

time, and that is the time when the Commonwealth will be relieved and the State will be called upon to accept a burden beyond what it is carrying to-day. It cannot do that, and therefore I oppose the Bill.

On motion by Hon. G. Taylor, debate adjourned.

House adjourned at 9.43 p.m.

Legislative Assembly,

Wednesday, 20th June, 1928.

	Page
Questions: Wanneroo Road Board ...	134
Fremantle Harbour, development scheme ...	134
Bill: Financial Agreement, 2A., Com. ...	184

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

QUESTION—WANNEROO ROAD BOARD.

Mr. FERGUSON asked the Acting Minister for Works: 1, Has his attention been drawn to an article in "Truth" newspaper of 17th inst. in reference to the Wanneroo Road Board? 2, If so, did he propose to hold an inquiry into the various matters referred to? 3, Has an inquiry actually been held? 4, If so, what was the result?

The ACTING MINISTER FOR WORKS replied: 1, Yes. 2, I promised that the alleged irregularities would be referred to the Under Secretary for report. 3, The report has been received. 4, The result was communicated to you by letter, on the 25th May, 1928.

QUESTION—FREMANTLE HARBOUR, DEVELOPMENT SCHEME.

Hon. W. D. JOHNSON asked the Acting Minister for Works: Whether in view of the adverse criticism of the Fremantle harbour extension scheme (as propounded by the Engineer-in-Chief) since the proposal was submitted to Parliament, will the expenditure on the scheme be limited to the £2,000 mentioned by the Minister for Works, and will Parliament be given another opportunity to consider the matter before there is any additional expenditure or commitment?

The ACTING MINISTER FOR WORKS replied:—The promise made by the Minister for Works when introducing the Leighton-Robb's Jetty Railway Bill will be kept.

BILL—FINANCIAL AGREEMENT.

Second Reading.

Debate resumed from the previous day.

HON. G. TAYLOR (Mount Margaret) [4.35]: I touch upon this debate with great hesitation. I have read a good deal of what has been said in most of the Parliaments of the Commonwealth as well as in the Commonwealth Parliament itself. From the Prime Minister right down along the line every political speaker has prefaced his remarks by saying that this was the most important question his Parliament has been called upon to consider for a number of years, even since the early days of Federation. Knowing that, and realising how the matter affects Western Australia I naturally hesitate to embark upon a debate of this kind. This is a question dealing with finance. Not many men in Australia are capable of handling such a topic, because it seems to me that this type of finance stands alone. I wish to quote from a number of authorities, in support of my contention that the agreement is not only bad for Western Australia, but that it is also bad for the particular States referred by those authorities. We could deal with innumerable questions in discussing the Bill, but I will content myself with remaining in the company of a few reputable men who hold views similar to mine, men who do not represent the same shade of political thought

that I do, but are nevertheless capable of making a wise contribution to a debate of this kind. Some of these gentlemen do represent the views that I hold. When the Federal Parliament first brought down the Bill, an amendment was indicated by the then-Leader of the Opposition (Mr. Charlton). That amendment was moved for no other purpose than to hold up the Bill for a period to enable the report of the Constitution Commission to be adopted. That Commission was appointed to inquire into the Constitution to see how it could be altered to make the financial relations between the States and the Commonwealth work more smoothly. That amendment was opposed. I think before the final decision was arrived at upon the agreement Mr. Scullin, the Deputy Leader of the Opposition, took Mr. Charlton's place. Mr. Scullin made many remarks in favour of the contention that the Federal agreement was not too good for the Federal Parliament to pass. If members will look at Vol. No. 27, page 3927 and onwards of the Federal "Hansard" of the 16th March, 1928, they will find these words of Mr. Scullin.

The present scheme provides that the Commonwealth will take over the State debts amounting to £672,000,000, and will contribute towards the interest on them every year the sum of £7,584,912, plus £385,000 of sinking fund contributions, making a total of £8,469,912.

Mr. Maxwell who I presume is in opposition politically to Mr. Scullin, said—

If this becomes operative will there not still be State as well as Commonwealth inscribed stock?

Mr. Scullin, continuing, says—

If there is, the scheme will have failed to achieve one of its objects.

The burden of the Premier's speech in dealing with this Bill was that we were going to derive benefit from the one borrower. According to Mr. Scullin's remarks, he is not of that opinion.

The Premier: All the worse for Mr. Scullin.

Hon. G. TAYLOR: I do not know whether Mr. Scullin could have that said of him without making some very unkind remarks concerning the Premier, Dr. Earle Page, by way of interjection during the debate, said—

State stock will be issued only at the discretion of the Loan Council.

Mr. Scullin, continuing, said—

And I should think that the Loan Council will not permit a State to float a loan separately, except under very special circumstances. It appears to me that eventually 98 per cent. of the public debts of Australia will be converted into one national stock.

Mr. Panton: He said that as far back as 1910.

Hon. G. TAYLOR: I do not know Mr. Scullin, and have never met him, but according to my friends opposite he has apparently held these views for a long time.

Mr. Panton: He made that a feature of his campaign.

Hon. G. TAYLOR: I have read his speeches in the Federal Parliament, and say unhesitatingly that he is a very capable man and a keen debater.

The Premier: This year's borrowing shows that he is wrong in his opinion there, because the States this year borrowed separately, apart from the Commonwealth.

Hon. G. TAYLOR: I am only giving the Premier my opinion.

The Premier: No, it is Mr. Scullin's opinion.

Hon. G. TAYLOR: I have read Mr. Scullin's opinion, because he supports the contention of this side of the House. Surely we can discuss this question without trying to injure the reputation of other parts of the Commonwealth.

The Premier: Who is trying to do that?

Hon. G. TAYLOR: I do not happen to know some of the gentlemen whose remarks I am going to quote.

The Premier: During this debate, the honour of the Prime Minister has been impugned, apart altogether from his reputation.

Hon. G. TAYLOR: The reputation and honour of other Premiers have been impugned during the debates that have taken place in the other State Parliaments of the Commonwealth. I am now going to quote from the remarks of Mr. Lacey. I do not know him personally, and have never seen him. He is the Labour member for Gray, in South Australia. I quote his remarks with every honesty of intention. The Premier said that the Prime Minister's honour had been impugned. Mr. Lacey did not speak too favourably of the Premier of South Australia. He was very severe upon the Leader of the Government of that State, but he quoted chapter and verse. It was

not so much a matter of his opinion of the Premier in person, but a matter of the actions of the Premier that he complained of. He said—

The Prime Minister also said the agreement provided for a permanent and final settlement of the financial relations of the Commonwealth and the States, a matter which had occupied the attention of every Government since Federation.

Mr. Lacey proceeds—

Mr. Butler, the Premier of South Australia, said at the conference: "I listened with great interest to the Prime Minister's explanation of his Government's proposals, and I was struck with the soundness of his arguments. I am in entire agreement with the principle he enunciated, but in matters of detail his proposals require amendment."

Resuming, Mr. Lacey said—

Since then hon. members of the Federal Parliament representing South Australian constituencies have received the report of the Commission that was appointed to inquire into the financial effect of Federation on South Australia, in addition to numerous letters from their constituents and from Mr. Butler. A portion of Mr. Butler's letter reads: "The report clearly states the case for South Australia, and summarises the position by estimating that South Australia is entitled to a grant of £750,000 per annum from the Commonwealth to compensate it for disabilities. It is necessary for me to point out the importance of this matter to South Australia as a whole, and I invite your co-operation in giving the greatest publicity to South Australia's claim on all possible occasions."

That was what Mr. Butler conveyed to the South Australian members of the Federal Parliament. Mr. Lacey goes on—

The two statements by Mr. Butler are inconsistent, and we must remember that his letter was written after mature consideration. When he made his first statement—

His statement at the conference—

—Mr. Butler was fresh from the electors, new to ministerial office, and without the expert advice which was at his disposal when he wrote his letter.

Dr. Earle Page interjected—

But Mr. Butler finally agreed after he had received the expert advice.

Mr. Lacey retorted—

That makes it all the worse for him. He has had to intervene and has claimed that South Australia is entitled to a grant of £750,000 per annum.

The reason put up was that Western Australia had received a grant of £450,000 and Tasmania one of £200,000. Such are the statements of a South Australian member

of the Federal Parliament regarding the attitude of the South Australian Premier. He did excuse the Premier on the ground that he was new to office, fresh from the elections, and perhaps had not quite settled down to harness, besides which the wonderful oratorical and persuasive powers of the Prime Minister and the Federal Treasurer had perhaps somewhat influenced Mr. Butler's sound judgment.

The Premier: Dr. Page did not speak at the conference at all.

Hon. G. TAYLOR: Dr. Page speaks pretty regularly by way of interjection, defending what was done at the conference and defending the attitude of the Federal Government.

The Premier: Dr. Page was at the conference, but did not speak.

Hon. G. TAYLOR: Of course, the Premier, who was present, would know.

Mr. Panton: The South Australian Parliament adopted the Financial Agreement almost unanimously.

The Premier: The Prime Minister has cast a spell over Butler, apparently.

Hon. G. TAYLOR: I do not wish to call the Premier an injustice, and I desire to point out to the House and the hon. gentleman that whatever remarks I may make about the proposed agreements, no matter how bitterly I may oppose it, I do not challenge the Premier's integrity nor his ability to stand up for Western Australia at the conference. I shall not adopt the plan that has been adopted in other Parliaments if members opposed to the agreement.

The Premier: A very paltry stand some of them took, charging all the State Governments with being imbeciles and spending their money on luxuries and on unproductive thrifts.

Hon. G. TAYLOR: Before leaving this aspect, I desire to offer a few remarks in support of my contention that the agreement is bad for this State. May I be permitted to quote a few observations of Mr. Gregory, who spoke at length on the subject. I do not wish to weary the House with a lengthy quotation, but one of the matters to which Mr. Gregory referred was a pamphlet written by Dr. Earle Page. The pamphlet is of such a nature that one would think a member discussing any question with which the Federal Treasurer had dealt would not need scruple about wounding Dr. Page's feelings.

The extraordinary part of the pamphlet is as follows:—

We have seven Parliaments in the Commonwealth—one Federal body and six State bodies, and these latter for the most part, with all their pomp and paraphernalia, simply waste time in corners of their respective States. They may be considered to do their best so far as in them lies, but they are handicapped politically and geographically, and unable to carry on the work of the States owing to the centralisation in out-of-the-way corners. Public money is always expended in the corner where the State seat of government is situated. Politicians are not always to blame for this. Owing to the vicious system of government they are often necessarily ignorant, frequently misinformed, and always unconsciously biased.

That is a nice statement to come from the Treasurer of the Commonwealth, especially when we are told by the Premiers who visited the conference and adopted the agreement that the Prime Minister and the Federal Treasurer met them in a harmonious spirit—met these representative squanderers of the States, whom the Commonwealth Treasurer describes as being ignorant, frequently misinformed, and always unconsciously biased.

Mr. Thomson: Was Dr. Page in Parliament when he wrote that pamphlet?

Hon. G. TAYLOR: I do not know where he was then. However, the hon. member interjecting has reminded me of something which occurred about the time that Dr. Page was flying about New South Wales, travelling like greased lightning from the northern rivers, which our Minister for Agriculture knows so well, southward to urge that New South Wales should be carved into smaller States. A wag on the goldfields at the time, who happened to come from that part of New South Wales, the part where Dr. Page was brought up, I believe at Grafton—

The Minister for Lands: No; at Casino.

Hon. G. TAYLOR: His father was a blacksmith, was he not?

The Minister for Lands: No; a newspaper man.

Hon. G. TAYLOR: My friend's remarks were, "I know the little doctor, and I am not at all surprised at his touring New South Wales with a surgical instrument in his hand prepared to carve up New South Wales. All surgeons are anxious to cut into things, and Dr. Page is true to his profession. But let him fly about as much as he likes; I question very much whether he will get New South Wales on the operating table. If

he does, he will have a still greater difficulty in getting somebody to administer the anaesthetic. I am perfectly certain New South Wales will not consent to be carved up by this irresponsible doctor."

The Premier: Your friend was a bit hard on him.

Hon. G. TAYLOR: My friend was a friend of that part of New South Wales, and he felt that Dr. Page was overstepping the mark. State members of Parliament are indeed most generous to the Federal Treasurer when debating any question on which he has spoken. They are most kind in letting him down as lightly as he has been let down, since according to his pamphlet it is impossible for the State members of Parliament, being in one corner of their State, to be just to the needs of the wide back areas. In view of Dr. Page's desire to cut up the States and to bring all Crown lands under the control of the Federal Parliament, I would like to know how he or anybody else is going to administer the affairs of Australia from Canberra. If Earle Page, with his colossal intellect, tells me that he can manage the affairs of our North-West more successfully from Canberra than our Premier can from Perth, I shall be bound to conclude that the Premier of Western Australia is greatly lacking in ability; that is, if any man can do better in that respect from Canberra than our Premier can from Perth. New South Wales is a pretty large State; I have been over a great deal of it. Queensland also has a very large area. However, those States are not large in comparison with Western Australia. The charge to which I have alluded is not the worst charge made by Earle Page. He says that we are ignorant and that we are biased. I happen to be amongst the State Parliamentarians referred to by Dr. Page, and I resent his charges.

Mr. Panton: Take them as compliments.

Hon. G. TAYLOR: We cannot all be quite as good-natured as the hon. member interjecting.

The Premier: Earle Page was new to politics then.

Hon. G. TAYLOR: I think the Premier has hit the nail on the head. Earle Page was pretty green, green in point of knowledge of human nature and of men of the world, men who had travelled all over Australia and other countries long before Dr. Page took any prominent part in New

South Wales affairs. I would rather ascribe the fact of his making such statements to his ignorance than to his arrogance.

The Premier: The trouble is that so few members of the Federal Parliament have had experience of State politics.

Hon. G. TAYLOR: I agree with the Premier.

The Premier: The majority of them are rejects from State politics.

Hon. G. TAYLOR: Very few of them have any knowledge of their own State, let alone other States; and yet they have to discuss and decide questions affecting the whole of the Commonwealth. A number of them had never travelled outside their own State before they entered the Federal sphere. Men who become members of the Commonwealth Parliament should know Australia as well as a State member of Parliament knows his own State. I do not think there is any need for dealing further with what happened in the Federal Parliament. We now come to the first State that dealt with the Financial Agreement, Victoria. Mr. Hogan, Premier of Victoria, when introducing a Bill similar to that which is before us now, did not altogether justify the measure as one he could support wholeheartedly. He told the House that it was the best the Premiers could get. He informed members that the State Premiers at the conference had advanced the best available arguments, but the agreement represented the most they could get, because the per capita payments had been abolished and they could not argue from that point of view. He also said the Prime Minister had stated that the agreement represented the best that he would give them, and he said, roughly, they could take it or leave it. Mr. Hogan did not say that in those exact words but he indicated that while it was not all that he had desired, it was the best they could get. During the debate here, the Premier, by way of interjection, asked members who were opposed to the Financial Agreement, what they would put in place of it. I will deal with that phase later on. In leading the Opposition to the Bill in the Victorian Assembly, there was Sir William McPherson. If my memory serves me aright, Sir William at one time was Agent General for Victoria.

The Premier: No, no. He was the Treasurer in one of the Victorian Governments.

Hon. G. TAYLOR: Did he not act as Agent General at one time?

The Premier: No. He is the Leader of the Opposition now and was Treasurer in Sir Alexander Peacock's Government.

Hon. G. TAYLOR: I was basing my reason for saying that Sir William had acted as Agent General for Victoria, on a report in the newspapers indicating that he was returning from England. He must have been away on a holiday, but I took it that he was returning after the end of his term as Agent General. I accept the Premier's correction. However, Sir William McPherson has held important positions in the Victorian Parliament, and in addition to having been Treasurer, was at one time acting Premier.

The Premier: And he is Scotch, too!

Hon. G. TAYLOR: Then I am safe in quoting him as an authority. The Premier's interjection indicates a good deal; he may be regarded as a careful man when dealing with the finances and with money generally.

The Premier: He would be a very good Treasurer.

Hon. G. TAYLOR: That is all the more reason why I should quote him as an authority. Speaking of the conference held in 1923—at that conference Western Australia was represented by Sir James Mitchell—

Sir William McPherson said—

The conference was held in Melbourne, and I had a good deal to do with it, seeing that I was acting Premier of Victoria. I had to confer with the Premiers of the other States. The present Federal Treasurer, Dr. Page, suggested at that time that the per capita grant of 25s. should be abolished.

Then Sir William went on to say—

Mr. Bruce came to the conference in—I do not want to say anything that is not correct—a not very conciliatory mood. He said, "We are determined that this per capita grant shall cease." The Premiers felt that they had to do something. Admittedly, the Federal Parliament had it in their power to abolish the per capita grant. The Prime Minister intimated that the Federal Government would relinquish certain avenues of taxation from which £13,000,000 was derived, to the extent of £6,500,000 or £7,000,000. We said to him, "If you have made up your mind to withdraw the per capita grant altogether, the least you can do is to get out of the field of direct taxation, and let us have the £13,000,000 to work upon instead of the £6,500,000 or £7,000,000 that you propose to leave to us."

