

a five-roomed timber house would be substantially more than £942.

Mr. Watts: The cost would be colossal.

Mr. DONEY: Yes, it would be probably well over the £1,000 mark. I cannot see that there is anything whatever in the present building plans that gives prospect of any easement for housewives in the agricultural areas or, for that matter, for those anywhere else who have been waiting for the long-promised wonderful post-war period for the alleviation of their major worries, particularly those associated with their housing difficulties. These prices I have quoted are staggering and positively frightening. I cannot visualise people building at such cost. If they insist on having houses, they will of course have to build at the ruling prices, but I cannot see many of them being prepared to do so at such a cost. On the other hand, I can see them prepared to allow the Government to build houses that they will be able to rent in keeping with vastly lower constructional costs. In those circumstances, one can see the Government landed with a large number of unwanted houses. Then by and by when prices go down, as architects say they will, people may start building for themselves and, unless the prices of the houses already erected by the Government are substantially reduced, quite a lot of these houses will be left on its hands.

To revert to the comparison between building costs in the country and those obtaining in Perth, surely we are now at a stage in our social and political development where this vast disparity between metropolitan and country costs should be equated by legislation. I direct the attention of the Premier to that suggestion. I freely admit that such an equation will not be easy, but I assert that it can be done, not only with respect to the cost of housing but also to food, water supply, electricity, petrol and transport charges. Isolation itself defies equation although the aeroplane and the radio have to a marked degree tempered that disadvantage. I was one of those who accepted the invitation of the Premier to inspect the houses being erected in North Perth. I thought then that, having regard to all the circumstances, the job being done was quite creditable. Certainly the cost was excessive, but that was no fault of the Government. What disturbed me and always has disturbed me is the fact that no provision is ever made

in connection with the construction of these houses for big families. The houses I inspected were being erected for a family comprising the husband and wife, with one to four children. It must be plain to all that houses of that description are of no use whatever for families of up to ten people. Such families require a five-roomed or six-roomed house, with ample verandah space. The fathers and mothers of such families spend so much or, for that matter, owe so much for food, clothing and medicine that if they are to do justice to their children little money will be left for house rent. At this stage, Mr. Speaker, may I ask the Premier whether, in view of the time, I may have permission to continue my remarks at the next sitting of the House?

Leave to Continue.

THE PREMIER (Hon. F. J. S. Wise—Gascoyne): I move—

That the member for Williams-Narrogin be given leave to continue his speech at the next sitting of the House.

Motion put and passed.

House adjourned at 6.15 p.m.

Legislative Council.

Wednesday, 1st August, 1945.

	PAGE
Chairmen (Temporary) of Committees	39
Questions: Housing, as to applications from Eastern Goldfields	40
Potash, as to production, costs, etc.	40
Railways, as to cost, etc., of Garratt engines	40
Munition factories, as to alternative work for employees	41
Narrogin School of Agriculture, as to use for convalescent camp	41
Wire netting, galvanised, as to making supplies available	41
Bill: Supply (No. 1), £2,700,000, Standing Orders suspension, remaining stages	41
Address-in-reply, third day	46

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

CHAIRMEN (TEMPORARY) OF COMMITTEES.

The PRESIDENT: I desire to announce that, in accordance with the Standing Orders, I have appointed as temporary

Chairmen of Committees for the current session the following members:—Hon. V. Hamersley, Hon. G. Fraser, and Hon. H. Seddon.

QUESTIONS.

HOUSING.

As to Applications from Eastern Goldfields.

Hon. H. SEDDON asked the Chief Secretary:

(i) Have any applications been received for workers' homes, or houses under other Government schemes, from the Kalgoorlie-Boulder district, or any other centre on the Eastern Goldfields?

(ii) Have any applications been received for assistance from house-owners in any of the above districts to enable them to bring their homes up to standard housing requirements?

(iii) What is the policy of the board with regard to loans for the above purposes in these districts?

The CHIEF SECRETARY replied:

(i) (a) Pending applications for assistance to build under the Workers' Homes Act since 1937 total 141 as follows:—Kalgoorlie 114, Boulder 27, Coolgardie nil; total 141. None have been received in the last two years.

(b) Applications for tenancy of houses under the Commonwealth State Agreement total 134 as follows:—Kalgoorlie 99, Boulder 32, Coolgardie 3; total 134. An officer of the Workers' Homes Board is at present in Kalgoorlie investigating the merits of these applications.

(ii) No applications have been received by the Workers' Homes Board to renovate or recondition houses purchased or being purchased under the Workers' Homes Act.

(iii) (a) The board is not in a position at present, to make loans available to build under the provisions of the Workers' Homes Act. Its activities at the present time are confined to the construction of houses for rental purposes under the Commonwealth-State agreement.

(b) Advances will, however, be made to renovate or recondition existing Workers' Homes Board properties if a permit from the Directorate, War Organisation of Industry, is granted.

POTASH.

As to Production, Costs, etc.

Hon. H. SEDDON asked the Chief Secretary:

(i) What is the present daily output of potash from Lake Campion and in what form is it being marketed?

(ii) What is the selling price at the railway siding?

(iii) What was the total capital expenditure to attain the above output?

(iv) What has been the total capital expenditure to date?

The CHIEF SECRETARY replied:

(i) Ten tons per day of 50 per cent. quality. The product is being marketed in a moist form pending the installation of a dryer which is now under construction. The dryer will improve the quality by approximately 20 per cent.

(ii) The selling price at the siding is £24 per ton of potassium sulphate contained in the product. The price of the present 50 per cent. product is £12 per ton.

(iii) It is extremely difficult to arrive at a figure that would correctly answer this question.

(iv) The total capital expenditure to date has been £224,398, including interest but excluding losses on production. This expenditure includes research work and plant modifications which will be applicable to plant triplication.

RAILWAYS.

As to Cost, etc., of Garratt Engines.

Hon. H. SEDDON asked the Chief Secretary:

(i) What is the average cost of each of the Australian standard Garratt engines made at Midland Junction?

