provided that the poultry farmer shall have only two-fifths of the control, and that is utterly wrong. It is customary to ask for a majority on such a board, and, in my opinion, one comprising three members would be quite adequate, two members to represent

the producers and one to be appointed by the Governor. Furthermore, we must recall that if the board is to be comprised of five members, for each meeting held there will be a levy on the industry of £6 6s. The payment suggested in the Bill, namely, £2 2s. per meeting for the chairman and £1 1s. for each of the other members, plus travelling and hotel expenses, is surely ample, and there is no justification for incurring the expenditure necessary if the board comprises five members where I claim three would be sufficient. I hope that when the Bill reaches the Committee stage, the number of board members will be reduced.

Mr. Cross: At present there is a board of five members!

Mr. SAMPSON: I hope the Bill will be agreed to, and that in Committee certain amendments will be made. I shall conclude my remarks as I commenced them, and again express my sincere regret that the Bill was not introduced by a Minister. Had that course been adopted, I would have much greater confidence regarding the ultimate result. In saying that I do not reflect at all upon the member for Canning.

The DEPUTY SPEAKER: The question is that the Bill be now read a second time.

Mr. CROSS: I shall move that the debate be adjourned.

#### *Point of Order.*

Mr. J. Hegney: On a point of order, has a member who introduced a Bill the right to speak again if he has moved the adjournment of the debate? Does not such a motion close the debate?

The Deputy Speaker: After the mover of a motion speaks in reply, the debate is closed. I understand the member for Canning has indicated that he will move the adjournment of the debate. He has not spoken in reply.

Mr. J. Hegney: The member for Canning spoke when moving the second reading of the Bill, and if he speaks again he definitely closes the debate. I claim there is no provision in the standing orders for the mover of such a motion to move the adjournment of the debate.

The Deputy Speaker: I rule that the member for Canning is in order if he moves the adjournment of the debate.

Mr. Sampson: I think that in moving that the debate be adjourned, the member for Canning has indicated a course that will prevent anyone else from speaking.

Hon. C. G. Latham: That is all bunkum!

*Debate Resumed.*

Mr. J. HEGNEY: I move—  
That the debate be adjourned.

Motion put and passed.

**BILL—LAW REFORM (MISCELLANEOUS PROVISIONS).**

*Second Reading.*

Debate resumed from the 22nd October.

**THE MINISTER FOR JUSTICE:** (Hon. E. Nulsen—Kanowna) [10.17]: I wish to compliment the member for West Perth (Mr. McDonald) on introducing the Bill which is for an Act to amend the law relating to the liabilities of husbands, to amend the law relating to proceedings against, and contributions between, tort-feasors, to amend the law as to the effect of death in relation to causes of action and to amend the law of property known as the rule against perpetuities. The Law Reform Committee drafted a Bill the provisions of which were almost identical with those included in the measure now before the House. The Law Society approved of that draft Bill. It was then noticed that the member for West Perth had indicated his intention of introducing a Bill along the same lines and he was communicated with regarding the matter. In consequence, the present Bill was compiled by the Parliamentary Draftsman and approved by the Law Reform Committee in collaboration with the member for West Perth.

I compliment the Law Reform Committee on its enterprise. It consists of a number of young men who have interested themselves in this matter, and it behoves this House to give recognition to their efforts to bring our laws up to date, to achieve a higher standard and to make our laws conform to those of the Old Country. Therefore I compliment not only the member for West Perth but the Law Reform Committee. The introduction of the Bill is long overdue. It is small but includes much important material. A similar measure was

introduced in the British Parliament in 1931 and has effected a great improvement in the English law. A case for law reform has been made out, and there is a precedent in the action taken in England as affecting cases to be settled in connection with the new law as introduced.

The subject-matter of the Bill is highly involved, its major effect of course being on the common law. I do not intend to detain the House at length, having read the Bill carefully and having had it examined by and having discussed it with the law officers, who pronounce it satisfactory. Seeing that the measure has proved of great service in England, a rather conservative country, and as the member for West Perth (Mr. McDonald) is moving an amendment to adjust the provision as to expectation of life, with which the Government did not quite agree and with which the mover was not in love, the Government offers no objection to the Bill, and commends it to the House. It would be futile for me to recapitulate what has already been stated by the member for West Perth. His exposition was perfectly clear, and I am sure that I could not explain the Bill nearly as well as he has done. I feel perfectly satisfied that the passing of the measure will prove helpful in this State as it has done in the Old Country.