That was his opinion on that point. At the time it was suggested that the conference was a very harmonious gathering.

The Premier: I do not think I said so.

Hon. G. TAYLOR: I was referring to the Premier of Victoria, and it was the Prime Minister who said that it was a very harmonious gathering. However, Mr. Bruce did not go to the conference in a very conciliatory mood. If we may judge from his tone, his manner could not have been very conciliatory, for he told the Premiers that the per capita payments must cease, and that has been the attitude ever since. Now we are asked to say that we must meet the Prime Minister as an old friend of the State! Yet that was his attitude! I will go further. Following upon the 1923 conference, we have the later conference at which the Financial Agreement was drawn up. Before calling the State Premiers together, however, the Prime Minister introduced a Bill in the House of Representatives and passed it. Under the provisions of that measure, the per capita payments were abolished. Thus, when the Premiers met him at the subsequent conference, they had no financial resources at their disposal other than their own taxation. They had no Customs and Excise revenue upon which they could draw. In effect the Prime Minister said, "I have got you now. This is all you will receive, although it may not be that you think I have done all you regard as fair to the States." He did not use those words, but that is what, to my mind, the Prime Minister thought. In effect he said to them. "Will you take it or will you leave it." The Premier was right in saying that there was nothing that could be done in the circumstances. For my part, I say let us reject the Bill and send the Premier, with the support of Parliament and the people of Western Australia behind him, back to the Prime Minister and the Federal Treasurer and let us see if that will bring them—

Mr. Teesdale: To their knees.

Hon. G. TAYLOR: —to a better understanding of what is rightly due to the States. I cannot for the life of me think that we will be meeting a friend when we meet a man of that description. I may not be a good judge of what is fair play. In my opinion, however, if the Prime Minister had left the per capita payment provisions intact and had called the Premiers together

to discuss the position, it would have been more just. That was not the position that confronted the State Premiers. Even if the Prime Minister had availed himself of the terms of the Constitution Act, which sets out that before the Constitution can be altered it must be done with the consent of a majority of the people in a majority of the States, it would have been different. He would not pursue that course, for had he put that bald question before the people of Australia, he would have failed. On the other hand, the Prime Minister, as has been remarked before, got the Premiers in a cleft stick. They were helpless. They had to accept the agreement or reject it. Then there are those who ask us to look upon Mr. Bruce as a friend of Western Australia! I am bound to say that I cannot look upon him as a friend of this State.

Mr. Panton: He will be over here next month as the friend of Western Australia.

Hon. G. TAYLOR: Of course, I am not speaking of Mr. Bruce from a personal standpoint.

Mr. J. H. Smith: Let us send him to the Labour camp.

Mr. Panton: We do not want him! We have our own man.

Hon. G. TAYLOR: I am merely criticising the Prime Minister from the standpoint of our financial position. I suppose Mr. Bruce has no personal enemies in any part of the Commonwealth.

Mr. Panton: I was not speaking of him in that sense.

Hon. G. TAYLOR: I do not think the Prime Minister has gone about it in the right way if he considers he has a large majority of the people with him in this instance.

Mr. Panton: Soon they will be saying that he is a jolly good fellow all right.

Hon. G. TAYLOR: The hon member can do that if he likes. Now we come to South Australia. The Premier of that State, introduced the Bill to members of the House of Assembly. I do not know the Leader of the Opposition there personally, but he criticised the Bill in no uncertain terms. I have every respect for that man after reading the report of the debate in that House. I think Mr. Hill was at one time the Premier and Treasurer of South Australia.

The Premier: He was Minister for Works.

Hon. G. TAYLOR: Was he not subsequently Treasurer and Premier after Mr. Gunn resigned?

The Premier: That is so.

Hon. G. TAYLOR: I take it that Mr. Hill is a man experienced in politics, and with the knowledge he was able to gather while he was Premier and Treasurer of that State, is one who would be able to deal with a question like that before us in a way that would be of benefit to the States and a credit to himself. For that reason I have gone to the trouble of reading what he said. He dealt with the manner in which Arbitration Courts had increased wages and how everything else had shown an upward trend in consequence. Then he went on to deal with the Loan Council. It is in respect of such matters that it is difficult for an individual not acquainted with State finances to deal with so important a question as that before us now. For that reason I have accepted the statements of men who have had experience in that direction and have held the positions I have indicated. In the course of his speech he stated—

There is another serious question affecting the Loan Council, and that is the question of high interest. If the Loan Council can be successful, though I have my doubts about it, in reducing interest, it will be a good thing for Australia. That is one of the objects that may not be achieved because, as I have previously pointed out in this House, the Australian Loan Council by fixing a rate of interest, is not going to get the accommodation that it expects. I am quite satisfied, after a close study of the controversy with the Commonwealth; that this agreement will not solve our difficulties. In fact it will leave the State in a worse financial position than it was under the Excise and Customs agreement. The Prime Minister states that the agreements were unanimously adopted, and referred to it as a notable achievement, but at the same time the Prime Minister failed to point out that by the passing of the States Grants Bill through the Federal House, which abolished the per capita payments to the States, the State Treasurers were in a cleft stick.

That has been said by many members. I consider Mr. Hill a gentleman capable of giving a fair statement of the position. I do not think the Bill was made a party question in South Australia. It is certainly not being treated as a party question in this House, and I hope we shall continue to deal with it on non-party lines. If the Bill is passed, those who are opposing it must reserve to themselves the

right to go to the electors before the referendum is taken and give the reasons for their opposition. If they believe what they advance in this House in opposition to the agreement, they will advocate it with even greater force on the platforms of the country. I am holding myself in that position. If the Bill be passed—and this is no threat—I shall claim the freedom to express my views to the electors of this State. If I sat in silence and allowed the Bill to be passed without indicating my feelings, I might be accused of having remained dumb when my voice should have been raised and of having come in at the death-knock to create some division in parties. It was indicated yesterday that these proposals will be made a question at the forthcoming Federal elections.

The Premier: Then we shall be in a bit of a difficulty. You will be supporting Scullin, and I shall be supporting Bruce.

Hon. G. TAYLOR: I hope we shall have a fair opportunity to present our views to the electors. I shall be pleased to hear the views of those who support the Bill, and I shall have great pleasure in stating my views.

Mr. Panton: I am afraid we shall have the referendum with the election.

Hon. G. TAYLOR: I am afraid not; I think the Prime Minister will be too artful for that.

Mr. Panton: Do not worry about that.

Hon. G. TAYLOR: It would be a pity to confuse the general policy of the Commonwealth with an issue such as this, on which parties are divided.

Mr. Panton: But will it be in the Prime Minister's favour to do it? There will be a lot supporting the Financial Agreement and opposing him politically.

Hon. G. TAYLOR: I do not think it would be a good idea to do that.

Mr. Panton: Neither do I, but I fancy he will think it a good idea.

Hon. G. TAYLOR: I do not think so.

Mr. Panton: We will chat him about it when he comes to Western Australia next month.

Hon. G. TAYLOR: Continuing the quotation from the South Australian "Hansard," after interjections by Mr. Reidy, Mr. Hill went on to say—

This was one of the worst actions in political history, and, if this State had taken a firm stand in refusing to accept the Commonwealth's proposal, how could the Commonwealth have

refused to pay to the States amounts which they had been contributing for more than 20 years?

Mr. Thomson: And yet all the other States of the Commonwealth have accepted it.

Hon. G. TAYLOR: The "Hansard" report records an interjection by Mr. Reidy, "But the other States did agree," and then proceeds to report Mr. Hill's further remarks as follows:—

Because of certain circumstances. Western Australia received a grant of £400,000 and Tasmania was assisted to the extent of £200,000. New South Wales is closely settled, with a debt of something like £223,000,000. She has prosperous secondary industries, and will not suffer the disadvantages under the agreement that South Australia will.

Now comes the part to which I referred earlier in my remarks—

The Treasurer, who represented South Australia at the conference, ignominiously failed to protect the rights of his State. From 1901 to 1914 the States were at all times fighting for a continuance of the direct payments of a share in the Commonwealth revenue, and were not prepared to entertain any alternative method of settlement. This hostility was carried on until 1927, when the Commonwealth, by the States Grants Bill, abruptly terminated the per capita payments. Therefore it is a clear misrepresentation of the position for the Prime Minister to say there has been a harmonious settlement brought about by these agreements. The Prime Minister agrees that while the per capita payments were continued, no settlement could be arrived at, and his Government repealed the Surplus Revenue Act and cleared the way for an open conference to explore the situation thoroughly without prejudice to any particular plan of settlement. That is a plain admission that the objects of the Commonwealth were first to clear the decks for action. Having done so, the States were in an unenviable position, and had to take the best that was offering by the Commonwealth. That is the true position. It is of no use the Prime Minister endeavouring to convince the people that this agreement was willingly accepted. The States were in a cleft stick because of the abrupt action of the Commonwealth Parliament in repealing the Surplus Revenue Act.

Mr. Panton: Mr. Hill has a more scathing statement in the evening newspaper that is lying before you.

Hon. G. TAYLOR: The "Hansard" report continues—

Mr. Hill: We, as a State, must review the position as it affects us. It is no use members opposite trying to shelter themselves behind the fact that Western Australia, Tasmania or any other State accepted the agreement.

Mr. Reidy: You must take things as they were after the repeal of the Act.

Mr. Hill: We are all Australian citizens and, as such, cogs in the machinery of the Commonwealth. This State has to do its

share in providing the revenue of the Commonwealth and, therefore, is entitled to consideration. It is unfortunate that we did not maintain our hostility to this proposal.

Mr. Panton: You want to read what Mr. Hill says in the evening paper.

Hon. G. TAYLOR: I do not know Mr. Hill, but I can well imagine that he felt wounded and felt that his State was being injured. He certainly had no hesitation in telling the Premier what he thought. It might not have been very nice for the Premier of South Australia to sit there and listen to a statement of that kind, a statement that he ignominiously failed to protect the interests of his State. If that is the opinion of the people when the referendum is taken, I should not like to risk Mr. Butler's chances at an election a few days afterwards. He is said to have ignominiously failed to protect his State. I am not accusing the Premier. I can put up sufficient grounds for opposing the agreement without attacking the Premier. The South Australian Premier, however, went back to his Parliament and told members there that he was struck by the wonderful suggestions put before him at the conference, and he accepted them with an open mouth.

The Premier: He is a very young man.

Hon. G. TAYLOR: I am not going to excuse him on the score of youth.

The Premier: Young both in years and experience.

Hon. G. TAYLOR: When in my youth I took certain action I was not excused on the ground of youth. I had to pay the penalty for it, and let Mr. Butler also pay the penalty. His penalty will not be so severe as mine was. I feel confident that no matter what penalty is meted out to him, it will not leave as much bitterness in his mind as has been left in mine.

Mr. Clydesdale: Read in to-night's paper Mr. Hill's statement as to how the agreement affects South Australia.

Hon. G. TAYLOR: Is that in this evening's paper?

Mr. Panton: Yes, and his remarks are more scathing than those you have read.

Hon. G. TAYLOR: They cannot be too scathing. Nobody can be too scathing in defending the sovereign rights of his State. Those rights are being whittled away and away, and it is time the Premier had sufficient stamina and backbone to prevent it. The failure to do so is proof that there must be some weakness politically in South Aus-

tralia, or that State would not have had a Premier who was so spineless. Now I shall read what Mr. Hill says in to-night's paper. It might excite me to say something stronger. Mr. Hill says—

I am keenly interested in the discussion now taking place in the Western Australian Parliament regarding the question of the acceptance of the Federal Financial Agreement. It is remarkable that, in comparison, the agreement as it applies to Western Australia is far more acceptable than to South Australia.

Mr. Clydesdale: And yet you say we should not accept it.

Mr. Panton: That is nothing. Read on!

Hon. G. TAYLOR: Mr. Hill is responsible for these utterances. I am quoting them because I consider he is a capable man.

Mr. Panton: A very capable chap, but he qualifies his statement.

Hon. G. TAYLOR: Mr. Hill continues—

I am impressed by the fact that Sir James Mitchell declared that if he had been in office he would have secured a better agreement than was secured by Mr. Collier. It is a great pity that Sir James did not convey his methods to this end to the Liberal Treasurer, Mr. Butler, in my own State. There is no question that the acceptance of the Financial Agreement in South Australia has dealt a heavy blow to that State, which has suffered considerable difficulties from Federation.

Mr. Sleeman: Just the same as have the other States.

Hon. G. TAYLOR: Mr. Hill's statement continues—

The Western Australian offer provides for a substantial grant for five years, but no such provision is made for South Australia. This grant in aid, with the great prospects of land development in Western Australia, is of considerable importance. If the Financial Agreement is not acceptable to Western Australia, then doubly so it should not be to South Australia.

That statement only goes to show how wise I was in selecting Mr. Hill's remarks from the South Australian "Hansard" to quote here. He pointed out that the agreement would be acceptable for only a short period of years. His statement shows that he is not prejudiced. He has viewed the question fairly and is prepared to give his approval to those portions of the agreement that he considers good, and to oppose acceptance of those portions that he considers bad. But in his own State he said the agreement was not favourable, and I think he was feeling

hurt chiefly because his Premier had not put up a sufficient fight. The debate in the South Australian Parliament hinged largely on the taking over by the Commonwealth of State debts. Much reference was made to the fact of Western Australia getting a special grant, and it was inferred that that had something to do with the silence of our members in the Federal Parliament. It was considered that the representatives of Western Australia and Tasmania in the Federal Parliament would not vote against the Bill through fear of losing the special grants. I do not say that Mr. Hill actually stated that as a fact, but I think he had it in mind. I am satisfied he spoke in a straightforward and honest manner. Members must not think otherwise merely because he now says the agreement will be more beneficial to Western Australia than to South Australia.

The Premier: He was merely showing the degrees of badness.

Hon. G. TAYLOR: He pointed out that Western Australia would receive £450,000 and he considered that if the Premier of South Australia had faithfully represented his State and placed its views before the conference in a manner sufficiently resolute, that State also might have got some further grant. Owing to its not getting such a grant, he tells us that South Australia will be in a worse position than Western Australia. Those are the conclusions of the hon. gentleman whose views I have quoted.

Mr. Richardson: At any rate, he is not satisfied.

Hon. G. TAYLOR: Of course he is not.

The Minister for Lands: Do you know Mr. Hill?

Hon. G. TAYLOR: I do not. I do not care one jot about his political beliefs, but I would be only too pleased to meet him. He appears to be a man who is not narrow in his views. I feel confident he would not have made a statement such as that I have read without being enthusiastic about the interests and welfare of South Australia. He holds the belief that South Australia's position was not properly advocated. Let me now refer to Queensland. Mr. McCormack, the Premier of that State, put up a set of figures compiled by his Treasury officials, and in those figures for the years 1927-28 up to 1933 he shows the annual contribution by the Commonwealth to interest and sinking fund to be £1,096,235. Then he gives the sinking fund contribution on

the debts to be transferred to the Commonwealth and he concludes by showing in two columns the increases or decreases, the amounts to be contributed by the Commonwealth in the terms of the agreement as compared with the existing position. There is an increase of £114,871 in 1927-28 and it goes down in each year to £4,332. Then he gives the decreases that will take place. In 1933-34 the decrease is shown as £20,376; in 1935-36 it is £72,987; and in 1936-37 the decrease is £100,000. Still, Mr. McCormack supports the agreement because it is the best that could be got. I am going to oppose the agreement, and I hope the House will oppose it. If it is passed by Parliament, I hope the people will reject it because without a doubt it will be detrimental to Western Australia. That is the view held by all those who have gone thoroughly into the matter, other than those who are supporting it. It is an extraordinary feature that the Labour Parties that happen to be in power in the various States are supporting the Bill, and those who are in opposition are opposing it. It is satisfactory to find that the subject is not being treated as a party question. I am not aware of what has happened in New South Wales.

Mr. Panton: I believe the position is a bit mixed there.

Hon. G. TAYLOR: I believe Mr. Lang was opposed to it.

Mr. Panton: There has not been a party vote on the question in any of the States.

Hon. G. TAYLOR: When the Leader of the Country Party was speaking last night, he accused those members on this side of the House who are against the agreement of opposing it because they were suspicious. Up to that particular time only two members who occupy this bench had spoken, the Leader of the Opposition and the member for Murray-Wellington. At the moment I was the only one sitting on this bench, and the hon. member seemed to be directing his remarks at me. I certainly resented it, but my resentment did not prevent him from saying that those who were opposed to the agreement were prejudiced and suspicious. It is a sort of stock phrase with him, however, that the agreement should be supported through thick and thin, because it is the best we are likely to get. The Prime Minister robbed us of the per capita payment and yet in the hon. member's opinion the present Federal Government was the best of all. That was the sort

of stuff we were treated to in his effort to induce us to vote in favour of the Bill. The hon. member, however, has not at any time spared the Federal Government from criticism in connection with their high tariff. No member has been more caustic in his criticism of the high tariff than the Leader of the Country Party. If he went through the whole of the agricultural areas, he would not get more than 10 per cent. of the farmers to support his contention that the present Federal Government, who have increased the tariff to such an extent during the last six years, are the Government that have at heart the best interests of the farming community of Western Australia, and perhaps the gold mining community as well. Neither can we forget that this is the Government who have also demanded duty on railway material required by Western Australia for the development of the State. No one can make me believe that the present Federal Government have proved the best of all from the point of view of the State's development. So that I shall not be misunderstood, and that the House may not be led astray by the castigation I received at the hands of the hon. member last night, I will quote a few remarks of the Premier.