(ii) What was the cost of the engines of this type obtained from the Eastern States?

(iii) What is the tractive power in lbs. of these engines?

(iv) What is the running cost per 100 miles?

The CHIEF SECRETARY replied:

(i) £18,000.

(ii) £25,000 approximately. The purchase price of all ASG engines acquired from the Commonwealth Government is considerably less than the cost.

(iii) 34,420 lbs.

(iv) £15 17s.

MUNITION FACTORIES.

As to Alternative Work for Employees.

Hon. H. SEDDON asked the Chief Secretary:

In view of the issue of notices of dismissal (now temporarily suspended) to workers at the munitions factory at Welshpool and the cessation of operations on war work at this centre and at the Kalgoorlie munitions annexe, what steps is the Government taking to provide alternative employment for these and other workers?

The CHIEF SECRETARY replied:

The notices of dismissal in question were issued only to employees in the Fuse Section of the Welshpool factory. A considerable number of men and women are employed, and will continue to be employed, on war work in other sections of the factory. A conference was held yesterday between appropriate officers of the State Government and Mr. Brodribb (Controller General of Munitions Supply) for the purpose of discussing the best means of continuing Commonwealth Mmunition Factories and Annexes in operation after the war. In view of the acute general shortage of manpower, there is no difficulty in providing with alternative employment employees who might from time to time be retrenched from war work.

NARROGIN SCHOOL OF AGRICULTURE.

As to Use for Convalescent Camp.

Hon. A. L. LOTON asked the Chief Secretary:

(i) What arrangements were made between the Federal and State Governments when the former took over the Narrogin School of Agriculture for a convalescent camp?

(ii) What amount of rent was paid, if any?

(iii) What amount of compensation was paid, if any?

The CHIEF SECRETARY replied:

(i) The State Government's proposals made in May, 1942, when the Military

Authorities took over the Narrogin School of Agriculture as a convalescent depot, included the payment of £1,632 per annum as rental compensation plus £750 per calendar quarter to recoup the State the cost of wages, salaries and expenses incidental to running the farm. These proposals, though apparently acceptable to the State Military Authorities, were not ratified by Army Headquarters.

(ii) The State Government was eventually paid the sum of £1,508 1s. 1d. as rental for the period of military occupation, viz., the 5th May, 1942, to the 4th June, 1943.

(iii) £651 10s. was paid as compensation for the period the 5th June, 1943, to the 4th December, 1943.

WIRE NETTING, GALVANISED.

As to Making Supplies Available.

Hon. A. L. LOTON asked the Chief Secretary:

(i) Is the Minister aware that there is no galvanised wire netting available in Western Australia?

(ii) What steps is the Government taking to secure the necessary supplies?

(iii) Is it correct that owing to the shortage of coal supplies the manufacturers of galvanised wire netting in Western Australia cannot supply orders?

The CHIEF SECRETARY replied:

(i) Yes.

(ii) The only difficulty preventing local manufacturers from resuming the production of galvanised wire netting is the shortage of coal. The Government is and has been for some time taking steps to increase coal production.

(iii) Answered by (ii).

BILL—SUPPLY (No. 1), £2,700,000.

Standing Orders Suspension.

On motion by the Chief Secretary, resolved—

That so much of the Standing Orders be suspended as is necessary to enable the Supply Bill to pass through its remaining stages at the one sitting.

Second Reading.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [4.43] in moving the second reading said: By this Bill supply is sought to carry on the services of the State until the Estimates are passed by Parliament. These are in course of preparation, and will be submitted as early as practicable. The amount required under the Bill is £2,700,000, made up as follows:—

	£
Consolidated Revenue Fund ..	2,200,000
General Loan Fund	200,000
Treasurer's Advance	300,000
	<hr/>
	2,700,000

This amount is the same as that asked for in Supply Bill (No. 1) passed last session. For the first three months of the last financial year the expenditure from the Consolidated Revenue Fund, excluding special Acts, was £2,200,545. The provision of £2,200,000 for this year would therefore be sufficient for approximately three months' supply. Interest and sinking fund payments are included under special Acts and therefore do not require authority under the Bill. Loan expenditure is still restricted by war conditions, but it is hoped to expand developmental works as manpower and materials become available. The Advance to Treasurer is to meet special payments that cannot, for the time being, be charged to votes or accounts. Last year it was estimated that there would be a surplus of £1,673. The actual surplus was £4,490. Dealing with last year's revenue, the following is the position:—

	£
Actual Revenue last year ..	13,953,830
Estimated Revenue	13,584,871
	<hr/>
Actual Increase	368,959

The increase is made up as follows:—

	£	£
Taxation	168,888	
Territorial	31,042	
Business Undertakings ..	168,307	
Other	722	
	<hr/>	
	368,959	

Dealing with last year's expenditure, the following is the position:—

	£
Actual Expenditure last year ..	13,949,340
Estimated Expenditure	13,583,198
	<hr/>
Increase	366,142

The increase is accounted for as follows:—

	Increase. £	Decrease. £
Interest		4,957
Sinking Fund	3,123	
Exchange	3,165	
Social Expenditure		2,093
Pensions	4,587	
Other Public Works	20,304	
Business Undertakings	242,831	
Other	99,182	
	<hr/>	<hr/>
	373,192	7,050
Less Decreases	7,050	
	<hr/>	<hr/>
Net Increase	366,142	

War conditions still prevail and expenditure is still being incurred in connection with concession fares to soldiers, superannuation and leave payments on behalf of Government employees enlisted in the various Services, and for contingent items. All expenditure, however, is being carefully watched, and is confined to essential needs. As I have already indicated, it is hoped that with the possible approach of better conditions with regard to manpower and materials, it will not be very long before an expansion of developmental work can be embarked upon. I move—

That the Bill be now read a second time.

HON. H. SEDDON (North-East) [4.50]: We are now, of course, living under the new order—

Hon. C. B. Williams: They will be, shortly, in England.