*[The Speaker resumed the Chair.]*

**MR. McDONALD** (West Perth—in reply) [10.22]: I thank the Minister for his investigation of the Bill. It is, as he said, the law in England. In 1936 it was also adopted in almost all respects by the New Zealand Government. In the following year New Zealand made an amendment regarding the survival of claims for damages for loss of expectation of life. With the approval of the Committee of the House I shall move a similar amendment to this Bill.

Question put and passed.

Bill read a second time.

*In Committee.*

Mr. Marshall in the Chair: Mr. McDonald in charge of the Bill.

Clauses 1 to 3—agreed to.

Clause 4—Effect of death on certain causes of action:

**MR. McDONALD:** This is the clause which provides that if a man is injured and dies,

then his estate shall have a right of action for damages for that injury. Previously, as a general rule, if an injured man died his rights died with him. The English Act provides that the estate of the injured person who dies shall be entitled to sue and recover from the wrong-doer damages for the loss of expectation of life. In the clause that provision has been somewhat varied, and it is proposed that there shall survive a claim for damages for loss of expectation of life if the person who died was over 21 but not if the person who died was under 21 years of age. I now propose to move to delete paragraph (d) of Subclause 2 of Clause 4. If that paragraph is deleted by the Committee, I shall move that there be substituted for paragraph (d) a paragraph providing that the estate of the injured person who dies shall be entitled to sue the wrong-doer for damages but that such damages shall not include damages for pain and suffering of the person who dies or for any bodily or mental harm suffered by the person or for the curtailment of the person's expectation of life. That amendment exactly corresponds to the amendment passed by the New Zealand Parliament in 1937. It means that the estate of the injured person who dies can recover such a thing as the wages he lost by his death, and the hospital and medical expenses he incurred prior to his death, but cannot recover for things which were practically the loss of the person who died—namely his pain and suffering, or any bodily injury he sustained, or loss of expectation of life.

Mr. Needham: Why not for loss of expectation of life?

Mr. McDONALD: For one thing, because it is a matter highly difficult to value. The courts in England have much difficulty in evolving any principle upon which they can value loss of expectation of life. There are reserved by the Bill the provisions of another Act, called the Fatal Accidents Act, by which, if a man dies as the result of injuries, his dependants, his wife and children or any other persons dependent upon him, are still able to sue for any loss which they have sustained by reason of the death in the way of pecuniary loss; or even although the amendment should be adopted the wife or children or any dependants of the man who had lost his life as the result of his injuries may recover damages from the wrong-doer for what they have lost in the

way of monetary support or what they have missed in the way of monetary support by reason of the death of the person upon whom they were dependent or partially dependent.

But under the English Act, if a man lost his life as the result of the wrong-doing of another person—say he was killed in a motor car accident after lingering perhaps two or three months—the estate of the deceased person could recover damages for the pain and suffering of that man and for the injury which he sustained—it might have been the loss of a leg—and also for the loss of his expectation of life. Those damages would not go, of course, to the person who sustained the pain or suffering or had the injury or loss of expectation of life, but would go as part of his estate to the people who might be creditors or might be beneficiaries in no relation at all to the person who died.

The damages might go to some charity or might be collected by some stranger. The immediate relatives are protected under a different statute altogether, under which they can obtain damages to the extent of the financial loss which they might incur by reason of the death of the person injured. This amendment will not affect that legislation, which has been in force for 60 or 70 years. Under it, they still have the right to recover from the wrong-doer damages for any financial loss which they have suffered by reason of the death of the injured person, provided they show that they had some expectation of pecuniary benefit from the injured person had he continued to live.

What is taken away is an additional right of dependants over and above all those rights, by which the estate of the deceased person can recover damages for loss of expectation of life on behalf of people who really have no financial interest in the pain and suffering and loss of expectation of life of the person who dies. The amendment means that the estate of a deceased person can now, under this Bill, if passed, recover damages from the wrong-doer for the wrong which is done to the deceased person. The estate of the deceased person can recover hospital and medical expenses and any wages which the deceased person lost prior to his death, but cannot recover damages for the pain and suffering or for the loss of expectation of life of the deceased person. It is open to some argument whether we should retain the right to re-

cover damages for the loss of expectation of life; but the provision is a new one in English law and has been much criticised by writers on legal subjects. As I say, in New Zealand that part of the legislation was abolished by the amendment in 1937.