Hon. W. J. George: You are so sensitive.

Hon. G. TAYLOR: I cannot help being sensitive, and I cannot help feeling nervous. I suppose it is my failing. This is the pamphlet I wish to quote from. The title of it is "Commonwealth and States; Per Capita Payments; Constitution Alterations; Federal Proposals criticised by Premier."

The Premier: Who published that?

Hon. G. TAYLOR: The imprint reads "By authority: Fred. Wm. Simpson, Government Printer, 1926."

The Premier: I think it is a fake.

Hon. G. TAYLOR: Anyhow, that is all I can say about the authority. I will read some extracts from the pamphlet, and the Premier will be able to learn for himself whether or not it is a fake.

The Premier: And you bring it up against me at the last moment.

Hon. G. TAYLOR: This is what the Premier said—

On my return from Melbourne on the 11th June, I made a statement emphasising the inequity of the Federal Government's proposals to abolish the per capita payments to the States, and to surrender certain avenues of

direct taxation. I want to reiterate and emphasise what I said on that occasion, because the more I consider those proposals and the proposals for an alteration of the Constitution to confer wider powers on the Federal authority, the more I am convinced that the States, if they agreed, would be taking a definite plunge towards the absolute surrender of their self-governing powers. The people are asked to trust implicitly the Federal Government, but we must be assured beyond all possible doubt that the increased powers sought will not operate harshly in their application to the States and the taxpayers generally. Until the Federal Government has presented a much more explicit case in support of the proposed alterations, the people of Western Australia would be foolish to agree to part with any of the powers they now possess.

The Premier: That referred to the referenda of two years ago.

Hon. G. TAYLOR: That is all right. Then the Premier went on to say—

Let me again refer to the proposal to abolish the per capita payments. As I pointed out in my previous statement, Federation was consummated on the understanding that the States would, for all time, participate in the distribution of surplus Customs and Excise revenue. Had it not been for that understanding, there would not have been any Federation. Circumstances have justified the view then taken, and the view held to-day by a majority of the people of Australia. . . . The States must therefore strenuously resist the proposed Federal encroachments, because the ultimate and inescapable alternative is the loss of the States' sovereign powers. . . . In a few years, therefore, the field invaded by the Federal authority would have been automatically restored to the States, and the people would have been entirely relieved of the Federal impost. The Federal Government are fully aware of that position, and desire to do something which would rob the States of their rights and power and make them subservient to the supreme authority. The financial proposals must operate harshly as applied to Western Australia. This State is engaged in the tremendous task of developing her primary industries. We are introducing a larger number of migrants than any other State. . . . It will be noticed from the telegraphic reports that Mr. Bruce has refused to meet the representatives of the States now assembled in Melbourne because they would not agree to his ultimatum that they must first accept the principle laid down by the Federal Government. That is the one thing to which the Premiers could not agree. We attacked the proposals because the principle involved is opposed to the spirit of the Federation. If we had accepted the principle that the Federal Government have the right to the whole of the Customs and Excise revenue, we would have placed ourselves entirely under the heel of the Federal authority. In view of the attitude of the Prime Minister, I think it is evident that when he dragged us to Melbourne he had completely made up his

mind not to acquiesce in any alternative to the principle he now says is the first—and practically the only—consideration. The conference was a conference in name only—a sham so far as the Federal Government were concerned.

It is well for those who are supporting the agreement to know that these are the Premier's views.

The Premier: And they are mine to-day.

Hon. G. TAYLOR: The Leader of the Country Party has also supported the agreement. When some of us are giving reasons for opposing the Bill, the member for Katanning (Mr. Thomson) says, "You are suspicious." In other words, he means that we are not capable of dealing with the subject on its merits. I am more concerned about the attitude of the Country Party than members may believe I am. Whilst the Leader of the Country Party is supporting this measure, the member for Williams-Narrogin, the Deputy Leader of the Country Party, has opposed it, and put up a very fine defence for the State in which he was born. I was very pleased the hon. member did put up so strenuous a fight the other day. His Leader, however, holds a different view. Then we find the member for Avon (Mr. Griffiths) supporting the contentions of the member for Williams-Narrogin. These three members constitute the main line of the fighters for the agricultural areas. Then we find the rear brought up by the member for Pingelly (Mr. Brown) who must follow in the footsteps of his Leader by endorsing the agreement and those who took part in framing it, and commending the Premier for what he has done.

The Premier: That is two and two so far.

Hon. G. TAYLOR: He also had to exaggerate in order to justify his support of the Prime Minister and the Federal Government. He drew a parallel between having one borrower and having seven borrowers on the market all competing against one another. He claimed that the Federal Government must have a pretty free hand in borrowing, should have a great deal of power on the Loan Council, and should be able to decide almost all questions on the Loan Council. He went on to say that the Federal Government were committed to an expenditure of £800,000,000 on account of the war. I think, according to the actual facts, that is double the amount that was spent by the Federal Government. My friend in supporting his Leader had to ex-

aggerate considerably in order to justify his support of the Bill.

Mr. Brown: You have not yet put up one alternative suggestion.

Mr. Ferguson: The member for Pingelly may have been slightly nervous.

Hon. G. TAYLOR: I hope the hon. member who has just interjected will add his contribution to the debate and give his reasons why he votes the way he intends to vote. I know that members have made up their minds on this subject. I have been too long in Parliament not to understand that rarely, if ever, arguments advanced by the Opposition secure any support. This is a non-party question. If some one on this side of the House more capable than I of handling the subject were to take it up, he might be able to induce some members opposite consider more seriously the step they are taking in supporting this agreement. We have been safeguarded by the provision for a referendum. I do not think the attitude of the Prime Minister was a fair one, or that the framers of the Commonwealth Constitution ever contemplated a referendum being submitted to the people to alter the Constitution under conditions such as these. First the Commonwealth called a conference of Premiers, who had their hands tied financially. The Premiers had taken up a couple of holes in their financial belt, were practically starving, and in that position had these conditions forced upon them. We then had the Premiers asking their Parliaments to support their action. After that the agreement has to be sent back to the Federal Government, who will bring down a Bill to provide for a referendum of the people being taken. That referendum will be submitted to the people, and when they have decided by a majority in the Commonwealth as well as by a majority in the States, the Federal Government will have to secure the passing of another law in order to make this amendment to the Constitution. It was never the intention of the framers of the Constitution that such a method should be adopted. It was not intended that the Government should take this means of getting a leg in. I think in the game of two-up this method would be called "Spilling the bird upon you."

The Premier: A king hit.

Hon. G. TAYLOR: It was indeed a king hit. Anyone who tolerates a Government that will act in this way is not considering the best interests of the States.

Mr. Sleeman: Do you think they had a brick in their hands when they made the hit?

Hon. G. TAYLOR: Yes. After the next Federal elections I hope the Senate will comprise men from each State who will look after the interests of their States. I hope it will consist of a body of resolute men who will defend their States from any Government, whether it be the Bruce-Page Government or a Labour Government. The first function of a senator is to protect his State, not to support and protect any Government. If the Senate is allowed to be a party House, it only means a duplication of the House of Representatives. You, Sir, will remember Sir Henry Parkes. You sat in the same Chamber with him in New South Wales. I remember you in Opposition as a protectionist against Sir Henry as a freetrader. I remember that old parliamentary building in Macquarie-street ringing whilst you put up your case for your district. I only wish I could do to-night in the interests of Western Australia what you did in those days in the interests of your electors.

The Premier: Those were the days.

Hon. G. TAYLOR: We have been told that there is nothing to fear, that the smaller States are perfectly safe because we are going to have a strong Senate to protect them. Where is its strength now?

The Premier: And with equal representation.

Hon. G. TAYLOR: Yes. About 66,000 votes were recorded in this State for and against Federation. If I mistake not the majority in favour was 44,000. In a humble way I took part in that campaign on the goldfields, and tried to persuade the people to vote for the Federal measure. To-day I feel just as strongly against this agreement as I felt in favour of entering the Federal pact.

The Premier: Do you think that time has proved your judgment to be right?

Hon. G. TAYLOR: Time has proved it was wrong. I feel it would be wrong to tie the financial hands of future generations for 58 years, as is provided by this agreement. I shall not suffer myself. I may live for the 30 years, but do not suggest that I shall be here at the end of 58 years. We should protect our State against the Federal Government. I hope that members will take the view put forward by the member for Williams-Narrogin, who well knows the farming districts, and who, I believe, is re-

presenting the views of the great bulk of the farmers in Western Australia when he says that the argument is not favourable to them. I am not amazed or surprised at the views expressed by the Leader of the Country Party. He is not so closely in touch with the farming community as his deputy leader is. If it were a matter of contracting or anything of that kind, I would bow to his judgment.

Mr. Thomson: Are you trying to create a split in the Country Party?

Hon. G. TAYLOR: No.

Mr. Thomson: You are hoping to get it.

Hon. G. TAYLOR: I hope to say a few words that will help to keep that party together. I hope that at the death-knock the Leader of the Country Party will be influenced by the hon. member I have mentioned, who is most capable of representing the wishes of the farmers of the State, and more capable than is the member for Kattanning. The Leader of the Country Party is not so far lost that he cannot be recovered. The member for Pingelly (Mr. Brown) naturally supported his Leader.

Hon. Sir James Mitchell: He did not know where he was.

Hon. G. TAYLOR: If that hon. member listened to the arguments of his colleague the member for Williams-Narrogin, I am sure they would influence him in the right direction.

Hon. Sir James Mitchell: He said he had an open mind on the question.

Mr. Brown: You have had considerable difficulty in expressing an opinion.

Hon. G. TAYLOR: I will admit that the member for Pingelly, in anything he does, shows no animus toward anyone.

The Premier: He is just mistaken, that is all.

Hon. G. TAYLOR: His judgment is a bit shaky. He has been led away by his leader. There is nothing more commendable in a man than loyalty to his leader. There are times, however, when men must consider important questions like these for themselves, quite apart from their party or their leader. They must regard them from the point of view of the State. In a case like this, when a member has strong feelings in favour of doing what he thinks is best for his State, he is entitled to question the judgment of his

leader. There, I think lies some hope of doing something in the direction of throwing out this Bill. I would make this last appeal. Let members remove from their minds all prejudice in favour of any Prime Minister, any Premier, or any member of Parliament. Let them remember the effect this agreement will have upon Western Australia. Let them be guided by those who know something about finance. Let them be guided by the past. All they have to do is to review the history of the Commonwealth. They will see that the States have been resisting aggression and aggrandisement on the part of the Federal Government and the Federal Parliament ever since they have been associated with them. Before members pass this Bill, I ask them to remember that they are not likely to get much from the Commonwealth authorities. I had an argument on the fields recently with an ardent Federalist. He said, "The Federal Government have given you more than they undertook in the bond to do." I asked him what he meant and he replied, "They have given you the transcontinental railway line." I said, "What line are you talking about?" and he said, "The Great Western railway." I asked him where that was, and he told me. I said "You are making a mistake; that is not the transcontinental railway, it is Lord Kitchener's line. Lord Kitchener had to come out here to tell the Federal Government they should build that line for defence purposes." Contradiction I defy. But for that gentleman holding so high a military position, we should not have had that line for a long time. I have changed my view of the value of Federation for the States, because of the way in which Federation has been handled. It has failed because it has got into the hands of men never imbued with the Federal Spirit as were the old giants who framed the Constitution. There is too much small-minded, one-eyed business nowadays; too much endeavour to make of the Federal Government the one great power and of the States mere municipalities. I fear this Bill will pass the House, and perhaps pass this Parliament. If it does I shall have another opportunity, on the platform, of trying to educate the people up to the necessity for protecting their State at all costs, letting parties drift where they please. One can always get a political party, but one cannot al-

ways get a great State like Western Australia. Let us protect our State. I ask hon members to reject the Bill.

MR. DAVY (West Perth) [6.2]: I agree with the previous speaker that it is not likely that any speech now will change any member's vote. Almost everyone has, I think, got rather tired of the debate, but the question is so important that it seems to me one can reasonably ask leave to state, at all events shortly, one's reasons for taking one side or the other. I do not propose to trespass on the time of hon. members for more than a quarter of an hour or so in stating why I think the proposed agreement ought not to be accepted. I certainly do not wish to suggest that anybody who differs from me is not acting fairly, nor that anybody who wants to approve of the agreement is guilty of any conscious disloyalty to the interests of the State. I think it likely that the vote will be taken in accordance with the conscientious views of all members voting on it, views honestly formed and sincerely held. First of all, I wish to answer an argument which the Premier and several hon. members voting with him have used, mostly by way of interjection, in answer to members speaking against the measure. The argument was that it was no use pointing out defects in the agreement, as it was all that we could possibly get. If that argument is correct, if it is a fact that this is all we can possibly get—and I suggest that that is not proved—then I wonder why the Premier wasted 2½ hours of his valuable time in pointing out the merits of the Bill and endeavouring to meet criticism against it. If this is all we can possibly get, well, let us take it and have done with it and stop wasting time. If it is all we can possibly get, then this debate has been a complete farce.

Mr. Thomson: If the Premier had done as you suggest he would have been accused of not putting up a case.

MR. DAVY: Certainly, if the Premier had convinced me that this was all we could possibly get, I would not be on my feet at this minute. However, I submit that that is not so. I submit that we are entitled to discuss the merits or demerits of the agreement, and to vote on it according to whether we think it is a fair and proper agreement to the States

in general to the Commonwealth, and to Western Australia in particular. I propose to endeavour to give one or two reasons why the agreement should be regarded as an unfair agreement. Our Premier, as our agent, went and negotiated with the agents of the other States and of the Commonwealth. His authority from us was to enter into a draft agreement, which should be subject to our confirmation and ratification. The Premier has endeavoured to do so, and has brought back this agreement. Surely, if we do not approve of it, we may without any disrespect to the Premier, without the slightest suggestion that he has failed in his duty, say to him, "We do not like this; please go and see if you cannot get it corrected in the way we want it corrected." I propose to mention two main reasons why I do not like the agreement, and why I think it is an improper agreement. There are other points as well, but I think those points are details of the machinery of the Bill. The agreement, I say first, to a certain extent involves an unfair distribution of the amount of money to be distributed amongst the States; it does not matter what that amount may be—we will call it £x in order to avoid trying to say what it is. But there is a sum of money which, it has been agreed according to this agreement, shall be distributed amongst the States for a period of 58 years; and it appears to me that as between the States the proposed distribution is unfair. I take it to be scarcely arguable that this sum of money which is to be distributed, is other than a sum of money which is in the hands of the Commonwealth by reason of the fact that the Commonwealth has control of the excise and import duties of Australia. If that is not the only source of the money that is to be distributed, it is very difficult to see why there should be any permanent contribution from the Commonwealth to the States at all. There is nothing involved in Federation, so far as I can see, to say that the Federal body should make permanent payments to the States. There is only one reason why the Federal body should make such payments, and it is that the States have given up something they had before. In that sense they gave up their right to raise money by indirect taxation. They gave it up at a time when that was practically their only source of revenue. If there had not been provision

made for the return to the States of a portion of that revenue, they would have been quite unable to finance themselves. With respect to the people who do not agree with me, it is scarcely arguable that the source of the money which is payable to the States is not tariff and excise revenue. That being so, there can be only one logical, fair basis of distributing the amount available, and that must be a basis proportionate to the amount of the contribution by each State individually. If our contribution, due to our surrender of our rights to indirect taxation, is £200,000 in any given year, then I say the Commonwealth cannot logically return us a sum of money except on the basis of that £200,000. And so with the other States. But the proposal before us in this agreement is that the amount to be distributed shall be distributed on a basis which is fixed now, as to its main portion, for the whole period of 58 years. Whatever the prospects of Western Australia may be, there can be little doubt that the distribution of population in the Commonwealth is bound to change considerably in the next 58 years. I think it is agreed by all that proportionately Western Australia is going to increase enormously in population. As far as one can look forward through a period of 58 years, Western Australia must during that time steadily overtake, though perhaps not completely overtake, the population of such a State as Victoria. Probably our only competitor in speed of increase will be Queensland.

The Minister for Lands: And New South Wales.