Hon. H. SEDDON: We are at present, in Australia, living under the new order, and perhaps because of that it is interesting to notice that there are some things which have not yet changed. The Government has satisfaction in the fact that for five years surpluses have been recorded, which is a change from the monotony of the deficits we had for several years prior to that. From that angle there is a change. It is when we come to look at the figures for revenue and expenditure that we find that the same old story can be told. The surplus of £4,490 has been achieved out of the largest revenue that this State has ever had, and it has also been accompanied by the largest expenditure that the State has ever indulged in. As the Chief Secretary pointed out, the revenue was £13,954,000 and the expenditure £13,949,000, and taking those figures members will find that

the surplus works out at somewhere about .03 per cent. of either of them—either revenue or expenditure—which is a very small figure. It is a figure that might quite easily, and by a very small variation in any of the items which comprise either revenue or expenditure, have been just the other way about.

There is also this feature: While the revenue is so high, that revenue is very susceptible to slight changes in the economy of a country. It needs only a very small fall in a businessman's returns to affect his net income considerably. As regards the farmer, his income might be wiped out to a large extent—that is, as far as taxation is concerned—by a drought. A change in the employment conditions of a country has a very material effect on the revenue, as was demonstrated during the depression, and there are indications of variations in last year's revenue that should convey some warnings. We found, during the last depression, that, while the revenue fell away, the question of reducing expenditure was quite another matter altogether. Both the gentleman who was Premier prior to the depression and the gentleman who was Premier during the depression told us the same story. Each said that the expenditure in certain directions was like water—it could not be compressed—and, to carry the analogy further, when one tries to compress water one sets up all sorts of terrific strains. One of the effects of the depression was that there were set up, right through the community strains that caused some very violent results.

What were the factors that affected the revenue of the year which has just closed, and which affected the Estimates to the benefit of the community? The statement which was issued by the Premier shows that taxation was up some £169,000. The totalisator duty was £66,000 above the estimate; about 46 per cent. That is a very good indicator of prosperity. Probate duty was up some £65,000. I do not know whether we are prepared to consider that that is a war effect, but I am inclined to think that it might be, to some extent. Here is another point: Departmental revenue was down very considerably. With those factors to consider and when employment and earnings are at a higher level than they have ever been be-

fore, with taxation at a figure which makes the pre-war period look like an income-earner's paradise, and with rates of taxation that before the war we would have gasped at, the net result is very little either way. That, however, does not fully express the position. Taxation today is on a basis where no provision can be made by the taxpayer against a reduction in income, even though we have the "pay as you go" system. The margin is too small, and manpower and controls prevent expansion, so that a business man is all-out. That might be the explanation of the high probate duty; they are killing the old men off.

The Chief Secretary: Who?

Hon. H. SEDDON: They are killing the old men off, working them out. The business man is like the Treasurer; he finds that he cannot compress his expenditure to any extent. The only hope he would have would be to try to expand and take up new lines of business, but manpower and controls take all sorts of care that he does not do that. From those angles there is some very serious food for thought in the record of the last year, though it is on the satisfactory side, and though it shows a surplus. The other day Professor Copland, in a paragraph in the Press, pointed out that the policy of the department in fixing prices was rather to reduce margins in order to keep the profit just about what it was pre-war, than to allow profits to be made as the result of a reduction of expenditure. We also know that in many businesses certain articles and lines are subsidised in order that the price level to the public may be kept about the same. If that policy is to be put into plain English, it resolves itself into this: Efficiency in business is to be penalised, while bad figures are to be subsidised. That is part of the policy of the new order, and that policy can have only one result. It puts our economy in reverse.

There is another aspect of taxation that is arousing a considerable amount of attention. Although we are accepting the rates as imposed today, those rates are bearing very adversely on one section of the community as compared with another. There has, of course, been considerable discrimination between the position of the single man and that of the married man, and a further discrimination extended to the married man

with a family. But the important point is that these allowances are all made after the rate has been determined on the net income, and the consequence is that although those sums are deducted, the rate on the income is fixed at a higher rate than would be the case if those deductions had been taken first and the rate then fixed.

That was pointed out at the time of the introduction of uniform taxation. It works out in this way: If, for the sake of illustration, a man's net income is £1,000, the rate of tax is fixed on that sum and the deductions for dependants, medical expenses, insurance, etc., are made after that rate is determined. The rate rises more steeply as the income increases. A benefit would accrue to the married man with a family if the deductions had remained the same as they were previous to the introduction of uniform taxation. It appears to me that the deductions at present allowed are inadequate. If there is one thing more than another that has been driven home to the citizens of Australia under our system of rationing, it is the quantity and quality of clothing that can be obtained; and the full burden of keeping up the standard of the home, especially the standard of the children's clothing, falls on the mother. Even if the mother had the income to go to a shop to buy the clothes necessary for her children, she would find that the coupons were insufficient.

Hon. A. L. Loton: Not only for the children.

Hon. H. SEDDON: I am dealing with the children because they wear out their clothes quicker and grow out of them. There is this responsibility thrown upon the mother, and if she wants her children to be well and warmly clothed she can only achieve that object by purchasing the material and making the garments herself, because the material put into ready-made clothing is nothing like the quality of the cloth that can be bought in the piece. The war has had the effect of adding to the burdens of the mother in looking after the home, while the obtaining of domestic assistance is absolutely out of the question; it simply cannot be had. If this means anything at all, it means that the family income today is being earned by both the father and the mother, and the effect upon the mother, upon her vitality, is becoming more apparent today than ever it was before. In these cir-

cumstances, the least recognition that we can make from the standpoint of taxation is to say, "Very well, we will take the income earned by the two persons and divide it by two in order to determine the rate."