The Minister for Justice: And after 12 months' trial.

Mr. McDONALD: Yes. At some later stage it will of course be open to Parliament to amend the Bill in order to make provision for damages for loss of expectation of life. The English Act in that respect, however, cannot be regarded as more than experimental, and so we ought to be content not to introduce into the Bill a rather doubtful new principle as to damages for loss of expectation of life. I move an amendment—

That paragraph (d) of Subclause 2 be struck out and the following paragraph inserted in lieu:—“(d) shall not include any damages for the pain or suffering of that person or for any bodily or mental harm suffered by him or for the curtailment of his expectation of life.”

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

Clause 5, Title—agreed to.

Bill reported with an amendment.

## **BILL—INDUSTRIES ASSISTANCE ACT AMENDMENT.**

### *Second Reading.*

MR. SEWARD (Pingelly) [10.37] in moving the second reading said: This is a short Bill, but a particularly important one to the farming community. I desire briefly to refresh members' minds as to some of the circumstances which led up to the introduction of the amendment to the Act last year. Members will recall that during 1940 most of Australia was affected by an exceedingly severe drought. As far as this State was concerned, I think it was one of the most severe—if not the most severe—that we have experienced in our history. I refer to the agricultural and pastoral areas. So bad was the position, particularly as regards hay, that last September the Minister for Agriculture had a comprehensive survey made of the State by the Agricultural Department. Members from this side of the House also toured the State. The results of that tour were announced to the public through the columns of the “West

Australian” by representatives of the paper who accompanied us. The Federal Minister convened conferences of representatives of the various States and the Commonwealth. Speaking in the House of Representatives, he said, when introducing a Bill dealing with drought relief—

As the result of prolonged drought conditions throughout Australia immediate action became necessary in September to avoid excessive losses of livestock and extreme hardship in the areas affected. There was still a chance that the livestock position would be improved by favourable rains in a number of districts, but over a large area the position of feed and crops was already hopeless and, with a continuance of dry conditions for another couple of months, heavy stock losses appeared unavoidable unless special provision could be made to meet the needs of the situation. A conference of Commonwealth and State Ministers was held on the 27th September to discuss drought relief problems. The subject received further consideration at two later conferences of representatives of the Commonwealth and State Governments. At the request of the Commonwealth Government the State Governments prepared and presented outlines of the proposals which it was desired should operate in the respective States. These proposals were considered by the Commonwealth to be reasonable and sound, and a drought relief plan acceptable to all Governments interested was agreed upon.

The main points of the plan were the provision of finance for drought relief and the assurance that any moneys so provided would be used in the best interests of drought-stricken farmers.

When the Premier introduced the Bill in this House he made a further reference to the severe drought conditions obtaining throughout Australia. As a result of those conferences the Federal Government made available £2,270,000 by way of loan to the various affected States, Western Australia's share being £370,000. In addition, another £1,000,000 was made available, Western Australia's share being £200,000. That, however, was a grant to certain farmers who were most severely in need of assistance at that time, and is in no way to be confused with the sum that is the subject of my Bill, that is the £370,000 made available as a loan to the State.

The loan provided for the States was not made available unconditionally. Before it was decided to accept this money, there was a conference between representatives of the various States and the Commonwealth, as I have already mentioned, and certain terms and conditions were eventually



agreed to. Those were stated by the Premier when introducing the amending Bill to this House last session and they will be found on page 2280 of last year's "Hansard." The Premier stated—

The difficulty confronting us in the matter of putting into the measure exactly what we propose to do is that no finality has been reached. There is no formal agreement between the Commonwealth Government and the State Government even yet.

I want to draw attention to the fact that when the Premier was speaking—on the 27th November, 1940—the Commonwealth Minister had not introduced his Bill. The Commonwealth measure was not in fact, introduced until—I think—the 10th December. Consequently when the Premier spoke no agreement had been decided upon between the Commonwealth and the States. Continuing, the Premier stated—

We have a general understanding, but it has not been reduced to writing. Therefore we cannot say to the House, "Here is a statement of what the Commonwealth proposes to do and what we have accepted, and here are our signatures for you to see." But we have a general understanding of the position, and I have no doubt that what has been approved at the conference will form the basis of an agreement that will ultimately be signed. The arrangement, however, is not so specific as to enable us at this stage to put the details into an Act of Parliament. Therefore we propose to amend the Industries Assistance Act so that we may make regulations and pass on the benefits of this drought relief money to the farmers.