Mr. DAVY: Perhaps New South Wales. But at the present moment it is indisputable that we are increasing more rapidly than any other State, and, as the Premier has pointed out, at a rate which scarcely any country has ever been able to maintain for any length of time. Our present percentage of increase, three per cent., is a very high increase indeed. But even though we may not be able to maintain that rate, I think it is agreed that we are going to maintain a greater increase ratio proportionately to the other States than any other State, except perhaps Queensland. Before leaving that aspect, I would like to make one other point. In addition to that normal increase recurring year after year, I submit, Western Australia is the State which is most likely, or least unlikely, to

have a sudden boom such as it has already experienced when its population doubled in a year and trebled in three years, increasing with enormous rapidity between the years 1800 and, say, 1905. Such an occurrence is not common in the history of countries, but if such an occurrence takes place in Australia again, most probably it will take place in Western Australia. It is not likely, I should imagine, that any great new auriferous belt will be discovered in New South Wales or Victoria. It is certainly possible that such a belt may be discovered in Western Australia, and if we do discover and open up another gold belt like the Golden Mile, it might well be that our increase of population would be, not three per cent., but as much as 10 or 15 per cent. for a number of years. That being so, it appears to me that this agreement, from the moment that it commences to operate, is going to operate unjustly to Western Australia as between the States. How unjustly it may work out over the long period of 58 years, we cannot tell. That will depend upon contingencies. It is possible, though not probable in the light of knowledge, that the pendulum might swing another way, and whether the final injustice will result to some other State we cannot say. But the probabilities are that the injustice involved in the proposed distribution will work most hardly against Western Australia.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. DAVY: My first objection to the agreement is that it appears to be unfair that whatever sum of money is to be raised, the distribution will be unjust as between the States. My other main objection is on quite a different basis. It is taken in my capacity, which I enjoy with every other hon. member, as a citizen of the Commonwealth of Australia. I am a Federalist. I cannot think with satisfaction of anything in the nature of secession which, to my mind, would result in the destruction of something we have created during the last 20 years. I refer to our nationhood. I agree that Western Australia has suffered and is suffering, and probably will continue to suffer, considerable disability from her partnership in the Federation of the States of Australia, but I believe that disability is not so much due to our being within the Federation as to the

fiscal policy adopted by the Commonwealth and approved, unfortunately, to my mind, by a majority of the people of Australia. Western Australia is essentially a country of primary production so far, and we are naturally carrying the burden of protection created in the interests of the secondary industries in the Eastern States. That will diminish as time goes on, but there can be no doubt that the policy inflicts a hardship upon us. If the Financial Agreement becomes law, the fiscal policy of Australia, with which I differ, appears to me to be fixed definitely for 58 years. That applies not only to the fiscal policy but also to the policy regarding our licensing laws. Many of us in Western Australia have freetrade tendencies. I will not say there are many freetraders. Most of us are rather reluctant to fix a label to ourselves such as that involves, but most of us, including some members on the Government side of the House, think that protection in Australia has gone much too far. Yet if our views prevailed throughout Australia, and the present tariff were to be substantially reduced, how could there be funds out of which to pay the money to which the Commonwealth will be committed under the Financial Agreement? On the other hand, members of the Labour Party in the Federal arena, and some citizens who are not members of that party in the Eastern States, think that protection accorded secondary industries in Australia so far has been quite inadequate. They would increase it enormously even to the extent of the absolute prohibition of imports in certain directions. If their views prevailed, how could there be funds out of which the £7,800,000 per year is to be distributed among the States of the Commonwealth. There are quite a number of people who, if they had their way, would abolish entirely the consumption of liquor. I believe there are some holding that view in this House, and you, Sir, if I may say so, are one of those who hold views in that direction. In Australia at present enormous sums are received from the sale of alcoholic liquors. Roughly, that is the excise revenue, because that represents the bulk of it. In 1926 that source of revenue represented about £11,000,000. If your views, Mr. Speaker, and those of people who think with you were to prevail, where is this money to come from?

The Minister for Lands. In similar circumstances, where is any money to come from under any agreement?

Mr. DAVY: If the Minister will wait, I will go on to indicate where such arguments appear to lead us. It is true that the Commonwealth has unlimited powers of taxation. They are limited, of course, by the ability of the people to pay, but still the powers, theoretically, are unlimited. I may be told that if, owing to the prevalence of the opinions I have indicated as being held by many people, revenue were to be depleted in the way I have suggested, it could be made up by direct taxation. What a ridiculous spectacle we would have if the Commonwealth were to extract money from the States merely to pay it back to them, along avenues from which the States already had power to extract money from their own citizens. That money would merely go from Western Australia, for instance, to the Commonwealth and then back to us with little bits being picked off here and there.

Mr. Panton: They would be doing it directly then instead of indirectly, as now.

Hon. Sir James Mitchell: We do not want them to do it directly.

Mr. Panton: But it amounts to the same thing.

Mr. DAVY: It has to be remembered that direct taxation is paid by a comparatively small number of people, whereas practically the whole of the people bear the burden of indirect taxation. I believe that in Western Australia direct taxation is paid by about 9 per cent of the population. True, that 9 per cent. is better able to pay, but it should be borne in mind that the shillings of the multitude very soon amount to far more than the pounds or tens of pounds of the few. Unquestionably, a very much larger amount could be raised by indirect taxation without the conscious burden being felt by the people, and that would not be so if the amount were levied by means of direct taxation. I think the Premier will agree with me when I say that the people of Australia can bear very little more direct taxation.

The Premier: I think they are too heavily taxed now.

Mr. DAVY: Some two or three years ago the Premier, who had the support of nearly every member of both Houses of Parliament and of the citizens in general, recognised the position and reduced the burden of taxation accordingly. Holding that view, which

is shared by everyone here, every amount paid by the Commonwealth to the States, except moneys paid to cover temporary disabilities, must come from the tariff and excise revenue. It will be recognised that that is the only source from which the money can come. Since that is so, it follows naturally that the proper way to do it is for the States to receive, not a fixed sum of money, but their proper proportion of the tariff revenue. What proportion they should receive is a matter upon which no member of the House can form a judgment based on any information laid before us during this debate. I have no doubt that the Premier, in his capacity as Treasurer, might get pretty near to it, and perhaps the Leader of the Opposition might do so as well. But what proportion of the money raised by indirect taxation from Western Australia should be returned to Western Australia would, of necessity, depend upon the commitments of the Commonwealth Government.

Hon. W. J. George: We pay more per capita towards the Customs revenue than any other State.

Mr. DAVY: That is not the point in my mind for the moment. What I am trying to demonstrate is that it would be perfectly absurd to say that Western Australia and the other States should receive one-third or one-sixth or, in fact, any specific percentage of the money derived from indirect taxation and raised in any particular State. Without going into the question thoroughly, we do not know just how much of the revenue so derived must be retained by the Commonwealth. We know that the Commonwealth has enormous commitments that have grown legitimately since 1914, and have grown illegitimately during the same period owing to the fact that the Federal Government have had more money than they knew what to do with. People with a surplus of cash in their pockets are usually not so careful in the expenditure of it, as are people who have but little cash available. Though we may feel that expenditure has grown legitimately, and may believe that it has grown in directions we consider illegitimate, the fact remains that we cannot form an opinion without going carefully into the question as to the percentage that ought to be returned to the State. That is the main objection that I have endeavoured to indicate. That is the only fair and proper way to distribute the money that is to be shared by the States.

If we fix the money on that basis upon which the £473,000 has been fixed, inevitably injustices will be apparent in one or other of the States almost immediately. With regard to Western Australia, I claim that that injustice will start in the very first year. It will start in the first year we receive a payment, because during the interval between the period in respect of which the £473,000 was fixed and the time of the actual payment, Western Australia, because of its increased progress, will be justly entitled to a larger share of the total amount. On the other hand, if during the lengthy periods over which the payments are fixed, there will be, as is very probable, a desire for a change in the fiscal policy, and as a result revenue from that source will diminish appreciably, then the money can be paid only by means of the imposition of heavier direct taxation than is levied at present, with such serious results to the State Governments throughout Australia. If there were an alarming fall in the price of wheat or of wool, how would Western Australia carry on with the present burden of indirect taxation? We would be in a fix if the price of wheat or wool were to fall to anything like pre-war parity. Should anything of that sort happen, our only wealth-producing industries in Western Australia would be in the greatest possible straits. It is impossible to say how those industries could be relieved from their sufferings except by a diminution of the tariff. But that would mean a lesser fund from which to distribute £7,000,000 amongst the States each year. The result would be that it would re-act on the very people who needed relief, because they would be faced with the imposition of higher direct taxation in order that the State Governments might be furnished with money to enable them to carry on. There are two other points I would like to touch upon. The first is that it has been suggested not only by hon. members here, including the Treasurer, but by various persons outside the House with whom I have discussed the matter, that it is most urgent that this arrangement or some arrangement should be definitely concluded and it is urged that the hurry is limited by the date of the next election. It is said that the present Government, with Mr. Bruce at the head, are going to put through this Bill, which will give the States a fair deal, but if the Bruce Government go out of power,

any later Government will be less favourably inclined towards the States. Judging from the speeches made by the Labour Party in the Federal House, there is quite a lot to be said for that view, because apparently the Labour Party most strongly objected to this Bill on the ground that it was too generous to the States. Even assuming it may reasonably be said that if the Labour Party are returned to power after the next election they will be less generous to the States than would the Bruce Government, the hurry does not amount to anything so great as to necessitate the passing of this Bill. It does not matter whether the Labour Party or the Nationalist Party are returned to power after the next election. Under either control Parliament will have to finalise this matter and, so far as I can judge from the agreement, the Federal Parliament will be perfectly free, absolutely untrammelled, after next election, if the referendum is carried and gives them the necessary power, to agree or disagree to these proposals.

Hon. W. J. George: That is right; the Commonwealth Parliament can do as it likes.

The Minister for Justice: Would any Government repudiate what any previous Government had done?

Mr. DAVY: There will be no question of repudiation. It cannot be suggested that the Commonwealth Government can bind themselves morally or in any other way unless the Constitution permits them to do so. This agreement is only a draft that is unbinding and that cannot bind anyone until such time as the Constitution is amended to give the Commonwealth power to enter into the agreement. The matter cannot be finalised until after the next election, and when Parliament then meets, it will solemnly decide whether or not it will enter into this agreement.

Mr. Chesson: Whether it will agree to the wishes of the people or not?

Mr. DAVY: The Commonwealth Parliament will not have the wishes of the people before them. The proposals to be put to the people by way of referendum are general proposals; they are not proposals that this particular agreement shall be entered into. If we fail to pass this agreement, I take it the Federal Government will go on with their proposals to the people. They think it wise and necessary that the Com-

monwealth should have power to enter into agreements of this nature, not necessarily this particular agreement, but agreements of a similar kind, and it appears to me—I stand corrected if anyone can show me to the contrary—that after the next election, assuming the proposals are duly carried, the Federal Parliament will have perfect freedom to decide whether or not it will enter into this or some other agreement. That being so, if the Labour Party are returned to power and they stand up to the attitude they have taken, they will refuse to enter into this agreement.

Mr. Pantou: I do not think you have any right to say that.

Mr. DAVY: I say, if they stand up to the opinions they have hitherto expressed, they will refuse to enter into this agreement. If the Nationalist Party are returned to power, I presume they will still be willing, if they stand up to the opinions they have expressed, to enter into this agreement. So where is the hurry? Nothing can be completed before the next election.

The Minister for Lands: Is that the only solution you have to offer, "where is the hurry?"

Mr. DAVY: Of course I have been trying to make myself clear that this is not the only difficulty, but I suppose I have failed, so far as the Minister is concerned.

The Minister for Lands: So far you have.

Mr. DAVY: I have not yet noticed that the Minister was ever convinced by anything that anyone else said.

The Minister for Lands: Now do not be abusive.

Mr. DAVY: I am not abusive, far be it from me to have any intention of that kind. The argument that we must adopt this in a hurry is not a sound one. There is plenty of time. The matter cannot be concluded before the next Federal election. If the present Government are returned to power, we shall be in no worse state than we are at present.

Mr. Thomson: I should like to know the opinion of the Premiers of the various States on that point.

Mr. DAVY: The hon. member is not likely to get that to-night or before he is called upon to vote on this Bill.

Mr. Thomson: We have already got it.

Mr. DAVY: Then if the hon. member already has it, I do not see how he can be in want of it. Finally, it was urged by the Premier that there was one powerful indirect advantage to Western Australia accruing from the agreement. If it was entered into we should be able to relieve ourselves of the heavy sinking fund contributions which, under the laws of this State, we are making at the present time. With the greatest respect to the Premier, that so-called advantage, I submit, is utterly irrelevant to this agreement. If it is a proper thing, by passing laws, to vary the arrangements that we made by statute and contract over a long period of years for the payment of sinking fund, then it is proper whether we enter into this agreement or whether we do not. The Premier has told us that the consensus of opinion of financial authorities is that 7s. 6d. per cent. sinking fund is quite ample. He will agree with me, I feel sure, that the security of Western Australia for the debts of Western Australia is at least as good as is the security of Australia for the debts of Australia.

Hon. G. Taylor: Better.

Mr. DAVY: In area we have one-third of the continent, and in wealth and what people are fond of terming "the boundless potentialities," we have at least the equal of any other third. I should think everyone would agree that the holders of Western Australian bonds are just as contented with their security over Western Australia's assets as the bondholders of the whole of Australia will be if this agreement is entered into. Therefore, we are just as entitled—I do not say whether we are entitled or not; I do not propose to enter into an argument with the Premier whether it is proper or improper to do this, because it is unnecessary for the purposes of the argument—we are just as entitled to pass the clauses of this Bill cancelling our existing obligations to pay sinking fund whether we enter into this agreement or whether we do not. That being so, to say that we cannot possibly take into account that advantage which we would gain by the cancellation of those obligations when we consider this agreement is sound. The agreement itself does not provide for the cancellation of existing contractual or statutory obligations. In fact, it definitely contemplates their continuance. Paragraph (c)

under the heading of "Sinking Fund" in the agreement begins—

Where in respect of any debt included in the gross public debt of a State existing at the 30th June, 1927, there is under laws or contracts existing at that date an obligation to provide a sinking fund at a rate in excess of 7s. 6d. per annum for each £100, any amount to be so provided in excess of 7s. 6d. per annum for each £100 shall be provided out of the National Debt Sinking Fund established under the laws of the Commonwealth.

So it is clear it is contemplated that where the sinking fund obligations are in excess of 7s. 6d., they might be continued. It is also contemplated truly enough that they may be cancelled, but cancellation is not involved in this agreement, and cancellation may take place without the agreement. I submit that the Premier has not satisfied us that this agreement is the end of all things. The Prime Minister and his Government have indicated over and over again that they desire to do the fair and proper thing by the States. They have said repeatedly that they were prepared to listen to and entertain any reasonable proposals that were put forward by the States. I think a number of different propositions have been suggested. This is the one that appealed to our Premier as containing the minimum acceptable to him. He has come back and asked us whether we approve of it. There is no reason for any desperate hurry to finalise it, and therefore I submit that Parliament, without criticising what the Premier has done, and with full confidence in his ability and in his loyalty to Western Australia, is entitled to say to him, "The following appear to us to be serious defects in the agreement. We ask you to re-open negotiations with the Federal Government—who have expressed themselves as entertaining kindly feelings towards the States and being animated by a desire to safeguard their interests—and have eliminated the defects that appear to us to exist in it."

MR. J. H. SMITH (Nelson) [7.57]: I do not propose to make a very long speech on this important Bill. A maze of figures has been given to us by different members who have carefully studied the question from A to Z. We, who have not gone so deeply into the question, have to decide in our own minds what is the best thing to do in the interests of Western Australia. I have made up my mind from a careful study of the agreement. For my part, I do not propose

to give the Commonwealth any further powers to fitch away the rights of the State. I would ask members to contrast the speech of the Premier, when introducing this Bill, with the remarks he made only two short years ago with regard to the Commonwealth fitching away our rights. We know that the Premier has done his level best. Members on both sides of the House have perfect faith in his desire to do the best possible for this State. We know that in no shape or form would he commit one tittle of wrong against the interests of Western Australia. When moving the second reading, the Premier said in effect that when he went to the conference the gun was loaded by the Federal Treasurer with great big shot, and the States had to accept this agreement or nothing. He admitted that the agreement was not to his liking, but the State Premiers had no alternative to accepting it. I say we have an alternative. As the member for Menzies (Mr. Panton) pointed out in his speech last night, we have the alternative of appealing to the people.

Mr. Panton: Hear, hear!

Mr. J. H. SMITH: And with an appeal to the people there is a possibility of getting something better.

Mr. Panton: You will prevent it if you do not vote for the Bill.

Mr. J. H. SMITH: If we vote against the Bill, the member for Menzies will claim that we are preventing the people from having a voice in the matter.

Mr. Wilson: So you are.