If the income is £1,000, under the present system the tax would be £350; but if we adopt the new principle which I suggest, then the rate which is fixed for £500, and which would yield £136 on that sum, should apply to the income of £1,000, giving a tax of £272 as against the £350. In that way the married man would reap a considerable benefit. The system would be fairer and would probably work out much more simply than the present complicated system. Although in view of the demands for taxation it might result in a high rate all round, it would be a benefit with respect to the family income. I commend the suggestion to the Government for the next Premiers' Conference, but not very hopefully, because the greatest factor in determining taxation is the war. However, I think we will all agree that the burden being carried by the mother is greater today than ever before. The other day some figures were published in "The West Australian" newspaper referring to the debt of Australia as a result of the war and the state of affairs which has been brought about in this country. According to the paragraph, in 1939 the Commonwealth and State debts amounted to about £1,300,000,000; and in 1945 the total was £2,588,760,000, roughly about twice as much. There has, however, been a considerable improvement in the interest burden. In 1939 it was £3 15s. 10d. per cent. average; in 1945 it is £3 0s. 8d. per cent., but even at the latter figure the interest bill works out at £78,500,000 per annum. That represents the interest on the debt as it stood at the 30th June, 1945.

Again referring to the family basis, this works out at £44 per family per annum to meet the interest burden alone. That is something to think about. It indicates that we cannot expect very much reduction in taxation generally; it also indicates that the burden is likely to increase rather than decrease, even if no attempt is made to reduce the rates lower than they are today. That is one aspect of Commonwealth finance. Another aspect is indicated in a paragraph which appeared in "The West Australian" on Tuesday last. It referred to the oversea trade of the Commonwealth and

pointed out that, excluding munitions, the exports were £117,800,000 and the imports £186,000,000, showing an adverse balance of trade of £68,000,000. That is what characterised Australian finance for very many years before the financial depression, and it was a very large factor in bringing about the depression. It will be said, of course, that the war has intervened, but the figures quoted exclude munitions. One is inclined to ask whether the figures are correct. The Commonwealth public debt figures for 1934 show that the works debt, overseas, was £64,000,000. I take it that that sum represents largely old debt, because I cannot understand why the Commonwealth Government would incur a debt of £64,000,000 for works after the war started.

We have been borrowing money very heavily in Australia, but it seems to me that there is nothing about that to be proud of, when we have such a tremendously adverse trade balance for the year which has just closed. The same paragraph also pointed out that civil imports amounted to £85,500,000, so that over £100,000,000 was incurred on Government account for governmental requirements of one kind and another. What does this mean? Does it mean that the Government has practically taken over the import trade of the country? Does it mean that goods are being imported by the Government for its own use, or does it mean that goods are being imported by the Government and afterwards retailed for civil use? If so, it looks as though we have advanced a very great distance further towards entire Government control than many of us thought we had, and we thought we had gone a long way. This matter needs to be cleared up. The public should get some enlightenment upon just exactly what is being done, particularly now that the necessity for secrecy with regard to Government policy and the expenditure incurred by the Commonwealth Government no longer exists. The figures are not encouraging when we consider that after all the manpower controls and the establishment of factories, we still had to depend to so great an extent on aid from overseas, aid from countries feeling the stress of war very much more than does Australia.

This is a matter that should be explained. The people should be given an explanation so that they may understand the position to

which we have now been brought. It may be said that the reason is the abnormal conditions of war, but these debts will be paid over a very long period and the overseas borrowings carry an additional burden by way of exchange. Having regard to the contributions that Australia was supposed to make to overseas countries in the way of food supplies and clothing, one wonders why the overseas borrowing is high and whether it could not have been reduced. I was under the impression that it had been reduced. I thought I saw some reference in the Press a little while ago to the repayment of certain loans in London. It was stated that a considerable amount had been paid off. At any rate, here is something that might well engage the attention of the Government in order that it might enlighten the community generally. I am raising the point now because of certain information that has been made available in regard to the period that elapsed between the 1914-18 war and the present war.

Some 12 months ago there was a reference in the Press to a publication by the League of Nations. It is entitled "International Currency Experience." It refers to the measures adopted in the various countries after the last war with regard to adjusting themselves to the new conditions, and the experience of every country is set out. Some interesting comparisons are made. The general conclusions are, roughly, that all countries were forced off pre-war gold parity as far as their currencies were concerned. That was to be expected. Various expedients were adopted by the different countries, but the general result was that everyone sooner or later had to come down to a new standard so that very few, if any, attempted to relate their currencies once more to the original measure of a direct relationship with gold. The tendency was rather in the other direction. The effect on primary producing countries has been made the subject of special comment, and the experience of the primary producing countries was almost entirely the same. In order to meet the situation into which they were brought as a result of their war expenditure the primary producing countries found themselves in a more difficult position than those which had well-established manufactures. They found that in attempting to adjust them-

selves to the new situation they were in a weak position owing to the fact that they depended on primary production and primary exports.

In Australia, as in other primary producing countries, our overseas income varies during the year very considerably. Our income is made available when we sell our crops. On the other hand our imports are spread more or less evenly throughout the year. The banking system usually took care of this during the pre-war period by using its elastic methods of adjustment of ratios, expecting the adjustment to be met when the crop was sold overseas. But with the disturbance overseas the effect on our economy of any reduction in the crop by drought, or other interferences was such that it could not be adjusted during the year. In other words, the loss was taken up—there was no other means of adjusting it under the old system—and the result was that the currencies of the primary producing countries, with one exception, were permanently depreciated. The one exception was the Argentine. The Argentine adopted a policy by which it divorced its currency into two separate fields. It had an internal currency and an external currency, and the external currency was handled entirely separately. It was able to effect such controls in the two that they cushioned the effect as far as its internal currency was concerned. The experience of Australia is well known. During the depression we got the full result and, although attempts have been made to keep our currency on an overseas parity, we eventually had to adopt the principle of a 25 per cent. depreciation. It would be very difficult to tell just exactly what relationship there is between our currency and that of other countries at present.

But there is one thing that we should have been doing and that is, we should have been putting ourselves in a position where we could maintain an established permanent favourable balance overseas. There is one factor that at present would help us to carry that out, so far as this State is concerned, and that is the factor that I hope this year will see put into operation, namely, that the goldmining industry is released from all the restrictions and controls that were imposed on it in 1942, and allowed to function to its fullest possible extent. That might help us

to some extent to get a more favourable trade balance established if, accompanying that, we develop our primary industries and our export trade in those primary products to the fullest possible degree in order to feed the starving peoples of Europe. Because of the disturbances that have taken place, especially in the destruction of currencies overseas, the finance for these exports will have to be arranged more or less on a basis of loans. But so far as Australia is concerned, it is in the position that it has quite a considerable amount of overseas slack to take up that would enable it to set-off the loans for the exports that it makes against the debts it incurred prior to and during the war.