As I have said, the Premier was speaking before the Bill was introduced in the Federal Parliament. This Bill has been occasioned by reason of the fact that the regulations mentioned by the Premier have not been gazetted and consequently farmers at present do not know what are the conditions on which they obtained this money. That it was obtained under special terms and conditions is, I think, established by the document in my hand to which I will refer in a moment or two. In addition to what the Premier stated about the terms and conditions, which will be found in "Hansard"—a good deal of which I read to the House a few weeks ago in connection with another matter—the Minister for Lands when considering this question last year very kindly called certain members of this party into consultation with him, and in the course of his remarks to us he said that he had one or two alternative suggestions to offer in regard to the distribution of this

money. The one he then favoured was distribution under the Industries Assistance Act by making a couple of amendments to that measure.

Our representatives pointed out at the time that we were afraid that by his doing that the recipients of the money would be brought under the full provisions of the Industries Assistance Act, because the Minister stated to us that it was his intention to receive applications for that assistance on the form usually signed by an applicant for industries assistance relief. When we put that to him he stated he was using that form only because to get new forms printed would cost £300. He said that there were plenty of forms in the Agricultural Bank's possession and that for the sake of economy it was proposed to use them. However, he pointed out that there would be a paragraph at the top of the form showing that special conditions were to apply to this money. I have a copy of the form here. It is the ordinary form as set out in the schedule to the Industries Assistance Act. At the top is attached this memorandum—

Note: All concessions in connection with interest rates and terms of repayment will be granted on this application when the Commonwealth conditions are known.

That indicated that special conditions applied to these applications, but apart from that, as we noticed from the remarks of the Premier, he also drew attention to the fact that it was not intended to make alterations to the existing conditions of the ordinary I.A.B. applications. What were the conditions that were indicated by the memorandum on the application form? They are set out in the Commonwealth Act dealing with this money. That Act is No. 71 of 1940, Section 4 of which states—

(1) The principal of moneys loaned to any State in accordance with this Act shall be repaid by that State to the Commonwealth by four equal annual payments, the first to be made not later than four years after the making of the loan and the last to be made not later than seven years after the making of the loan.

(2) A State to which moneys are loaned in accordance with this Act shall pay interest thereon to the Commonwealth at a rate equal to that payable by the Commonwealth on moneys borrowed by the Commonwealth for the purposes of this Act.

## Section 5 states—

(1) During the first year after the making to any State of a loan in accordance with this Act, the Treasurer may pay to that State a sum not exceeding the interest on the loan payable by that State to the Commonwealth in respect of that year and during each of the next following six years the Treasurer may pay to that State a sum not exceeding one-half of the interest on the loan payable by that State to the Commonwealth in respect of that year.

Those, therefore, are the conditions that were eventually agreed to by the representatives of the Commonwealth and State Governments, but that was subsequent to when the Bill was introduced into this House. Throughout the speech delivered by the Premier when introducing that Bill he several times made mention of the fact that it was not expected that there would be any need for people to make capital repayments for three years; and he several times repeated the statement that it was the intention of the Government to pass on to the farmers the concessions or the terms that were received by the Government from the Commonwealth. There is no necessity to labour that point. I have proved that the farmers are entitled to expect that the money received under this Act will be given to them on the same terms as the money was given to the State.

There is one point I want to make, however. I desire to draw attention to the fact that the Commonwealth Government in making this money available undertook to pay the cost of administering the Act. It also undertook to pay the interest contributions for one year, and half the contributions for the remaining six years, and the straight-out grant to which I have referred. That was to be the Commonwealth's contribution to drought relief. The State Government undertook, as mentioned by the Premier, to pay the cost of administering the fund in this State. Therefore I contend that in asking that the conditions made available to the State be passed on to the farmer I am not making any call on the revenues of the State. The cost of administration has to be borne by the State separately, and the whole of the money made available by the Commonwealth has to be made available to the farmers.

