

is still the opinion of members of this House, so far as I can gather. Whether anything further will be done, remains to be seen.

Hon. G. Fraser: You suggest that that is the only interpretation to be put on the Act?

Hon. H. S. W. PARKER: It is clear, concise and distinct. If a landlord requires his house for himself—or for his wife or his children, I think—he is entitled to it. There is no question about that. That was my idea of the measure when it was passed, and I feel sure it was the idea of a great many members.

Hon. A. R. Jones: What about the landlord who takes the place back for himself, keeps it only a week and then leases it? I refer to business premises.

Hon. H. S. W. PARKER: I understand that there is a penalty for that. If not, if any amendment is suggested to provide for such a penalty I will be delighted to support it. I would support not merely a maximum penalty but a minimum penalty.

Hon. G. Fraser: Have you heard of the jokes that are going around about it?

Hon. H. S. W. PARKER: I am not in the know about those things. I have pleasure in supporting the motion.

On motion by Hon. H. K. Watson, debate adjourned.

House adjourned at 5.26 p.m.

Legislative Assembly

Tuesday, 14th August, 1951.

CONTENTS.

	Page
Questions: State Brick Works, (a) as to allocation of output and priorities	104
(b) as to output and deliveries	106
Lands, as to coastal settlement, Busselton-Albany	106
Railways, as to "W" class engines and trucks	106
Timber, as to sawmilling output and co-operation by association	106
Coal, as to production cost	107
Outports, as to Esperance debits and revenue	107
Traffic, as to motor cycles licensed and accidents	108
Housing, as to warrants for eviction and accommodation	108
W.A. Brickworks Pty., Ltd., as to reported closing	108
Leave of absence	108
Address-in-reply, third day, amendment, defeated	109
Speakers on Amendment—	
The Acting Premier (Hon. A. F. Watts)	109
Mr. Brady	117
Hon. J. T. Tonkin	120
Mr. Hoar	129
Mr. Graham	131
Mr. Grayden	137
Mr. W. Hegney	142

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

QUESTIONS.

STATE BRICK WORKS.

(a) As to Allocation of Output and Priorities.

Hon. J. T. TONKIN asked the Minister for Housing:

(1) What are the names of the persons or firms which receive regular allocations of bricks from the State brickyards, regardless of priorities established by other builders through earlier lodgment of orders and corresponding releases?

(2) What were the quantities of bricks in these allocations, respectively, for each week during the past three months?

(3) Does the State Brick Works give regular allocations of bricks, irrespective of date of lodgment of orders, to carters or builders who obtain regular allocations from other brickyards?

(4) Are the quantities of bricks which are allocated by the State Brick Works to the privileged buyers related in any way

to the quantities which such buyers receive preferentially, or otherwise, from other brickyards?

(5) If such preferential allocations are so related, by what method are the quotas arranged?

The MINISTER replied:

(1) and (2) As per table hereunder. The supply represents 27 per cent. of production for the period taken, the 4th May to the 27th July.

STATE BRICK WORKS.

Schedule of Weekly Brick Allocations to Commonwealth-State Rental Group Builders and Established Clients—For Three Months Ended the 27th July, 1951.