It looks to me as if the policy for this country to adopt—especially the State of Western Australia—is to develop the primary industries of all kinds to the fullest possible extent and take away from them anything in the nature of restrictions and controls so that they may function at their highest efficiency. It appears to me, on present indications, as though the Commonwealth Government in its enthusiasm to adopt the German economy of restrictions and controls, is going so far as to adopt Hitler's method by placing itself in the position of being a debtor country and thereby forcing other countries to continue to trade with it in order to collect something of the debt that has been incurred.

Hon. A. Thomson: There might be something in that.

Hon. H. SEDDON: There are two policies and it appears to me that the present time is one that indicates the need for a change, and a change that will give gold its correct position in the economy of this State, quite apart from the question of using gold to place our currency in a much sounder position than it is under the present system. We can carry our ideas of a managed currency to a certain point; we might be able to carry them a good deal further if we were an isolated community and did not have to trade with the outside world, but Australia, if it intends to survive, must be linked with and make a full contribution, so far as production is concerned, to the needs of the outside world. Any illusions that we may have had about this have been effectively shattered since 1942.

It was said just the other day that there is now only one country in the world that could adopt a policy of complete isolation, and that country is Russia, with its tremendous expanse of undeveloped territory and its vast undeveloped resources. That may or may not be true, but it is interesting and significant to notice that that country, which apparently is in such a strong position as to be able to do that, has placed the production of gold as one of its highest priorities. I am quoting and emphasising this because unfortunately, whatever may have been said, the attitude that has been adopted to the goldmining industry and is still being maintained by the Commonwealth Government is anything but encouraging, and anything but helpful. On that point I will have more to say on the Address-in-Reply, but again I want to conclude on the note that now, if never before, there is a need and an opportunity for this State to become of greater importance, and to get on a more sound basis than it has enjoyed for many years by adopting this policy of developing its primary production to the extent that it is so capable of doing. Instead of restricting acreage and instead of restricting production we should give the greatest possible aid to those men who have proved themselves efficient in these industries to enable them to produce to the highest possible extent. I have much pleasure in supporting the Bill.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West—in reply) [5.28]: While I can express appreciation of the remarks of the hon. member, I feel sure that he does not desire that I should attempt to deal with some of the problems that he has submitted. I would like to point out, however, that wartime finance is a very complex matter. In view of the fact that we have now experienced war for something over five years, the people of the Commonwealth have a great deal to be thankful for. It is, perhaps, true that we are the highest taxed people in the British Empire, but I think it is possibly also true that we have felt the impact of war less than any other community of the British Empire. Whether we like it or not the operations of war have to be paid for, and the people as a whole have to foot the bill. It is, therefore, just a question as to what degree the

various sections of the people shall be called upon to meet that bill.

I would like to recall that in the early stages of the war this Government gave an undertaking to the Commonwealth Government, which is responsible for financing the war, that it would do all that it humanly could to make ends meet so that there should be no deficits to be provided for, and that we would endeavour to carry on the business of the State in a way that would meet the immediate requirements of the people and at the same time not increase our indebtedness. I think the mere fact that the State Government has, for the past five consecutive years, shown surpluses, small though they may have been, furnishes a very clear indication that it has carried out its undertaking and has at least succeeded to that extent. I know there is always criticism. People say there are many things the Government might have done that it has not done. There are some things that the Government has done that many people think it should not have done. The fact remains that most of those actions were dictated by circumstances with which the Government was faced.

While there is food for thought in some of the remarks by Mr. Seddon, I submit that the State Government has met the unprecedented conditions with which it was confronted, at least successfully. I also agree with the hon. member that his remarks dealt with matters that require consideration on the part of the Commonwealth Government rather than by the State Government. In any event, I think members can rest assured that the State Government is fully seized of the necessity of taking every care with regard to the finances and is giving every consideration to all aspects of that subject. The results that have been reported to this House from time to time and even the subject matter of my remarks this evening, serve to indicate that the Government recognises its responsibilities to the fullest extent and is endeavouring to fulfil its obligations to the greatest possible degree.

Question put and passed.

Bill read a second time.

In Committee, etc.

Bill passed through Committee without debate, reported without amendment and the report adopted.

Bill read a third time and *passed*.

ADDRESS-IN-REPLY.*Third Day.*

Debate resumed from the previous day.

HON. SIR HAL COLEBATCH (Metropolitan) [5.35]: In common with every member of this House, I deeply regret the circumstances that have made necessary the retirement of the Premier, Mr. Willcock. For between nine and ten years I was privileged, as Agent General, to be the servant of the Government and during practically the whole of that time Labour Governments were in power. No-one could have been treated with greater consideration than I was both by Mr. Collier and by Mr. Willcock. I take much satisfaction from the fact that for so long a period I was able to enjoy the confidence of two such men, and I trust that Mr. Willcock will long be spared to enjoy a measure of leisure that he so richly deserves. There is another point I must touch upon.

A little over 20 years ago I was travelling to England via the Eastern States and some eastern countries, and while in Brisbane I received a telegram from the then Premier of this State, Sir James Mitchell, asking me to ascertain if the Queensland Government could provide this State with the services of a man who was urgently needed to give advice regarding certain phases of agriculture in the North-West. I had three interviews with the then Premier of Queensland who subsequently said to me, "Yes, there is such a man. We do not want to lose him, but we are anxious to help your Government, and it may be that the man will be able to better his position." I asked, "Where is the officer?" I was told that he was away in the North and a telegram was despatched asking him to meet me at Townsville. Later, half an hour's conversation with the officer convinced me that he was just the man this State required. His services were promptly secured. That young man is our present Premier, Mr. Wise. I think the State is under an obligation to the Queensland Government for having lent us his services in the first place, and I certainly congratulate Mr. Wise upon his appointment and the Labour Party upon the wisdom of its choice.