Mr. J. H. SMITH: I say not. Let us refer the agreement back to the Commonwealth. If we support it now how can we in six months time go before the people of Western Australia and urge them to turn it down? If we vote for it in this House we must be said to be in favour of it. We cannot go to the electors on the occasion of the referendum and deny that we are inconsistent if we urge them to vote "no" when we ourselves have voted in the affirmative in this House. Some people say the agreement is favourable to Western Australia for the first five years. The Premier says that for the first 15 years it is favourable, but after that it will act detrimentally to the State, and will be of advantage only to the Commonwealth for the ensuing 40 years.

Mr. Kenneally: That is compared with the per capita payments, which have gone.

Mr. J. H. SMITH: The member for Katanning throughout his remarks was inconsistent.

Hon. W. J. George: He generally is.

Mr. J. H. SMITH: He said that any member who opposed this Bill did so from feelings of suspicion. He did not look at the Premier, for he was supporting that hon. gentleman; he appeared to pick out the member for Mount Margaret (Hon. G. Taylor). He said in effect that this was a wonderful agreement, and advised members to accept it. I venture to say that if at the last State elections members had told the electors they were going to enter into an agreement with the Commonwealth Government to take away more of our State rights, many of them would not be sitting here to-night.

Mr. Thomson: I would be game to risk it.

Mr. J. H. SMITH: In the next breath the hon. member said that he was a secessionist. He would cut the painter if he could, and yet he advocates that the Commonwealth should be given more power.

Mr. Thomson: I advocated the protection of the State.

Mr. J. H. SMITH: I do not know how the hon. member can reconcile these two statements. I have grave doubts about this agreement being of any advantage to Western Australia. Some of us would like to get away from the bonds of Federation. When we entered into them Western Australia was going ahead by leaps and bounds. Gold had just been discovered, and our future was very bright. The people of the Eastern States wanted some control over us, so that they might benefit by our proportion of the Customs and Excise duty. They did not want us to build up our own industries, as we hoped to do. To-day we are on the eve of a still greater move. We have established the system of group settlement, and at no distant date our wheat areas will be developed from one end to the other. The Minister for Lands has sent out an army of surveyors to map out roads and railways. We have to provide the money for all this development. The goldfields are showing up better than has been the case for a long time past, and the Wiluna mine especially is opening up well. Our population must increase very considerably, and yet we are asked to enter into an agreement based on the population of

two years ago. There is no doubt that Western Australia would be 50 times better off to-day if she had not joined the Federation. Let us go back to the days when we were supposed to receive three-fourths of the Customs duty. How can any statistician say what our population will be in 20 years' time? I feel sure that with all the development ahead of us, it will have in that time increased far more rapidly than the estimated 3 per cent per annum. Victoria, on the other hand, is not likely to go ahead in the future at the same ratio as it has done in the past. The Premier says this is a non-party measure and that members may please themselves how they vote. We know what the Premier said when introducing the Bill. He declared it did not come up to his expectations, although it was the best he could get. We also remember the beautiful language he used two years ago, when opposing the proposals put up by the Federal Government to secede from the realms of taxation and leave Western Australia alone in it. On the latter occasion his voice resounded all over the building, and by his eloquence he carried everyone with him. He said, "There we have the Federal spider spinning a web to catch the unfortunate State flies. We are invited to walk into the beautiful parlour, so to speak, and were we so foolish as to accept the invitation, the spider would suck our life's blood." The same thing applies to-day. We are told we must accept this agreement. Let us rather go to the people and state our case. The alternative will be that we shall get a better agreement than is offered to us to-day.

Mr. Angelo: Let us try and try again.

Mr. J. H. SMITH: The Premier has received no promise from the Federal Government that they will not again enter the field of taxation in Western Australia, and treat us as they did before, increase our taxation, and make us pay all that we are to receive out of this agreement.

Hon. W. J. George: They will get it out of us somehow.

Mr. J. H. SMITH: The member for Pingelly thinks the present Commonwealth Government are wonderful because they have given us something by way of a disabilities grant. I admit that for five years we shall receive some help from that source, but it is only given as a sop to Western Australia.

Mr. E. B. Johnston: And it is only two-thirds of what was recommended.

Mr. J. H. SMITH: We know that the Federal Government taxed our amusements. It will also be remembered that we imposed a petrol tax in order to raise money for the construction and maintenance of our roads. When the tax was in operation the Federal Government took it from us and collected it themselves, and are now giving us for our roads an amount which is far less than that which they themselves received. They dominate the affairs of the State. Before we can get that money they provide by regulation how we shall carry out our works policy. We are told we cannot build this or that section of road by day labour without their consent. They also tell the State Government to put up 15s. for every £1 that they give. They are collecting this money from our petrol tax, and 100 times more than it amounts to from our Customs duties. They are giving us this little sop, and at the same time telling us we cannot do this or that without their permission. Right through the piece the story is the same. I for one do not intend to give them any more power. I agree with the remarks of the member for Guildford (Hon. W. D. Johnson), who put the case very plainly last night. Except when he said he was a unificationist, and that if it came to a question of whether or not the Commonwealth should take over the States, he would vote in the affirmative. But he objects to camouflage, and to any scheme by which the Commonwealth may deprive us of our rights. Year by year they are fleching away our rights. In a few years we shall be without any revenue, especially if the Commonwealth come extensively into the field of taxation. Then we shall be handed over holus bolus to the Federal Government. If my vote can stop that it will be given against this agreement. Our banking institutions and our insurance companies are to a large extent controlled from the Eastern States. They, as well as the "West Australian" are advocates for this agreement. I wonder why that is. If we pass this Bill we shall be selling Western Australia. I cannot understand the reasoning of the member for Katanning when he says we have no alternative but to pass it. He says we are suspicious. On the one hand, he tells us he intends to give the Commonwealth further rights, and in the next word puts himself forward as a secessionist.

It is difficult to understand that point of view. I can only think some pressure was brought to bear upon him from somewhere. Here is a man who a few years ago was an advocate for smaller States, and had a few disciples following him. To-day he wants a big Commonwealth. I hope the Bill will be defeated, as I know the referendum will be defeated in the country.

MR. STUBBS (Wagin) [8.14]: I have listened attentively to the speeches that have been delivered during this debate. The Premier said it was a non-party measure and judging from the utterances of members he was sincere in what he said. One has to cast one's mind back a few years thoroughly to grasp what is meant by the powers that will be conferred upon the Commonwealth if we accept this Bill. I shall quote an extract from the speech delivered in this House as far back as 1906; that is, five years after Federation had become an accomplished fact. Prior to Federation, Western Australia had a revenue tariff which brought in a considerable amount of money. The average duty under it was, if I remember rightly, about $7\frac{1}{2}$ per cent. on all products, including machinery, which carried five per cent. Drapery and many other lines of goods bore revenue imposts. Let hon. members compare the Customs revenue of one or two millions sterling which was received between 1894 and the advent of Federation in 1900, with the taxation the people of Western Australia are called upon to pay to-day in respect of the same articles. Such a reflection must compel the admission that unless we call a halt on the Federal octopus, we shall be definitely strangled. I was one of the foolish persons who listened to the specious language of several leaders in 1900, alleging that if we did not join the Federation, Western Australia would be rent in twain and that the goldfields and their population would be tacked on to South Australia. I remember, too, that many people were induced to alter their opinions at the very death-knock on the ground that certain information had come from London urging Western Australia not to turn down the Federal referendum, as to do so would be against her best interests. In order to induce the Western Australian Government of the day to place the matter before the people by way of

referendum, many conferences were held. At one of those conferences, our representatives were convinced that the Federal Enabling Bill was the best they could get, inasmuch as it contained a clause giving Western Australia an advantage over all the other States for a period of ten years. It was called the Bradon clause, and hundreds of times it has been called the Bradon blot in the various Parliaments of Australia. During the fifth year of Federation, the year 1905, a discussion occurred in this House on a motion for the holding of a referendum as to seceding from Federation. There are members present to-day who took part in that discussion. I shall quote only a few sentences uttered by an honourable member, which sentences I consider fill the bill to-day in regard to the Federal Government's financial proposals and the action they may take if granted further powers—

Western Australia has sacrificed much. She has given up not only her right to the management of her own affairs and institutions which should be in immediate touch with her people, but also in regard to her revenue, a most important thing, and a vital matter to a young State that requires every possible resource in order to develop its industries and its material promises of prosperity. We require all the money that we can raise amongst ourselves for that purpose, and not only are we now sacrificing the taxes we were privileged to enjoy prior to Federation, but there is the constant menace over us that the Federal power will grow in strength from time to time, and that Western Australia will be more exploited and more placed under burdens, and that we cannot protect ourselves.

The gentleman who uttered those words is our present Speaker. Perhaps you, Sir, will remember the occasion. I maintain that the Premier worthily represented this State as a whole, and every section of it, at the conferences attended by him in regard to the vexed question of finance. I am positive that every member of the Chamber commends the Premier for the able manner in which he placed Western Australia's disabilities before the other Premiers and Treasurers. The hon. gentleman has told us plainly that he is not altogether pleased with the amount of money Western Australia is to receive under the proposed agreement, but that it was a case of "Take that or nothing." Had there been in the agreement a clause allowing for review at the end of every five years, and this at the instance of any State and not merely by a unanimous appeal from all the States,

the case would have been entirely different. This Parliament should even now insist upon the insertion of such a clause in the Bill, if the measure is carried. There should be power to review at stated periods. Can any member of the House vouch for the accuracy of the statisticians who supplied the Premier with the figures of population during the next 20 or 30 or 40 years, though no doubt those gentlemen gave the Premier the very best of their intelligence. How have they arrived at the increase of 3 per cent.? It puzzles me, bearing in mind that in 1894 or 1895 Western Australia had a population of about 100,000 and that in 1901 or 1902 the population was about a quarter of a million. Can it be maintained that we have no more Golden Miles to unearth? I believe the probabilities are that in the near future splendid mineral belts will be discovered in the North and in the centre of this State. I consider there is warrant for believing that our population will increase by more than 3 per cent. annually. Hon. members may wonder what I am leading up to, but my point is that if the spirit of the original Constitution is given effect to, if the promise which actuated many of us in voting for Federation is honoured, a large proportion of the Federal surplus revenue must come back to the States. However, as time went on, various Federal Governments tinkered with the Constitution, bringing forward Bills on such subjects as per capita payments and dropping them later on. If we had a per capita payment of 25s. for the next 25 years, it would bring in far more money than the arrangement which the agreement proposes.

Mr. Kenneally: How do you propose to settle the matter?

Mr. STUBBS: Only by the good sense of the Government of the day, be they Labour or Nationalist or Country Party, realising that Western Australia and every other State has the right to curtail the Federal squandering of money that has been going on for the past ten years. Did any member of this Chamber visit Canberra when that city was first begun, and has anyone visited it since millions of money have been squandered in the desert there? Why was all that money spent at Canberra? Just by way of giving the people of New South Wales the son that induced them to enter Federation. They required that the Federal capital should be fixed in New South

Wales before they would agree to enter the Federation. Of course they are perfectly content with the agreement since £9 out of every £10 spent on the Federal capital in New South Wales benefits that State. Western Australia does not benefit to the extent of one farthing.

Mr. Kenneally: Was it common sense that induced the present Federal Government to do that?

Mr. STUBBS: Western Australian sentiment was influenced in favour of Federation by the assurance that a large percentage of the amount raised by Customs and Excise would be returned to the States; but that money has been frittered away as the years have gone on. Western Australia will in future suffer a great deal more than she has suffered in the past from Federation if we agree to the Bill as presented. I hope that in Committee a clause will be inserted empowering any State, or at all events empowering Western Australia to ask for a review of the agreement if it turns out not to be working as in the opinion of the States it should. I have no hesitation in saying that it will redound to the credit of members of this Chamber if a sufficient majority is obtained to carry such a clause. I am not in favour of the Bill as printed, because I believe it not to be in the best interests of Western Australia. Judging from my experience of 29 years under Federation, it was the saddest day's work ever done when this community voted in favour of Western Australia joining up with the Eastern States. I shall not support the Bill.

MR. A WANSBROUGH (Albany) [8.29]: It is not my intention to detain the House at any length, or to quote from the speeches of leaders of the past, or to adduce large masses of figures. I do not pose as a financial expert, or as one possessing greater knowledge of the subject than previous speakers. I support the Bill before the House.

Hon. Sir James Mitchell: You are the only Western Australian to do it.

Mr. WANSBROUGH: I am a Western Australian, and am proud of it.

The Minister for Justice: We are all Western Australians and not little Australians.

Mr. WANSBROUGH: It is true the agreement does not give us all that we desire, but it contains something definite, some-

thing binding, something more reliable and of greater value to the State than the per capita payments. In my humble opinion, acceptance of the Bill would be far preferable to going to the Federal Government cap in hand every now and again asking for doles. To me a bird in the hand is worth one hundred and one birds in the bush; or, in other words, half a loaf is a great deal better than no bread. I do not agree with the member for Murray-Wellington (Hon. W. J. George), who said he would prefer to take up another hole in his belt rather than accept the agreement. Though he speaks in that way the hon. member has never been in the position of having had only half a loaf of bread. He has been well fed and well groomed all his life. My principal reason for supporting the Bill is that I desire to give the people of the State and of the Commonwealth an opportunity to review my position in the House. I desire to give them the opportunity to decide the issue for themselves. We as the Parliamentary representatives of the people of Western Australia have no right to deny them the privilege of settling the question themselves. There is one phase of the agreement with which I am not in accord. I refer to the money advanced by the Imperial Government in connection with the group settlement policy and in connection with railways and land development. From my reading of the agreement, transactions under that heading will be subject to the approval or disapproval of the Loan Council. I do not consider that should be so.

Hon. Sir James Mitchell: Then vote against the agreement.

Mr. A. WANSBROUGH: I do not agree with that, but I will not vote against the Bill for that reason alone. By accepting the agreement, Western Australia will make assured her policy of progress and prosperity. I believe that if we reject the Bill, in a very short time this State will retrogress and stagnation will set in. Every form of activity will be dislocated, and the order of the day will be reflected in our lack of security and lack of prosperity. As a Western Australian I am not prepared to reject the Bill to allow those conditions to operate. I have read carefully the original agreement and I have also read the speeches of various State Premiers at the conference. I am of opinion that the amended agree-

ment submitted for our approval is a totally different proposition and is the best that it was possible to obtain. I believe that even in its present form, the agreement is more preferable than a continuance of a policy under which we are forced to go cap in hand to the Federal Government to secure doles from time to time. I intend to support the second reading of the Bill.

MR. KENNEALLY (East Perth) [8.33]: I have some doubts regarding the Bill, and in that, I am like other members who have spoken. On the other hand, my attitude is prompted by other considerations than those I have heard mentioned so far. When Federation was first mooted and the people were being called upon to agree to the formation of a Commonwealth, there were many who made their appeal on the ground that we should spare no effort to secure one flag, one nation and one destiny. Many of those same people, as soon as the first effort was made to give effect to the cry that led to Federation, are those who are endeavouring to check any such result. They are the people who to-day are opposed to the consummation of Australia as a nation. What is there in the proposal now before us? It does not, in my opinion, contain what I consider it should. I have an objection to offer to it, and it is somewhat similar to that which was offered by the Federal Labour Party. It has to be considered to what extent the provisions of the agreement, if ratified, will prevent the consummation of Australia as a nation.

Hon. Sir James Mitchell: You mean unification?

Mr. KENNEALLY: The hon. member can term it that if he so desires. The fact remains that the provisions of the agreement will tie up the Commonwealth and the States definitely for a period of 58 years.

Hon. Sir James Mitchell: No.

Mr. KENNEALLY: It is questionable whether that will be in the interests of Australia as a whole. I do not propose this evening to compare the agreement with the per capita payment system. We know that the per capita payments are gone for ever. As we have been told in the House before, the Braddon clause of the Constitution made provision for certain payments for a period of 10 years.

Hon. Sir James Mitchell: But that system of payments went years ago.

Mr. KENNEALLY: And the per capita payments have also gone.

The Premier: Just as effectively.

Mr. KENNEALLY: Every bit. As a matter of fact the per capita payments under the Surplus Revenue Act took the place of what was termed the Braddon blot. The Braddon clause provided for certain payments to the States for a period of ten years, "or until Parliament otherwise decided." Instead of being continued for ten years only, they were continued from 1910 to 1927. They continued for the extra seven years merely because of the additional provision regarding their continuance until Parliament otherwise decided.

The Premier: But those provisions were attacked immediately the 10-year period elapsed.

Mr. KENNEALLY: They were attacked one year before that period terminated, for it was in 1919 that a conference was convened to make provision for what should take the place of the Braddon clause. No agreement was arrived at on that occasion, and since then there have been other conferences with a similar object in view, but without any agreement being arrived at. Then the Commonwealth Parliament "otherwise decided" and through the instrumentality of the present Federal Government, the per capita payments ceased to be made. In those circumstances, what is the use of putting figures before us to compare the position that will arise under the Financial Agreement with what would have obtained were the per capita payments to be continued? We know that the per capita payments have ceased forever.

Hon. Sir James Mitchell: I agree with you.