Now, as to the necessity for introducing this Bill: It has been mentioned by various speakers during the session that the farmers at the present time do not know what are

the terms of the loan. They do know that the Agricultural Bank, acting as commissioners for the Industries Assistance Board, is making claims and obtaining all payments due to the farmer in regard to drought relief moneys. That being so, I contend that these conditions are not being passed on to the farmer. I can give another illustration. A few months ago a farmer wrote to me stating that he wished to make application to have his super supplied by his merchant. I indicated to him that, in my opinion, he would be better advised to make application for some of this cheaper money, and to see the Agricultural Bank manager and ask if he could make application. He received permission, although he pointed out when making the application that he had some sheep which were undier lien to a stock firm. He wanted to know if he would be permitted to sell those sheep in the event of a dry summer, in order to avoid the cost of watering them, with the condition that he would retain that money to replace the sheep later. That condition was granted, and now, when he has sold two lots of sheep, the Bank has instructed the agents to pay the money into the Bank.

The farmers feel they are entitled to these conditions. They have not been brought down by regulation, and consequently I have introduced this Bill in order that they shall get the conditions to which they are entitled. It has been contended that the conditions were not known. There are, practically, three conditions, one being the repayment of the principal. That is contained in the Commonwealth Act. The other in regard to interest is known, and the only condition not definitely known is the rate of the interest. To see if I could ascertain the position, I wired to the Federal Treasurer a few weeks ago as follows:—

Re Federal Statute No. 71 of 1940. Has Western Australia's share of moneys provided by Clause 3 been made available to the State and if so at what rate of interest?

The Federal Treasurer, Mr. Chifley, has advised by lettergram as follows:—

Your lettergram re drought relief loans stop the hundred and forty seven thousand pounds of total available this financial year not yet drawn by Western Australia stop A further seventy three thousand pounds of total allocation under Act may be drawn next year if Loan Council so approves stop Interest rate is computed as provided in Section 4 of Act and cannot yet be finally fixed but for your guid-

ance rate of  $2\frac{1}{2}$  per cent. for short term and  $3\frac{1}{4}$  per cent. for long term were fixed for recent Commonwealth £35,000,000 loan and current £100,000,000 loan.

That indicates that  $3\frac{1}{4}$  per cent. would be the highest rate, yet the farmers have been told by the branches of the Agricultural Bank that the moneys they are collecting now will be re-advanced to them next year at  $2\frac{1}{2}$  per cent. A half of  $3\frac{1}{4}$  per cent. is nothing like  $2\frac{1}{2}$  per cent.; it is about 1½ per cent. I notice in the Victorian Act that they have made the advances at £1 15s. per cent. That being so, I say the farmers in this State are being deprived of conditions to which they have a right. The proposals in the Bill are simply those outlined in the Commonwealth Act, which I have read. They cannot fix the interest rate beyond saying it should not be more than half of what the Commonwealth has to pay. The other conditions are simply that the money will not bear interest during the first year of the loan. That is simply passing on the concession granted by the Commonwealth which has undertaken to pay the whole of the interest during the first year.

During the succeeding six years, the loan interest is to be payable by the farmer at the same rate as that paid by the State; that is a half of whatever the Commonwealth has to pay. The other condition is that there shall be no repayment, during the first three years, of the principal, and that the remainder of the principal shall be repaid during the last four years of the loan. Those are the conditions of the Bill. There may be a doubt as to whether we are encroaching on the revenues of the State, but again I point out that this money is made available not to go into any general fund, but to be repaid to the State, and must be kept in a special fund. The whole of the money made available to the farmers has to be passed out to them if required, and if the pastoralists come into the matter it will certainly all be required.

If the farmer is to get this money at the same rate of interest that the State has to pay, then I claim that the whole of the money made available by the Commonwealth should be passed on to the farmer. It cannot be maintained that there is any encroachment on the revenues of the State by this Bill. It simply makes available to the farmers the money made available by the Commonwealth, which we were pro-

mised last year would be done through regulations. Unfortunately those regulations have not yet been framed. The Bill provides that it is only to take effect if the regulations are not gazetted by the 1st December. If they are gazetted by then there is no necessity for the Bill, and I shall be only too pleased to see it withdrawn or passed out with the slaughtered innocents, but it would be a great breach of faith with the farming community in this State if these concessions were not passed on to it. I move—

That the Bill be now read a second time.

On motion by the Minister for Lands, debate adjourned.

*House adjourned at 10.57 p.m.*

## Legislative Assembly.

*Thursday, 6th November, 1941.*

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

### QUESTION—EDUCATION, KENT STREET SCHOOL.

Mr. RAPHAEL asked the Minister representing the Minister for Education: When does the Government intend to commence building at the Kent-street school, Victoria Park—(a) the domestic science centre; (b) metalwork room; (c) assembly hall?