I shall not occupy the attention of the House for very long this evening, but I desire to remind members that during a previous session we took the responsibility dras-

tically to amend a Bill, which was called "The Commonwealth Powers Bill." Our action led to the taking of a referendum throughout Australia and the vote of the people at that referendum upheld the course that we adopted. The main effect of that has been to cast upon State Governments and State Parliaments responsibilities that they would otherwise not have had to shoulder, responsibilities which I am sure they are willing to face and will do their utmost to discharge. Amongst other things, and above all other things, there is the task of reconstruction after the war. We are co-operators in that task. The Commonwealth Government attempted to relieve us of that responsibility and to do the whole job itself. However, we have become co-operators and perhaps the most essential feature of that job is to see that full employment is provided for our people or, in other words, to see that a depression shall be avoided. Three publications have recently appeared dealing with this matter, to each of which I have given very careful consideration. The first is the British Government's White Paper. Then there is Sir William Beveridge's book entitled "Full Employment in a Free Society" and finally there is the Australian Government's White Paper dealing with full employment in Australia.

These pamphlets resemble each other very closely although one is the work of a Conservative Government, another the work of a Liberal member of the British Parliament and the third is the work of the Labour Government in Australia. Perhaps it is not surprising that it should be so, because, no matter what our political ideas may be, all agree upon the necessity for securing full employment for the people and it is therefore only on matters of detail that these three sections of the community differ from each other. I have no doubt that anyone who believes in government control and government planning will be inclined to accept the Australian document at its face value, and will go so far as to agree with the document in those cases in which it is shown that there will be difficulties, but that no doubt they can be overcome. It is a wise policy not to take fences before one reaches them, but when one starts out on a journey it is well to recognise that the fences are there.

People have different points of view. People who are not favourable to govern-

ment regulation, government planning or government control are inclined to place their confidence rather in free enterprise and personal initiative. Such people would look upon these documents with more critical eyes. I confess I am in that latter class. Let me say this: A policy contemplating a big departure from previous methods should be strong enough to stand up against any criticism. I say also it is quite wrong to suggest that the depression which followed the last war was due to the failure of the old system. I do not care what name may be applied to that old system; the old, free capitalistic system did much in many countries to advance conditions during the century preceding the war of 1914—and the depression following those hostilities did not arise from the breakdown of that system. It arose partly as the inevitable consequence of the disastrous losses of war and partly—chiefly, I think—through government interference and government planning.

The highest economic authorities in every country throughout the world are unanimously of the opinion that the depression that preceded and led to the present war was due to acute economic nationalism and the failure of countries to trade with each other. All that was due to government planning, just that self-same government planning that it is now suggested will be our salvation. Through the courtesy of a Federal member, I have received a copy of the Commonwealth Government's policy for full employment in Australia. I am very sorry to know that there are few copies available, and I would suggest to the Chief Secretary that some arrangement might be made whereby members of the State Parliament would be furnished with all Commonwealth White Papers dealing with matters in which the co-operation of the State with the Commonwealth is necessary.

Hon. A. Thomson: Hear, hear! It is long overdue.

Hon. Sir HAL COLEBATCH: I earnestly recommend members to read this White Paper. Although there is a great deal in it with which I do not altogether agree, it is an excellent paper, well compiled and full of most interesting information. Over and over again it is emphasised in this White Paper that the success of the scheme will depend upon complete co-operation between

the Commonwealth and the States. Therefore I repeat that it is desirable that every member should have a copy of this document and should study it carefully.

Another matter I wish to point out is that, up to the present, I do not think it can be claimed that the success of government planning has been proved. I do not think that the advocates of the system can claim more than that it is in the experimental stage and that it is an experiment in which they believe. Let me give one or two instances to illustrate how planning has worked. After the 1914-18 war, the price of wheat went to 7s. a bushel. The Governments of Canada and of the United States of America, the two chief exporting countries, put their heads together and said, "This price shall be maintained. The Continent has to have our wheat and must pay for it." What was the result? I think it was about April, 1927, when I spent a month in Rome, and on many occasions I had long conversations with the Director of the International Institute of Agriculture. He was then compiling a syllabus for a conference to be held in Geneva in October of that year. He showed me the syllabus.

Most of the questions set out for discussion were related to the problem of how the world could be saved from a famine in wheat? That was in 1927. The experts failed to recognise the consequences of planning—planning by the United States and Canadian Governments—which meant the expansion of production in every country, including Australia, and the contraction of consumption everywhere. In France the Government was paying 15s. a bushel for wheat grown on land which was quite unsuitable for such production. In Italy, Mussolini banned the use of white bread in order to cut down the quantity of wheat required. So the consequence was the complete collapse in the price of wheat, which was one of the essential elements of the depression. There is a local instance of inefficient planning which might be mentioned. A session or two ago, we had before us a Bill to deal with certain details connected with the policy of converting cheap wheat into dear petrol or motor spirit—I do not know whether it was dignified by the name of petrol. What happened? Something like £2,000,000 has been spent on the erection of four plants and now no wheat is available.

In any case the plants could not be operated unless wheat was very cheap and motor spirit extremely dear. This is a small instance, but it is one of many of the planning gone awry.

Another instance, perhaps most remarkable in view of the advice obtained, was in regard to the price of silver. Silver went up to 7s. per ounce after the 1914-18 war. In two half-crowns there was only one ounce of silver, and that was when this coin was a comparatively pure article. The British Government found that people were melting down the coins and selling the resulting silver, and the Bank of England was instructed to obtain the best expert opinion possible to say what ought to be done. Expert opinion was obtained, and the decision was unanimous that there was no chance of the price of silver coming down. Consequently the British Government decided that the silver coin must be adulterated, and so work was commenced to that end. The Master of the Mint in London gave me a full statement of the whole business. First one combination was tried and then another until the experts obtained what they thought was a suitable article. By that time, however, the price of silver had declined to 2s. 6d. an ounce. Those are instances showing how difficult planning is.