Mr. KENNEALLY: If that is so, the whole of the hon. member's speech falls to the ground, because that was the main feature of his utterance.

Hon. Sir James Mitchell: But the Premier's speech contained extended references to the per capita payments.

Mr. KENNEALLY: The whole of the hon. member's speech was based on the assumption that we would receive certain amounts under the per capita system, if they were continued, as compared with what we will receive under the provisions of the Financial Agreement. I have been waiting for one or other of those who oppose the

Bill to furnish a little constructive criticism. So far it has all been destructive. Opponents of the measure have merely stated that it is no good.

The Premier: Anyone can find fault with a Bill and say that it is no good.

Mr. KENNEALLY: Just so. It is very easy to say that we should get more than is proposed in the agreement, but so far no one has given us any idea as to the method by which, in his opinion, we could improve the position if we decided to reject the Bill and decided that the question should not go to the people.

The Premier: Not one of them.

Hon. Sir James Mitchell: But the Bill is not going to the people at all.

Mr. KENNEALLY: If the per capita payment system had been continued, we would have been dependent upon the Federal Government as to what we should receive, whereas under the Financial Agreement we will not be absolutely dependent upon them. If the former system were still to operate, the Federal Government might say, as Mr. Watt proposed in the House of Representatives, that the per capita payment should amount to 10s. per head of the population. If they so decided, the Federal Government could determine that that amount should be paid annually. Does the Leader of the Opposition say that the provisions covered by the Bill will not be placed before the people for their ratification?

Hon. Sir James Mitchell: No.

Mr. KENNEALLY: Will not the people of Australia be asked for their opinion regarding the provisions of the Bill?

Hon. Sir James Mitchell: That is not the question that will be put to them.

Mr. KENNEALLY: I am not speaking regarding what the actual question will be, but I am dealing with the effect of the vote of this House if we deny the people that right. The alternative will be for us, as a legislative chamber, to say that the people will not have an opportunity to vote on the question. If the second reading of the Bill is rejected, we will merely say to the people of the State, "Unlike those who are living in the other States of Australia, you will not be given an opportunity to vote at the referendum."

Hon. Sir James Mitchell: They will be given a vote whether we pass the Bill or not.

Mr. KENNEALLY: That is problematical.

Hon. Sir James Mitchell: No.

Mr. KENNEALLY: In my opinion, that is very problematical should this House adopt the attitude suggested. Apart from the mere Western Australian outlook, there is the Australian outlook. Reference was made the other night to the attitude of the Australian Labour Party regarding this question. I shall endeavour to show that the policy has been thought out carefully as to the manner in which the people of Australia will ultimately reach the position aimed at. One portion of the Australian Labour Party's policy advocates unlimited legislative powers for the Commonwealth Parliament, and for such power for the States or provinces as the Commonwealth Parliament may determine from time to time. Exception has been taken to that proposal.

Hon. Sir James Mitchell: I should think exception would be taken to it.

Mr. KENNEALLY: It has been taken, just as the hon. member has taken it, from a lack of knowledge of what that provision means. It cannot be read apart from its context. We should take into consideration what follows. In that policy there is provision for the constitution of new States or provinces, to which reference has been made during this debate. It is a certainty that if we take the constitution of new provinces or States in conjunction with the projected powers outlined, and we realise the party's policy with regard to the abolition of the Senate, we will always have to bear in mind that any such alterations will not take place until the new provinces or States have been created in accordance with that policy. On top of that, provision is made in the Labour Party's policy that until such time as the Constitution is altered, the per capita payments shall be continued without diminution to the States.

Hon. Sir James Mitchell: Where is that in the policy?

Mr. KENNEALLY: I thought the hon. member did not understand the position, and therefore he should not have spoken about it!

Hon. Sir James Mitchell: I do not carry your policy about in my pocket.

Mr. KENNEALLY: The hon. member should not speak of the policy if he has to ask for information concerning it. There

is a plank in the Labour Party's platform that reads—

Until the Constitution is amended in accordance with Plank 1 of the general platform, the per capita payments to the State to be continued without diminution.

Hon. Sir James Mitchell: If that is done, it will be forever.

Mr. KENNEALLY: Then it is time the hon. member crossed over to the Government side of the House.

Hon. G. Taylor: That is what we have thought all along; we should be over there.

Mr. KENNEALLY: Last year the people decided that you should not be there, and I am prepared to trust them again to give a decision on this question. In view of the people's decision on that occasion, I can understand why the hon. member is not anxious to let them have the opportunity of speaking on this matter.

Hon. Sir James Mitchell: But the electors will be all right this time.

Mr. KENNEALLY: It is to be hoped so. I wish to deal with the provisions regarding the Loan Council.

Hon. Sir James Mitchell: That is a democratic one!

Mr. KENNEALLY: It may be a democratic idea according to the Leader of the Opposition. But others have attacked that provision. I am of opinion it is essential that there should be organisation in regard to borrowing both in Australia and, if necessary, out of Australia. In all instances of large aggregations of wealth, organisation is the order of the day, in order the more efficiently to finance. That applies equally inside and outside of Australia. As I take exception to certain provisions of the Bill, I take exception also to some of the provisions for the Loan Council, but not for the reasons given by members of the Opposition. The Commonwealth was brought into existence to show that we were an Australian people. Under the provisions for the Loan Council it is provided that the Commonwealth, in certain circumstances, shall be subordinate to the States. Provision is made whereby the States may outvote the Commonwealth. Members opposite cannot deny that. If five States votes in one direction, they may outvote the Commonwealth.

Hon. G. Taylor: The Commonwealth would start off with two votes and the casting vote of the chairman, a total of three votes.

Mr. KENNEALLY: There will be no casting vote at all, unless the votes are equal.

Hon. G. Taylor: That is right.

Mr. KENNEALLY: Therefore the Commonwealth will start off with two votes only, and each State will start off with one vote, and if the six States vote together against the Commonwealth, their voting will be six against two. I repeat that in certain circumstances the States may outvote the Commonwealth.

Hon. G. Taylor: The Commonwealth will have three votes, anyhow. That is not democratic.

Mr. KENNEALLY: Now the hon. member changes his ground. When it is shown that the States may, by six votes to two, outvote the Commonwealth, the hon. member says it is undemocratic. I agree with him that it is undemocratic. It is undemocratic from the point of view that if we are to have an Australian nation, we should not subscribe to a proposal that will enable the States to outvote the Commonwealth which, under the Constitution, was to be representative of the Australian people.

Hon. Sir James Mitchell: At any rate, you are perfectly honest in that statement. You believe in the Commonwealth having all the power.

Hon. G. Taylor: And not the State.

Mr. KENNEALLY: In that matter I should prefer to regard myself as an Australian rather than as a resident of a State, I believe that as the years go by the Australian feeling will be engendered and intensified to such an extent that ultimately we shall have a true Australian nation, but while we continue to regard ourselves as citizens of a State rather than as citizens of the Commonwealth, we shall never make any great progress in the creation of an Australian nation. If, in holding those views, I err, I think I err in very good company.

Hon. Sir James Mitchell: I do not know about that.

Mr. KENNEALLY: If we are to submit to a Loan Council under these conditions, the States, if they decide to work together, can control the whole of the loan policy of the Commonwealth, including that of the Federal Government, and that will apply to all loans with the exception of money raised for defence. As the Premier has pointed out, with the exception of loans for defence, the whole of the borrowings will come within the purview of the Loan Council. I repeat that I have very

grave doubts, not from the point of view of sacrificing the interests of the States, but from the point of view of sacrificing the authority of the Commonwealth and of the nation, whether we should adopt a proposal to subordinate the interests of the Commonwealth to those of the States.

Hon. Sir James Mitchell: You need have no fear.

Hon. G. Taylor: It is thoroughly safe.

Hon. Sir James Mitchell: We shall have to send you over to the Federal Parliament.

Mr. KENNEALLY: Against the proposals made in the agreement, the only comparisons have been drawn between them and what the States would have got had the per capita payments still been available. The per capita payments are dead, and it is just as useful to talk about the likelihood of some deceased person giving good service as to talk of the per capita payments giving good service. It may become necessary at some time to consider the office of Premier, which may be vacated by the present occupant of the office. If we were called upon to fill the position, we would look for some person upon whom we could rely. As we would need a man who would continue to produce a surplus annually, we should have to pass over the present Leader of the Opposition. Once we did pass over him, he would not be eligible for the position. It would be of no use saying that the late Lord Forrest was a very good Premier and produced surpluses. He did, but like the per capita payments, Lord Forrest is dead. When we know that as an actual fact, what is the use of our arguing that if we accept the agreement, we shall be so much worse off in 10, 15, or 20 years' time than we would have been had we continued to receive the per capita payments of 25s.?

Hon. Sir James Mitchell: But we are told by the Federal people that we would be better off under this agreement than if we had the per capita payments.

Mr. KENNEALLY: I do not know whom the hon. member embraces in that dragnet phrase, "Federal people."

Hon. Sir James Mitchell: Well, the Prime Minister, the Federal Treasurer and a few other people.

Mr. KENNEALLY: What we have to consider is, if we decide to turn these proposals down, what is going to take their place?

Mr. Thomson: That is the point.

Hon. Sir James Mitchell: That is a policy of despair.

Mr. KENNEALLY: The Leader of the Opposition objects to a policy of despair, but his record in the past indicates that he would not meet the obstacle until such time as he found himself involved in financial distress. Then he would look around and ask the Federal Government what they were going to do.

Hon. Sir James Mitchell: No, they have given all the help to the present Government.

Mr. KENNEALLY: If we turn down these proposals, what would be available to meet our financial commitments?

Hon. G. Taylor: There is nothing to prevent the Premier from negotiating further with the Federal Government.

Mr. KENNEALLY: The surplus revenue provisions expire at the end of this month.

Hon. Sir James Mitchell: There is no surplus revenue about it.

Hon. G. Taylor: No, that was five years ago.

Mr. KENNEALLY: I repeat that the surplus revenue provisions under which we get the per capita payments expire at the end of this month.

Hon. Sir James Mitchell: You are only a year out.

Mr. KENNEALLY: While in the minds of the Leader of the Opposition and the member for Mt. Margaret there may be no need to give attention to the question immediately, in the minds of others who want to see the finances of the State put on a proper basis, there is need for immediate attention. The Leader of the Opposition says I am a year out.

Hon. Sir James Mitchell: Yes, those payments end in 1929.

Mr. KENNEALLY: The provisions under which we are operating at present are simply an extension to give time for the voice of the people to be heard.

The Premier: For one year.

Hon. G. Taylor: Do you expect to hear the voice of the people at the end of this month?

Mr. KENNEALLY: I do—at the end of the extended term granted simply to obtain the voice of the people—the voice of the people that the hon. member is prepared to stifle by denying them an opportunity to vote on this proposal one way or the other. There may be members who do not heartily support this agreement, but they

support the idea of letting the people decide the question for themselves.

Hon. Sir James Mitchell: We must take some responsibility.

Mr. KENNEALLY: I am prepared to let the responsibility be taken by the people. We can let the people know our opinions from the platform when they are given the right to vote. When we consider the provisions of the agreement, firstly with regard to the payments to the States, secondly with regard to the Loan Council, thirdly with regard to the taking over of the existing State debts amounting to some £60,000,000, of which amount this State will be absolutely free at the termination of the agreement, there is not such a lot to complain of from the State point of view. As a Federalist, I think there is more to complain about from the Australian point of view. If I have any objection to the Bill that would influence me in voting it out rather than giving the people an opportunity to vote on it, it is to the proposal that will tie up the operations of the Commonwealth for 58 years in a manner that may retard the development of Australia as a whole, rather than that of any particular State.

Hon. Sir James Mitchell: If I were you I would give an honest vote as you see the situation, and vote with us.

Mr. KENNEALLY: The hon. member cannot blame me if I do not see it through the same spectacles as he does. I see it through the spectacles of those who believe in an Australian nation, an untrammelled Commonwealth, the consummation of the ideas of the founders of this Commonwealth. If I cannot see eye to eye with the hon. member in the direction of trammelling the Commonwealth by preaching the sovereignty of the State on every possible occasion, it is not my fault. Probably it is the hon. member's fault.

Hon. Sir James Mitchell: No. it is your misfortune.

Mr. KENNEALLY: I hope that even at this late hour members, even if they oppose the agreement, will realise the necessity for trusting the people to speak on it.

Hon. Sir James Mitchell: What did the people send us here for?

Hon. G. Taylor: Have we no responsibility?

Mr. KENNEALLY: The hon. member may be reminded in time to come of his conception of taking the responsibility instead of consulting the people.

Mr. Angelo: Why not get a better agreement and send it to the people?

Mr. KENNEALLY: If the hon. member would only follow that up—he did not do it while speaking—by suggesting how a better agreement might be obtained so that it may be submitted to the people, the House will be indebted to him. The member for Williams-Narrogin (Mr. E. B. Johnston) mentioned in reply to an interjection the other night that he considered he could have arranged a better agreement than the Premier had done. Does the member for Gascoyne think he should be substituted for the member for Williams-Narrogin, and given an opportunity to function as the financial plenipotentiary to the Commonwealth Parliament in order to secure a more favourable agreement? Whilst everyone condemns the agreement and says a better one is to be had, they will not tell us where it is, and they offer no suggestion as to what the alternative should be. I admit this agreement does not suit me in its entirety. If I were to oppose it I should do so from an angle different from that of members who are now opposing it. I doubt whether it is in the best interests of the Commonwealth that we should tie ourselves up for many years from questions of social amelioration. If we are to look for social amelioration, it must be to the Commonwealth and not to the States. I doubt the wisdom of the Commonwealth in tying itself up for so many years, but I do consider that, until something better is offered, we would be very foolish to turn down this proposal on the assumption that if we do we shall get something better.

Hon. G. Taylor: Do you object to the Premiers meeting again in an endeavour to get a better agreement? Do you think all the avenues are exhausted?

Mr. KENNEALLY: I take the word of the Premier, who said that he and the other Premiers have exhausted every avenue by which they could hope to get a better agreement from the point of view of the States.

Hon. G. Taylor: You did not read the speech of the Premier of South Australia.

Mr. KENNEALLY: If we were to take "Dismal Dick" as our guide, it would be a bad thing for the State.

Hon. G. Taylor. That is his son.

Mr. KENNEALLY: His lineal descendant. One of his first actions after assuming

office was to tell the people that nothing but financial ruin was staring them in the face.

Hon. G. Taylor: Did not all the Premiers say that when they attended the conference, stoney-broke? Our Premier was the only exception.

Mr. KENNEALLY: The Premier said he had exhausted every possible hope of getting a better agreement for Western Australia. Some members have been good enough to make the same remark, and to give him credit for doing the best he could. We now talk of turning down that which the Premier says is the best we can get.

Hon. Sir James Mitchell: You have no hope when you get there with those fellows, I can tell you.

Mr. KENNEALLY: The hon. member when he was there in 1923 did not do as well as the Premier did. I trust members will realise the necessity of allowing the people to have a voice in this matter, which affects so much their future financial relations with the Commonwealth. If they support the Bill on this occasion, there is no reason why they should not tell the people what they think of it when they are discussing the matter of the referendum on the hustings. I trust the second reading will be carried.

THE PREMIER (Hon. P. Collier—Boulder—in reply) [9.3]: After listening to the debate I am bewildered by the nature and variety of the arguments advanced in opposition to the agreement. We have had liberal quotations from speeches made at the Federal Convention by members who were framing the Constitution, and from speeches delivered during the last quarter of a century since Federation began. Fully nine-tenths of the remarks that have been made in opposition to the agreement have been wholly irrelevant. The member for Wagin (Mr. Stubbs) read some remarks made by you, Sir, in 1905. What earthly connection had they with this Bill?

Mr. Stubbs: They had to do with the finances of the State.

Mr. Angelo: They prophesied exactly what has happened to-day.

THE PREMIER: Members have talked freely of the disabilities this State has suffered since joining Federation, and have referred to the attitude of the Federal Gov-

ernment in not giving what they considered to be justice to this State. What has all that to do with the agreement? We must face the situation as we find it, not adopt an attitude towards this agreement which is influenced by something that took place 10, 15, or 20 years ago. I venture to say that if a stranger had entered this Chamber from some other country and had listened to the debates of the past week, he would have formed no other conclusion than that this agreement was being negotiated with a foreign power. Whilst we might justifiably point to cases where the Federal Parliament have not done all they might have done for Western Australia, we can very easily carry to extremes that complaining and whining attitude. If we keep on complaining on every possible occasion about everything that is proposed to be done by the Commonwealth, we are very likely to be considered by the Federal Parliament as a whimpering child that is never satisfied. Consequently, when we have legitimate grounds for complaint, they are apt to be brushed aside as merely a reiteration of complaints to which they have been accustomed for many years. It seems to me that the agreement is entirely misunderstood by many members. The member for Nelson said he had studied the agreement very closely, and then proceeded to condemn it because we were handing over such tremendous powers to the Commonwealth. A similar statement was made by the member for Wagin, and by nearly every other member who has taken part in the debate in opposition to the Bill. The facts are quite contrary to that, and are as stated by the member for East Perth, namely, that this agreement does not hand over any power to the Commonwealth. I stated that in my opening speech, and have done so repeatedly by interjection, but members will persist in asserting that we are handing over powers to the Commonwealth, and are surrendering our sovereign rights. I do not know whether this has been done to create a hostile atmosphere in the minds of the general public towards the agreement, but the statement is wholly without foundation. The fact is we are handing over not one tittle of power to the Commonwealth. Whatever power we are surrendering is being surrendered to the Loan Council, which is composed of the States, and the States will have the dominant voice. On the other

hand, I can understand Federal members, such as Mr. Charlton and others, when the Bill was under discussion in the House of Representatives, complaining that the Commonwealth was surrendering its powers to the States. We are surrendering our powers to borrow to our sister States, and not to the Commonwealth.