It has been said—and I think truthfully—that successful planning requires only two qualities—omnipotence and omniscience. Omnipotence—complete power—is the fancied and fleeting possession of the dictator; omniscience, I think, is the exclusive prerogative of the very young. Consequently it is not to be wondered at if a good many people are extremely doubtful about the efficacy of planning. In considering Beveridge's book and the Commonwealth White Paper, I struck what I might call three snags. Each paper speaks of full employment in a free society. That is very important. No one doubts that under a dictatorship, for a time at all events, full employment can be arranged. But how are we going to have full employment and a free society? Yet each of those papers emphasises the necessity of those two things. I find it rather difficult to reconcile freedom with complete planning and Government control.

From the workman's point of view, how can we reconcile it with the necessary mobil-

ity of labour—that labour must be shifted as required and engaged in such industry as the Government directs? How are we going to reconcile it with the freedom of the employer who is to be told what industry he is to engage in and how much he is to produce? Going a step further, how can freedom be reconciled with the privilege, insisted upon in those papers, of the Government to create money as it desires? It is an old saying—and I believe a true one—that the whole history of freedom is the history of the limitation of the power of governments. When we give governments the power to create money as desired, it is the end of freedom. So I find that the first snag is how the reconcile any scheme for full employment with a free society.

The second snag relates to wages. Beveridge insists that his scheme depends entirely upon observance by workers of certain conditions. Let me quote from his book—

Irresponsible sectional wage bargaining may lead to inflationary developments which bestow no benefits on the working class, which spell expropriation for the old-age pensioner and the small rentier, and which endanger the very policy of full employment whose maintenance is a vital common interest of all wage-earners.

The Australian White Paper follows on exactly the same lines. Both parties say that if any section of workers is going to take advantage of a favourable bargaining position to force an increase, the scheme must collapse because it would mean, since practically all costs are in wages, increased wages must mean increased prices, placing other industries at a disadvantage, a disadvantage that will often compel them to cease operations. In Beveridge's book, the following appears, and there is a paragraph resembling it in the Australian White Paper:—

In the new conditions of full employment, wages ought to be determined by reason in the light of all the facts and with some regard to general equities, and not simply by bargaining powers of particular groups of men.

What does that mean? It means the fixing of wages by tribunals. It means that the tribunals must be obeyed and obeyed fully. It also means that the tribunals, in arriving at the amount of wages, must be influenced not entirely nor principally by the circumstances of the particular industry, but by the general economy of the country. I think that is an admirable idea. The need

for it is emphasised in the Australian White Paper. But is it a policy we are likely to see adopted in Australia? It might be in accordance with Labour Government policy, but I am afraid it is not in accordance with Labour Government practice in recent years—either State or Federal Labour Government.

Had time permitted, I should have liked to quote extensively from this Australian White Paper. As it is, I shall have to ask members to accept my word that these things are insisted on as vigorously in the Australian White Paper as in Beveridge's report, and again I recommend members to read the document carefully for themselves. Reference is made to industries supported by tariffs or by natural protection. By natural protection, I mean industries that have not to stand up against any outside competition. There is a very interesting paragraph in the Australian Government's report which says that, while it is desirable that tariff assistance be rendered to the supporting of industries suitable to the country, this must not be abused, and these industries must be entirely subject to the Tariff Board. That has not been the case in the past.

I remember when I was sitting on a Commission some years ago in Sydney, an employer in an important industry said that Sydney employers did not care how high wages were so long as they were the same all over Australia and outside competition was excluded by tariffs. That was the generally accepted idea at the time, but Beveridge's report and the Australian White Paper say that that sort of thing must not happen, but that wages and conditions must be fixed having regard to their effect on other industries, primary as well as secondary. It sounds a very desirable consummation, but I regard it as a snag, because I do not think we are likely to get the Australian working man to agree to it, and I am afraid there is very little tendency in Australian political parties to agree to a policy of that sort. The third snag, to my mind, relates to money. To this I have already made reference, but I want to indicate that in all three policies, there is a suggestion that government expenditure must be increased whenever private expenditure slackens. How is the money for that expenditure to be obtained? Again each policy discusses it. If the money is to be obtained by increased

taxation, obviously it will have the effect of withdrawing money that is needed for private industry. If it is to be obtained by loan, there is the same defect and it builds up burdens for the future.

So each of these policies of full employment seems to contemplate that it may be found necessary for the Government to create money, and it is suggested that there should be a different outlook in the preparation of the Budget. Instead of the Budget being based on money, it should be based on manpower; there should be no aim at balancing the Budget every year; but it is insisted that an ultimate balance must be obtained over a period. I do not know that that is a very safe condition. I do not know how long it may take a Government to decide the time has come when it ought to balance its Budget. Then, of course, there is the danger that, under political pressure, any Government—I am not referring particularly to Labour Governments—is likely to take advantage of this idea that it need not balance its Budget. Mr. Seddon referred today to a statement by Professor Copland—members have probably all read it—in which he pointed out that the danger of inflation in Australia was by no means past, and that the greatest care must be exercised. Again I point out that over and over again this Australian document, issued by a purely Labour Government, insists on the necessity for preventing inflation.

I am glad to think that a change of opinion has occurred since the time when our own Legislative Assembly in two sessions passed a motion demanding that the Commonwealth Government should finance the war, public expenditure, and social services by Commonwealth Bank credit without taxes or loans. It is refreshing to think that that idea has been entirely abandoned, and by nobody more completely abandoned than by the Commonwealth Government, as a perusal of this paper will show. It is also insisted that there should be a decrease of government expenditure when private expenditure is active. That is all right but will it be carried out? We are told that one of the first undertakings of the Commonwealth Government after the war will be the unification of the railways of Australia. That is something highly desirable. We all want it; it would be a convenience to everybody. But I am not alto-

gether impressed with the rather petulant utterances of Sir Harold Clapp in this morning's paper. His attack upon the State Governments and the State Premiers seemed to me to be quite uncalled for.

Desirable as the unification of railways is, I think that those who support the idea of the work being put in hand immediately should be prepared to meet and answer criticism. To my mind, there are two or three points that need consideration. First of all, will this work be immediately productive? Will it be productive to the same extent as an equal sum of money—an enormous sum is contemplated—spent in other directions? I would infinitely prefer, although they are not on so large a scale—I speak without knowledge of the technical details—such schemes as the State Government has put up for additional water supplies and electrical services. They are things that will contribute to immediate production. But whether it is desirable immediately after the war, and without regard to how much labour is available, to embark on enterprises such as railway unification, I do not know. How is the project to be financed? The possibilities of taxation, loans and currency creation come into the picture and the figures quoted by Mr. Seddon show how dangerous it may be to embark upon an undertaking of this kind at a time when all the resources of Australia in finance and manpower will be needed for the rehabilitation of our industries.

My own conviction is that after the war Australia will be faced with three great problems, and that on the satisfactory solution of those problems will depend not only all our ideas of social services and the betterment of the people but progress generally. The first of these three problems is: How can we establish and maintain a volume and value of imports sufficient to meet our oversea obligations and buy all the things we need? Again let me tell the House that this White Paper emphasises repeatedly the great need there will be for imports if our standards are to be maintained, let alone improved, and if progress is to be made. How are we to maintain a sufficient volume of exports to pay for the imports we shall need? The second great problem is: How can we maintain the purchasing power of the Australian pound? Without that, all other schemes will go awry. Already it has been

found highly necessary to increase pensions and child endowment. That had to be done. Why? Because of the decrease in the purchasing power of the Australian pound.

Unless some steps can be taken that will prevent any further and great depreciation of the purchasing power of the Australian pound, we shall be faced with the same calamity of inflation that wrecked practically every European country after the last war. Again, the Australian White Paper recognises this fully. The third problem we shall have to face—and the sooner we do it the better—is: How can we establish better relationships with the peoples of the Pacific? Most of us are old enough to remember the time when Japan counted for nothing. We know how quickly its community—then some 60,000,000 to 70,000,000 people—developed until it became, ten years ago, the strongest military power in the world. We know, too, how industrialisation in Japan altered her position and made her, incidentally, a good customer of Australia. In China there are 450,000,000 people, in India, nearly 400,000,000. Industrialisation in both those countries is certain to follow closely on the heels of peace. What does that mean? It means that there will be enormous communities which may, by co-operation, be tremendously useful to us, as we may be useful to them. It also means that without that friendliness, without that co-operation, they may become enemies that it would be impossible for us to resist.

It has been suggested that after this war we are going to enter into a new world where everything in the garden will be lovely. I am a bit sceptical about that. If I thought this war were going to result in an entirely new world in which everybody would be happy and contented, I should be inclined to say that we should erect a statue of gratitude to Hitler for having brought about the conflict. My conviction is that not only in those European countries that have been reduced to poverty, disease and starvation, but all over the world, the conditions following upon this war will be indeed hard. The post-war conditions in every country will be what the people make them. After the war there will be the same loves and hates, the same fears and desires, the same vices and virtues that have animated the people of the world from the beginning. My own

conviction is that we shall have to work hard; that we shall have to rely upon the efforts of our people; that we shall have to rely upon sound government; and if we run away with the idea that the Government can plan everything and arrange everything, and that all we have to do is to obey, the consequences of this war will be very terrible indeed.

I trust that in the post-war period there will be recognition of individual responsibility. For instance, so far as returned soldiers are concerned, I do not think it is going to be entirely a matter of what the law says, or what the Government does; it will be a matter of what each of us is going to do to repay the sacrifices they have made on our behalf. And so in all matters. There will be a responsibility upon the individual that cannot be shaken off. There will be a responsibility on the Government to see that the individual is encouraged and helped; and one of my strongest doubts about these policies of full employment in a free society directed by government control and by price-fixing—which too often has the effect of discouraging increased production—is that confidence may be taken away. And if confidence is destroyed, hope is destroyed. If those who are responsible for the development of private industries are constantly afraid that some government action is going to destroy them, there will not be that enterprise and that initiative which are necessary. I trust that nothing of that sort will occur; because, I repeat, our future will depend upon the men and women of Australia, and it is up to the Governments to see that they are encouraged in every direction, to use to the best advantage their enterprise and initiative.

On motion by Hon. W. J. Mann, debate adjourned.

House adjourned at 6.13 p.m.

Legislative Assembly.

Wednesday, 1st August, 1945.

	PAGE
Auditor General's report, Section "B," 1944	53
Questions: Infant health centres, as to nurses' salaries and Government grants	53
Railways—(a) as to cost, etc., of ASG engines	53
(b) as to alteration in control	54
(c) as to new loco. spark-arrester	54
Leave of absence	54
Address-in-reply, third day	54
Bill: Supply (No. 1), £2,700,000, returned	56

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

AUDITOR GENERAL'S REPORT.

Section "B," 1944.

Mr. SPEAKER: I have received from the Auditor General a copy of section "B" of his report on the Treasurer's statement of the Public Accounts for the financial year ended the 30th June, 1944. This will be laid on the Table of the House.

QUESTIONS.

INFANT HEALTH CENTRES.

As to Nurses' Salaries and Government Grants.

Mr. NORTH asked the Minister for Health:

(1) Have any infant health centres not accepted the new scheme whereby the nurse's salary is paid by the Department?

(2) If so, which centres?

(3) Will they still receive the £100 per annum grant?

The MINISTER replied:

(1) Yes.

(2) Claremont, and possibly Cottesloe.

(3) Yes.

RAILWAYS.

(a) As to Cost, etc., of ASG Engines.

Mr. STYANTS asked the Minister for Railways:

(1) What was the cost of construction of each ASG engine?

(2) What is the cost of maintenance of ASG engines per ton mile of haulage as compared with the Pr. class engine?

(3) How many ASG engines have had broken cylinder castings and bent connecting rods?