Hon. Sir James Mitchell: That is a long way worse.

The PREMIER: But the Commonwealth itself is entirely surrendering its powers of future borrowing to the States. It is the National Parliament, and it is a great thing for the National Parliament to do, to hand over to its component parts, as it were, the States, the right to say when, where, and how much the Commonwealth itself shall borrow from year to year.

Mr. J. H. Smith: The Commonwealth have two representatives on the Council.

The PREMIER: Two votes and one representative. Notwithstanding that, the Council is controlled and dominated by the States.

Mr. Mann: Is not that as it should be?

The PREMIER: Members are opposing the agreement on the contention that we are surrendering our powers to the Commonwealth. The statement has been repeated to-night. The member for Nelson, and practically every member who has taken part in the debate has said the same thing.

Mr. J. H. Smith: And I still think so.

The PREMIER: And the hon. member said he had studied the agreement.

Mr. J. H. Smith: And I have done so to the best of my ability.

The PREMIER: He must have done so in his sleeping hours. He has not been able to point to one line in the agreement which shows that we are surrendering our powers to the Commonwealth: Members have argued that, by the withdrawal of the per capita payment from the States, finance being such an important factor in the government of the States, we shall be forced willy nilly to surrender some of our powers to the Commonwealth. In answer to that argument I would say that this agreement safeguards the States from the possibility of being forced, for financial reasons, to hand over some of their functions to the Commonwealth.

Mr. Mann: You put up that argument at the conference.

The PREMIER: This agreement protects the State from being forced, from fin-

ancial necessity, to hand over its functions to the Commonwealth. So long as the capitation payments remain as a Commonwealth contribution to the revenues of the States, their finances remain insecure, because these payments are liable to be withdrawn any day or in any year of the Federal Parliament. Under such a system, what security was there for the States? The payments are liable to be withdrawn by any Government at any time and without making any contribution by way of recompense such as is offered under the proposed agreement! Whilst under the old system we had no security from year to year for the continuation of the capitation payments, under this agreement we shall know definitely that for 58 years the States will get 7½ millions sterling, of which our portion will be £473,000. Contrast the security that the State will have, the permanency, the absolute certainty that for 58 years we shall receive from the Commonwealth £473,000 as a contribution towards our interest charges, with the uncertainty of the capitation payments, which could be withdrawn at any time without anything being substituted for them. So it is the Commonwealth that is tying itself. It is not a case, as some members have said, of our tying ourselves up to the Commonwealth for 58 years.

Mr. Stubbs: Yes. They might double the Customs to-morrow, and then the arrangement would be like taking money out of one pocket and putting it into another.

The PREMIER: Agreement or no agreement, the Commonwealth could do that.

Mr. Stubbs: That is what I object to—Federation.

The PREMIER: We have to deal with the situation as we find it. The Commonwealth offers the States 7½ millions sterling for 58 years, apart from the contribution of 5s. per cent. to sinking funds on all future loans, and 2s. 6d. per cent. on sinking funds to all past borrowings.

Hon. Sir James Mitchell: But you do not know that the method of distribution is fair.

The PREMIER: I am not going to say that from Western Australia's point of view this agreement could not be improved in every clause.

Hon. Sir James Mitchell: But as to the method of distribution?

The PREMIER: The whole agreement could be improved from this State's point of view. It is the easiest thing in the world for any member to point out weaknesses

in the agreement from our standpoint. But that is all beside the question. What we have to consider, in deciding our vote upon the Bill, is not only whether a better agreement could be made, but whether there is a possibility of getting a better agreement from the Commonwealth. Before rejecting this agreement we have to weigh to our own satisfaction what are the possibilities of obtaining a better agreement. Not one member who has spoken against the Bill has submitted any alternative. Those hon. members have contented themselves with pointing out defects in the agreement. However, the member for West Perth (Mr. Davy), the member for Mount Margaret (Hon. G. Taylor), and one or two others this evening suggested, as an alternative, that we reject the agreement and go back to the Commonwealth Government to ask for a better one.

Mr. Davy: Not only to the Commonwealth, of course, but to all the proposed parties to the agreement.

The PREMIER: No. The whole thing is in the hands of the Commonwealth, which has the determining voice. It entirely rests with the Commonwealth whether we are to be given a better agreement, or given anything at all.

Mr. Davy: The agreement could be improved without involving the Commonwealth in giving more.

The PREMIER: It might be, with the consent of the other States. I will deal with the point raised by the hon. member, which is highly pertinent. He says, "Let us go back and ask for a better agreement." In considering that alternative, we have to bear in mind the fact that of seven Parliaments, comprising 13 Houses, six Parliaments, or 11 Houses, have already adopted the Bill and agreed to it. They have, in fact, accepted the proposed agreement. Those 11 Houses, or six Parliaments, represent the overwhelming majority of the people of Australia. Then what are our chances of inducing the Federal Government to concede a better agreement to us when we go to the Prime Minister to ask for something better and he is in a position to answer, "Five of your State Parliaments have said that this agreement is satisfactory and have accepted it: five Parliaments, representing about six millions of our population: and now your Parliament, representing only 400,000 people, says that Western Australia will not have the agreement?"

Mr. Davy: That was the argument used to get the agreement through the South Australian Parliament.

The PREMIER: That is the position confronting us. We have to face the situation as we find it.

Mr. Davy: The South Australians apparently thought that we had passed the Bill.

The PREMIER: I am sorry for them if they did, but we have to deal with the position as it exists. Except our Parliament, all the State Parliaments have adopted the agreement, and so has the Commonwealth Parliament. Is it reasonable to suppose that the Federal Government will give us anything further? If the agreement had been rejected by the Parliaments of several States—States with large populations, it might be that the Commonwealth Government would listen to representations for a better agreement, though I do not think it likely. Such, however, is not the position. The Commonwealth Government have definitely stated that this is the very utmost they are prepared to go; and I think we can accept it that so far as the present Commonwealth Government and their party are concerned, nothing better can be obtained. We must accept the view that the present Federal Government and their supporters are not prepared to give anything better than we have in the agreement. What is the alternative? Shall we go to the Labour Party? It is said that a change of Government might come about. Shall we reject the agreement on the ground that a possible change of Government, as the result of the coming Federal elections, may give us something better?

Hon. Sir James Mitchell: The Federal Labour Party have already declared that this agreement is too liberal.

The PREMIER: Then where are we? The Prime Minister says, "I will go no further; not one inch further will I go."

Mr. Davy: When did he say that?

The PREMIER: At the conferences. He has said it over and over again.

Mr. Mann: Did not the Prime Minister say, in introducing the Bill, that the Government thought some more equitable method of distribution should be considered for the sake of the weaker States, but that such a course was not practicable because the people would not understand the method?

The PREMIER: There might be a re-arrangement of the agreement as between

State and State involving the Commonwealth in no greater contribution than does the present agreement. In that case it might be said that the Commonwealth would be unconcerned, saying, "Very well, you can alter the basis of the annual payments; it will not affect us; we will pay no more." But in an agreement of this kind we have to get the consent of all the States as well; and any agreement which would operate detrimentally to some other State would not, of course, secure the approval of that particular State. For instance, there is the annual payment on a population basis as argued by the Leader of the Opposition and the member for West Perth. Is it to be thought that any such proposal would be acceptable to a State like Tasmania, which is losing population?

Mr. Davy: No.

The PREMIER: Of course not.

Mr. Davy: It would appeal to Queensland.

Hon. Sir James Mitchell: And this State.

The PREMIER: But it would not suit Tasmania or, probably, Victoria.

Hon. Sir James Mitchell: No, it would not.

The PREMIER: And, therefore, there would be no agreement.

Mr. Davy: But it is just.

The PREMIER: If we are ever to secure unanimity among six States which have conflicting financial interests in this matter, there must be some degree of give and take on the part of the States.

Mr. Angelo: Why not wait until we hear the results of the Royal Commission inquiring into all these matters?

Mr. Thomson: "Wait and see."

Mr. Angelo: The Commission are inquiring into this very question.

Mr. Lambert: Inquiring into the Primary Producers' Bank.

Mr. E. B. Johnston: The Commission includes an eminent Western Australian representative.

Mr. Lambert: A lot of notice the Federal Government took of the Disabilities Commission's recommendations.

The PREMIER: If hon. members believe that by rejecting this agreement they can get something better, they will be justified in rejecting it. But I am pointing out the extreme improbability of getting anything better when all the Parliaments except our own have adopted the agreement, and not only passed the neces-

sary Bills, but passed them almost unanimously, by overwhelming majorities. And shall we go to the Prime Minister and say to him, "This agreement is not generous enough"?

Hon. Sir James Mitchell: "Not just."

The PREMIER: "It is not just, and we want something better." Of course the agreement is not perfect, but we go to the Prime Minister and say to him, "We want something nearer perfection." Then will not his obvious answer be, "Five State Parliaments have accepted the agreement, and so it is quite all right"? Is he going to listen to Western Australia and give us something better because we turn the agreement down after all the other Parliaments have accepted it? I ask hon. members is that a reasonable supposition?

Mr. Richardson: Of course it is

The PREMIER: Then the hon. member interjecting is a great optimist.

Mr. Davy: I suppose everybody wants to come to an agreement.

The PREMIER: It is open to any member to say that the Commonwealth Government might be prepared to go a little further. However, the Commonwealth Government themselves have definitely declared that they are not prepared to go any further.

Mr. Davy: I do not know that.

The PREMIER: Having sat at conferences where we thrashed this out in Committee for a whole week and where every representative of a State endeavoured to get something better, we were told that this agreement represented the last word that the Commonwealth would say on the question. What is the use of folding our arms and sitting back and saying the Federal Government might go a little further? If we reject the Bill which has been accepted by all the other States, what is the use of thinking the Federal Government might be prepared to go a bit further when they have already informed us definitely that they are not prepared to go any further. The alternative to the present Federal Government is another Federal Government that will not be prepared to give us an agreement that will go as far as does the present agreement. What is the use of spending hours, as did the member for Williams-Narrogin (Mr. E. B. Johnston), in talking about possibilities that might lead to increased taxation in the future, the great responsibility devolving upon the State re-

specting development, and the great need for money to carry out that developmental work? What is the use of doing that and suggesting that the money will not be available to us, in consequence of which, he suggested, we would have to impose an additional burden of taxation on the people?

Mr. E. B. Johnston: You agreed with my contention by way of interjection.

The PREMIER: What has all that to do with the question? All that was based on the supposition that if we rejected the agreement, we would not have to impose that burden, but would get some additional financial assistance from the Commonwealth.

Mr. E. B. Johnston: We will pay a bit more and get an unfair return.

The PREMIER: That is, assuming we accept this agreement, we will have to increase taxation, but if we reject it there will be no need to increase taxation, as the Commonwealth will hand us more money than is suggested in the Financial Agreement! What is the good of basing an argument on that supposition, when the Federal Government have already indicated that they are not prepared to go any further? I would have to face a hopeless task if that suggestion were adopted and I were to march to Melbourne and say, "Please, Mr. Bruce, notwithstanding that you have already informed me that this is the last word so far as you are concerned, and notwithstanding that five State Parliaments have agreed with you, I am commissioned by the Parliament of the State of Western Australia to demand something better."

The Minister for Justice: He would say that you did not mean it.

The PREMIER: According to those who would have me do that, Mr. Bruce would rush to go back upon his previous statement, and would hurry off to the other five State Premiers and say, "I am very glad that you accepted something that you need not have accepted, but I am prepared to give you something better." Is it likely that Mr. Bruce would do any such thing?

Hon. Sir James Mitchell: But there is the question of the distribution of the money.

The PREMIER: The hon. member must realise that if the method of distribution he suggested were adopted, it would not be acceptable to Victoria, South Australia and Tasmania. Then there would be no agreement, if all could not agree. Where would the Commonwealth be then? They would say that it could not continue. The Federal

Government are not prepared to pay a penny more after the present month.

Hon. Sir James Mitchell: They will have to face the people.

The PREMIER: But they have done other things, and still they will have the people to face. For instance, they abolished the per capita payment.

Hon. Sir James Mitchell: That was a rotten thing to do.

The PREMIER: But it was done in defiance of what you suggest.

Mr. Lambert: And they have disregarded the recommendations of the Disabilities Commission.

The PREMIER: There is the alternative that the member for Murray-Wellington (Hon. W. J. George) suggested when he said that we should reject the agreement and refuse to accept anything. Of course, we can adopt that heroic pose and, as he suggested, tighten up our belts rather than accept £473,000 for the next 58 years. I suggest, however, that it is not a rational attitude to adopt to decline to accept such an agreement.

Hon. Sir James Mitchell: But this may create the idea in the Federal Parliament that we shall be prepared to accept anything they offer in the future.

The PREMIER: No one can say that the acceptance of the Financial Agreement will create an impression in the Federal Parliament that we will accept anything they choose to offer in future because Federal Governments since 1919 have been endeavouring to persuade the States to accept their proposals, and we have resolutely declined to do so.

Hon. Sir James Mitchell: I think it would have been fairer to have foregone taxation.

The PREMIER: If we had any security, it might have been fairer.

Hon. Sir James Mitchell: We would have that.

The PREMIER: What value would it be to the States if the Commonwealth retired from certain fields of taxation, and re-entered them in the following year, or in any subsequent year during which they might wish to do so? There is no security about it at all. It was suggested by the member for Guildford (Hon. W. D. Johnson) that this question will be an issue at the next election. In view of that, I am somewhat concerned about the complications that will follow.

Hon. Sir James Mitchell: I should think you would be.

The PREMIER: If this is to be one of the issues, we shall have the Prime Minister and myself on the same platform fighting for the agreement, and the Leader of the Opposition and the member for Guildford on the same platform fighting against it.

Mr. Davy: No, they will be with you because we know we will get worse from the other side.

The PREMIER: No one knows that this will play any part at all in the next election. Of course it will not, for the old party lines will be the deciding factor.

Mr. Angelo: That should not be so.

The PREMIER: But it will be. Would any member vote against his own party candidate because he disagreed with him on this one question? If a candidate were to come forward and that man agreed with an hon. member on this question but was opposed to him regarding general politics, on which side would the hon. member be? Members know that though they may criticise the Prime Minister and his Government regarding the Financial Agreement, they will not vote against the Prime Minister's candidates when the next elections are held in March.

Mr. Marshall: They may say so, but they will not do it.

Mr. Davy: Of course not, if for no other reason than that the other alternative is worse.

The PREMIER: It does not matter what the alternative may be; it cannot possibly be the issue.

Mr. Mann: There will be no change of Government then.

Hon. Sir James Mitchell: What if we got someone who would favour a more moderate tariff?

The PREMIER: We are making some progress in that direction, for the Pact have pledged their candidates to a reduction of the tariff.

The Minister for Justice: Just as they did three years ago.

The PREMIER: And without much result. Of course, it may be considered that the other alternative is worse, but if they keep on pledging their candidates to a reduction, they may consider something will eventuate.

Hon. Sir James Mitchell: If we accept others, they may be determined to put up the tariff still more.

The PREMIER: I do not wish to labour this question. It seems to me that after nine years of discussion between the States and the Commonwealth, and after various conferences at which proposals have been submitted and discussed, we have now reached the stage when it is not possible to get anything better than the present Commonwealth Government or from any Commonwealth Government likely to succeed them. For my part I am not prepared to go back and ask for something better. I would be willing to do so if it were at all possible of achievement. As a matter of fact, that would be hardly necessary, for the Prime Minister will be here in a fortnight's time. It has even been suggested that I have asked the Prime Minister to come here to tell the people what to do regarding the agreement.

Mr. Davy: I would not put that past you.

The PREMIER: The hon. member will be aware that the Prime Minister's visit was planned months ago. If I had been responsible for Mr. Bruce's visit, it would be conceded that I had managed it badly, because the Bill will be disposed of long before his arrival unless our friends in the Legislative Council discuss it at great length.

Hon. Sir James Mitchell: At any rate, I hope you are incapable of asking anyone from the Federal House to assist you in this.

The PREMIER: It would be too absurd. However, that is the position. I am convinced that there is no alternative, and that the House is bound to accept the agreement.

Question put and a division taken with the following result:—

Ayes	..	..	..	25
Noes	..	..	..	15
				—
Majority for	..	..	..	10
				—

AYES.

Mr. Brown	Mr. Marshall
Mr. Chesson	Mr. Millington
Mr. Clydesdale	Mr. Pantou
Mr. Collier	Mr. Rowe
Mr. Corboy	Mr. Sleeman
Mr. Coverley	Mr. Teesdale
Mr. Cunningham	Mr. Thomson
Mr. Heron	Mr. Troy
Mr. Kenneally	Mr. A. Wansbrough
Mr. Kennedy	Mr. C. P. Wansbrough
Mr. Lambert	Mr. Willcock
Mr. Lamond	Mr. Wilson
Mr. Lutey	

(Teller.)

NOES.

Mr. Angelo	Mr. Mann
Mr. Barnard	Sir James Mitchell
Mr. Davy	Mr. Richardson
Mr. Ferguson	Mr. J. H. Smith
Mr. George	Mr. Stubbs
Mr. Griffiths	Mr. Taylor
Mr. E. D. Johnston	Mr. North
Mr. Maley	

(Teller.)

PAIRS.

AYES.	NOES.
Miss Holman	Mr. W. D. Johnson
Mr. Munsie	Mr. J. M. Smith
Mr. Withers	Mr. Lindsay

Question thus passed.

Bill read a second time.

In Committee.

Mr. Lutey in the Chair; the Premier in charge of the Bill.

Clause 1—agreed to.

Clause 2—Approval of agreement.

Hon. Sir JAMES MITCHELL: Members realise that we will not have an opportunity to consider the agreement unless we do it now and that any amendment desired must be moved as a proviso to this clause. If we pass the clause, then we shall have approved the agreement. Is not that so, Mr. Chairman?

The CHAIRMAN: Yes.

Hon. Sir JAMES MITCHELL: I propose to submit two amendments. The first of them seeks to give the Commonwealth representative on the Loan Council one vote instead of two. If we allow the Federal representative to have two votes and a casting vote, two States and the Commonwealth will control the Loan Council. The Loan Council is a very important body. It determines how much money shall be borrowed, when and where the money shall be borrowed and the rate of interest to be paid for it. The States are far more concerned in it than is the Commonwealth. As to the amount to be borrowed, the Commonwealth is safe-guarded by the stipulation that if all the requirements of the States and the Commonwealth cannot be met, one-fifth of the total amount, whatever it may be, shall be set aside for the Commonwealth, and that amount shall be in addition to the Commonwealth's needs for defence.

The Premier: That is only in the event of the Loan Council deciding that the full programme cannot be borrowed.

Hon. Sir JAMES MITCHELL: That is what I said. That is a sufficient safeguard for the Commonwealth. I consider that we ought to have equal representation on the Loan Council. A more important amendment is in connection with the basis of distribution of the £7,584,912. I intend to move that it be divided amongst the States on a per capita basis. I do not see that either the Commonwealth or the States can object to that because the method of distribution proposed in the Bill is certainly very rough and ready. It is proposed to take the population of 1926 as the basis of payment for 58 years hence. That basis of contribution cannot be fair for one year. It will suit Victoria very well, will be fair to Tasmania and probably to South Australia, but obviously it will be very unfair to Queensland and Western Australia, particularly Western Australia. Fifty-eight years is a very long time. It is of no use arguing that we shall not be here to suffer the disabilities of the provision. What we have to do is to see that the provision is fair. The Commonwealth Government will not be coining this money; they will be taking it out of the pockets of the people, presumably by means of Customs and excise duties. Under the proposal in the agreement, we shall be paying far more than we are getting. It is estimated that our population will double in 20 years. That is based on some period taken by Mr. Wickens.

The Premier: It depends upon the period you take.

Hon. Sir JAMES MITCHELL: Yes; but the other States will require a much longer period to double their population. If that be so, it may well happen that we shall be paying far more on account of this amount than will be returned to us. The Commonwealth will collect the £7,584,000 odd and return it to the States. I think we should get it on a more reasonable basis. Mr. Gregory, in the Federal House, asked a question about the increase of population, and the reply he received was that on the basis of the five-year period 1922-27, New South Wales would double its metropolitan population in 24 years and the rest of the State in 53 years: Victoria 20 years and 302 years respectively; Queensland 40 years and 45 years respectively; South Australia 80 years and 165 years respectively; Western Australia 20 years and 39 years respectively, and Tas-

mania would double its metropolitan population in 198 years, while for the rest of that State no figure is shown. Consequently the distribution is not fair to us and it is certainly not fair to Queensland. No one can object to the amount being distributed on a per capita basis. I daresay the Premier tried to get it on that basis and was unsuccessful, but it is so serious a matter to us that we should not accept the Bill without such an amendment. In a few years time it might be a very serious matter to this State. I am hoping that we shall have a considerable influx of people. Western Australia is accepted now as an agricultural State; it consists of one-third of the Commonwealth and must increase its population on a percentage basis more rapidly than the other States. If the agreement were a matter of five or ten years only, it would be a different thing. I do not contend that any representative of this State can carry much influence in the Loan Council. Western Australia is too far away; its population is small and its representative has to meet men who meet each other frequently, which is to our disadvantage. I do not mean to say that he is not treated decently and in a friendly manner, but he cannot make much impression. I hope the Committee will agree that the proposal to give £5,000,000 to the States of Victoria and New South Wales and only £2,500,000 to the other four States is not fair. Let us ask for some basis that for the ensuing 58 years will be fairer than the present one. If we do gain in population, as we think we shall, we want our share of the money that is available. The danger is that we shall have the population without receiving the financial benefit of it. Everyone in the State pays revenue to the Federal Government through the Customs. A great deal of the cost of developing this State must come out of the pockets of the people of the State, and we, therefore, have a right to a fair share of the revenue that is derived from these Customs duties.

The Premier: That is the only form of taxation to which everyone contributes. The worker with a big family probably contributes more than the wealthiest man on the land.

Hon. Sir JAMES MITCHELL: The wealthy bachelor who is a non-smoker and a non-drinker would certainly contribute less than the married man with two or three children. It is wrong that the Federal Gov-

ernment should wish to abolish the payment to the States of what amounts to one-sixth of the Customs collections.

The Premier: The collections are down this year.

Hon. Sir JAMES MITCHELL: Because of a sort of economy campaign. We cannot go on importing goods for which we are unable to pay. We must view the position seriously, because we cannot carry all our responsibilities by direct taxation. If the Premier had to face that position he would be obliged absolutely to shut down. In a few years we shall be paying to this very fund at least twice as much as we are getting out of it. We shall be paying as much as Victoria and New South Wales. I move an amendment—

That the following words be added to the clause:—"Subject to an amendment to paragraph (m) of Section 3—Australian Loan Council—line 6, strike out the word 'two,' and insert in lieu thereof the word 'one.' Subject to an amendment to Part III., Section 2:—Permanent Provisions—paragraph (b) strike out all the words after 'instalments' down to the end of the paragraph, and insert the words 'seven millions five hundred and eighty-four thousand nine hundred and twelve pounds to be divided amongst the States on a per capita basis.'"

Mr. E. B. JOHNSTON: I support the amendment, for I feel it will greatly improve the agreement. It is provided that the Federal Government shall have two votes and a casting vote on the Loan Council. Because the Federal Government will always be represented on the Council mainly by Victorian and New South Wales people, there can be no doubt, under the present provisions, that the Federal Government will dominate the Loan Council. If the amendment is accepted, their power will be very considerably reduced. It is democratic to give the Commonwealth only one vote and a casting vote, instead of three votes. At the Premiers' conference the Premier said that the Loan Council would result in a curtailment of borrowing.

The Premier: It was my business at the time to put forward every argument I could with the object of getting better conditions for Western Australia.

Mr. E. B. JOHNSTON: I hope the Premier will accept the amendment. As regards the second part of the amendment, undoubtedly the weak point from the Western Australian aspect is the circumstance that for 58 years the amount of £7,500,000 is to be distributed on the basis of the

population existing nearly two years ago. I dealt with this phase of the question in my second reading speech. If that basis is to be adopted, it must work out with absolute injustice to this one-third of the Continent. I believe that with the mining revival which has already commenced, the mining developments that are in progress, and the expansion of our wheat areas, our population will continue to increase at a greater rate than that of any other State. If that expectation is realised, we shall be paying more and receiving less per head of population than any other State. Let us obtain a system of distribution under the best possible conditions. I hope the Premier will concede the important alterations proposed by the Leader of the Opposition.

The PREMIER: I will not argue that the Leader of the Opposition has not made out a good case for his second amendment, as to the distribution of the amount. However, both points raised by the amendments were thrashed out in the Committee discussions at the conferences. The Commonwealth's original proposal was for three votes instead of two. That was argued at considerable length, and eventually the Commonwealth gave way. It was contended that inasmuch as the Commonwealth undertook a great responsibility in accepting liability for the whole of Australian loans, amounting to over 600 millions sterling, the Commonwealth should have some advantage in voting strength as compared with the individual States. That is the position. Although it would not be difficult to show where some provisions of the agreement could be amended advantageously to the State, still the Leader of the Opposition will recognise that it is a question of accepting the agreement in toto or not at all. I do not suggest for a moment that the hon. gentleman has not a perfect right to move amendments, but I must point out that to carry amendments would be to defeat the Bill just as effectively as if the second reading were negatived.

Mr. Davy: The result would be the same; we should have to go into conference again.

The PREMIER: Yes, and get the other six parties to the agreement to agree to any amendment we might make, and then get all the Parliaments that have already adopted the agreement to agree to such amendments.

Hon. Sir James Mitchell: But that would not be necessary until after the referendum.

The PREMIER: Yes. It is hardly thinkable that if an agreement is accepted by five Parliaments and rejected by only one, the whole thing is to be thrown aside. It is possible that an agreement might be fixed up by the Commonwealth with the other States, leaving us out entirely; and certainly we would not be offered better terms to come in subsequently than the other States had already accepted. I am certain that the amendments would not be accepted at a conference. The Commonwealth has refused decreased voting power, and some of the other States have refused an altered basis of distribution. Representatives of some other States were able to show where the agreement was much more favourable to Western Australia than to their States.

Hon. Sir James Mitchell: I bet you were not convinced, though.

The PREMIER: For diplomatic reasons I did not admit it there, but I recognised that it was a fact nevertheless. They were able to show that the agreement was much more advantageous to us than to them in some respects, just as we are able to show that in this particular respect the agreement is of advantage to States like Tasmania and Victoria as compared with Western Australia.

Hon. Sir James Mitchell: But we have borrowed better than any of the other States.

The PREMIER: In our might let us be generous to our weaker brethren; let us lift them up to our standard. I am sorry I cannot accept the amendment, as it would wreck the Bill.

Hon. Sir JAMES MITCHELL: In order that the position may be simplified, and so that the Premier's further negotiations with the Commonwealth may not be unduly complicated, I ask leave to withdraw the first part of my amendment.

The Premier: That will make it easier for me.

Hon. Sir JAMES MITCHELL: And it will be much more simple for hon. members.

Amendment (first part) by leave withdrawn.

The CHAIRMAN: That means that the second portion of the amendment stands.

Hon. G. TAYLOR: I gathered that the Premier's remarks dealt with the first part of the amendment, and that he may therefore be inclined to accept the second part, because it affects the State Governments alone.

The Premier: But whereas under the first part I would have one opponent, I will have three opponents under the second part.

Hon. G. TAYLOR: We should be prepared to ask the Premier to place our case before those opponents.

The Premier: I will have Victoria, Tasmania and South Australia against me, and you do me too much honor.

Amendment put and a division taken with the following result:—

Ayes	..	..	..	13
Noes	..	..	..	22
				—
Majority against	..			9
				—

AYES.

Mr. Angelo	Sir James Mitchell
Mr. Barnard	Mr. Richardson
Mr. Davy	Mr. J. H. Smith
Mr. Griffiths	Mr. Taylor
Mr. E. B. Johnston	Mr. Teesdale
Mr. Maley	Mr. North
Mr. Mann	(Teller.)

NOES.

Mr. Brown	Mr. Lamond
Mr. Chesson	Mr. Marshall
Mr. Clydesdale	Mr. Millington
Mr. Collier	Mr. Panton
Mr. Corboy	Mr. Rowe
Mr. Coverley	Mr. Sleeman
Mr. Cunningham	Mr. Thomson
Mr. Heron	Mr. Troy
Mr. Kenneally	Mr. A. Wansbrough
Mr. Kennedy	Mr. Willcock
Mr. Lambert	Mr. Wilson
	(Teller.)

PAIRS.

AYES.	NOES.
Mr. Stubbs	Miss Holman
Mr. J. M. Smith	Mr. Munzie
Mr. George	Mr. Withers

Amendment thus negatived.

Clause put and passed.

Clause 3—Sinking Funds:

Hon. Sir JAMES MITCHELL: I suggest that the Premier should look through

the clause, because I think he will find that in two places the year intended is omitted after the words "thirtieth day of June."

Progress reported.

House adjourned at 10.31 p.m.

Legislative Assembly,

Thursday, 21st June, 1928.

	PAGE
Questions: Road making—1, Main Roads Board charges; 2, Perth-Fremantle road	172
Land, Dalwallinu	173
Personal explanation: Hon. W. D. Johnson and inaccurate Press report	173
Bill: Financial Agreement, Message, Standing Orders Suspension, Com.	174

charges are made under a section of the Act which was inserted in the Legislative Council on the motion of the Hon. H. Stewart. 5, Answered by No. 4.

Name of Local Authority whose District is deemed to be benefited.	Contribution of each Local Authority.	Annual Payment under Subsection 5 of Section 30.
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PERTH-ALBANY ROAD.

Road Boards of—	£	s.	d.	£	s.	d.
Canning	989	5	3	64	6	1
Gosnells	989	5	3	64	6	1
Armadale-Kelmscott	989	5	3	64	6	1
Marradong	989	5	3	64	6	1
Wandering	989	5	3	64	6	1
Williams	989	5	3	64	6	1
West Arthur	989	5	3	64	6	1
Woodanilling	989	5	3	64	6	1
Kojonup	989	5	3	64	6	1
Cranbrook	989	5	3	64	6	1
Plantagenet	989	5	3	64	6	1
Albany	989	5	3	64	6	1
Denmark	353	6	2	22	19	3
Narrogin	353	6	2	22	19	3
Wagin	353	6	2	22	19	3
Katanning	353	6	2	22	19	3
Broomehill	353	6	2	22	19	3
Tambellup	353	6	2	22	19	3
Wickepin	353	6	2	22	19	3
Dumbleyung	353	6	2	22	19	3
Lake Grace	353	6	2	22	19	3
Gnowangerup	353	6	2	22	19	3
Kent	353	6	2	22	19	3
Municipal Councils of—						
Perth	414	13	8	26	19	1
Albany	414	13	8	26	19	1
Totals	£16,586	18	2	£1,078	2	11

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

QUESTIONS (2)—ROAD MAKING.

Main Roads Board Charges.

Mr. E. B. JOHNSTON asked the Acting Minister for Works: 1, What is the cost of the work performed by the Main Roads Board to date on the Perth-Albany and Chidlow-York roads? 2, What amounts have been levied on the various roads boards and municipalities who are alleged to have benefited from this expenditure? 3, Is he aware that all the local bodies concerned have objected to the claims made? 4, Is it the intention of the Government to introduce legislation to relieve the local governing bodies from the present and future claims and charges for any expenditure by the Main Roads Board? 5, If not, why not?

The ACTING MINISTER FOR WORKS replied: 1, Perth-Albany road, £114,028 9s. 8d.; Chidlow-York road, £22,351 5s. 2, The amounts levied against authorities in respect of works carried out to 30th June, 1927, are set out in attached statement. 3, Yes. 4, The matter will be considered. These

CHIDLOW-YORK ROAD.

Road Boards of—	£	s.	d.	£	s.	d.
York	633	6	8	41	3	4
Greenmount	243	16	3	16	3	6
Qualradung	243	16	3	16	3	6
Bruce Rock	243	16	3	16	3	6
Narabbeen	243	16	3	16	3	6
Beverley	243	16	3	16	3	6
Brookton	243	16	3	16	3	6
Pingelly	243	16	3	16	3	6
Cuballing	243	16	3	16	3	6
Narrogin	243	16	3	16	3	6
Wickepin	243	16	3	16	3	6
Corrigin	243	16	3	16	3	6
Municipal Council—						
York	80	8	3	5	12	4
Totals	£3,456	13	8	£224	14	2

Perth-Fremantle road.

Mr. NORTH asked the Acting Minister for Works: 1, Is he aware that the Perth-Fremantle road has been broken up badly between Claremont and Nedlands since the reconstruction work completed at the end of the summer? 2, To what does he attribute the cause? 3, What is the estimated cost of making good the work at this stage?

The ACTING MINISTER FOR WORKS replied: 1, The only fault detected was the lifting of top dressing in patches. 2, Heavy rains before bitumen set. 3, About £20.