	MAY.				JUNE.					JULY.				Total.
	4th.	11th.	18th.	25th.	1st.	8th.	15th.	22nd.	29th.	6th.	13th.	20th.	27th.	
J. Singleton	1,750	1,750	1,750	1,750	1,750	...	...	...	...	...	...	1,750	...	8,750
A. T. Brine	3,500	3,500	3,500	3,500	3,500	3,500	3,500	2,750	3,500	3,500	3,500	1,750	3,500	43,000
P. Morgan	3,500	1,750	3,500	3,500	3,500	1,750	1,750	3,500	1,750	3,500	3,500	3,500	3,500	38,500
W. R. Brown	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	22,750
Plunkett's Building Co.	3,500	3,500	3,500	5,250	5,250	3,500	5,250	5,250	5,250	3,500	3,500	3,500	3,500	54,250
J. Glenn, Co.	3,500	1,750	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	43,750
C. W. Croft & Son	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	22,750
L. R. Lilleyman	3,500	3,500	3,500	3,500	5,250	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	47,750
Bandwell & Wood	3,500	3,500	3,250	3,500	3,250	3,500	3,500	3,000	3,500	3,500	3,500	3,500	1,750	42,750
Sandwell & Wood Precut	...	7,000	3,500	3,500	3,500	5,250	6,500	10,000	8,250	10,500	7,500	7,000	7,000	70,500
D. Drysdale	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,000
A. Thompson	1,500	1,500	1,500	1,500	3,000	1,500	3,000	3,000	3,000	1,500	1,500	3,000	1,500	27,000
A. Walters & Son	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	19,500
Woodall Duckham	...	...	...	1,750	1,750	1,750	3,500	3,500	1,750	3,250	1,750	1,750	1,750	23,500
Carr Bros.	2,500	2,500	...	...	...	...	...	2,500	2,500	2,500	2,500	2,500	2,500	17,500
J. Taylor	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	19,500
Bunning Bros. Precut	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	22,000
H. M. Henderson	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,000
Chamberlain	3,000	3,000	3,000	3,000	3,000	1,500	4,500	1,500	3,000	6,000	3,500	3,500	3,500	49,000
A. E. Allwood	3,500	3,500	3,500	1,750	3,500	1,750	3,250	1,750	3,250	3,000	3,000	3,000	3,000	37,750
McNally & Barker	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	25,000
Bunning Bros. (Mills)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Millars T.T. (Mills)	4,250	1,750	5,000	1,750	3,500	...	4,000	...	...	...	...	...	...	9,250
State Saw Mill, Deannhill	...	2,500	2,500	2,500	...	...	...	...	...	...	...	...	...	9,500
State Saw Mill, Shannon	...	2,500	5,000	...	2,500	...	...	...	2,500	...	...	...	...	10,000
State Saw Mill, Pernaberton	...	2,500	...	...	...	...	...	...	...	...	...	...	...	14,750
C. Anderson	3,500	3,500	3,500	1,750	1,750	1,750	3,500	3,250	3,500	3,500	1,750	3,500	3,500	38,250
J. Gooditch	3,500	3,500	3,500	4,750	1,750	1,750	3,500	3,500	3,500	3,250	3,000	3,000	1,500	40,000
	60,500	63,750	69,500	62,750	66,250	50,500	68,750	66,500	68,250	70,500	59,000	67,500	74,250	853,000

(3) Yes, as shown in table (answer to (1) and (2)), but no knowledge of regular supplies from privately owned brickyards.

(4) Inquiries always made on production of release as to what quantities of wire-cuts are to be used, but Commonwealth-State rental jobs, which do not require

releases as each contract is covered by an authority number, are not subject to such inquiry.

(5) Quotes would be arranged in relation to quantities required for outer walls. Wire-cuts from other brickyards to be used for inner walls.

(b) *As to Output and Deliveries.*

Hon. J. T. TONKIN asked the Minister for Housing:

(1) What was the output of the State Brick Works for the month of June this year?

(2) What are the names of the persons or firms to whom deliveries of bricks were made by the State Brick Works during the month of June this year? What were the dates and quantities of such deliveries, respectively?

(3) Were all deliveries which were made during June covered by corresponding releases issued by the Housing Commission?

(4) Of the total output of bricks for June by the State Brick Works what quantity was delivered to State rental group builders, established clients, industrial orders and persons who established essentially, respectively?

(5) Can June be taken as a typical month for the purpose of indicating the relative proportions of the output which are available to privileged and non-privileged purchasers of bricks?

The MINISTER replied:

(1) —

Run of kilns	.....	878,350
Blues	.....	29,000
Creams	.....	22,250
Fancies	.....	12,400
Radials	.....	850
Clinkers	.....	16,000
Special Reds	.....	4,700
Facing	.....	6,650
		<hr/>
		970,200

(2) A list has been prepared, but as the information sought is of a confidential nature relating to the clients of a business undertaking, it is felt that the purpose of the question can best be served by making such information available to the hon. member at my office.

(3) Yes, with the exception of the Commonwealth-State rental group builders and Government departments.

(4) —

Commonwealth-State group builders and prefabs.	.....	174,750
Established clients	.....	60,000
Industrial essential orders	.....	40,500
Public Works Department	.....	185,850
Public Works Department day labour	.....
Commonwealth-State rental group	.....	92,250
		<hr/>
		553,350

(5) Yes.

LANDS.

As to Coastal Settlement, Busselton-Albany.

Mr. HOAR asked the Minister for Lands:

(1) Is there any truth in the rumour that light coastal land from Busselton around to Albany is to be made available for dairying to large groups of Dutch migrants?

(2) If so, what are the details of such a scheme?

(3) If not, does the Government propose the settlement of these areas for agricultural purposes?

The MINISTER replied:

(1) No.

(2) Answered by (1).

(3) Plans are under consideration for the development of these areas.

RAILWAYS.

As to "W" Class Engines and Trucks.

Mr. STYANTS asked the Minister representing the Minister for Railways:

(1) What is the cost of a "W" class locomotive?

(2) Which company constructed the "W" class engines?

(3) Was import duty paid on them? If so, how much per unit?

(4) Is it correct that a local firm received commission on the contract? If so, how much?

(5) How many railway trucks have been scrapped and/or disposed of during the past two years?

The ACTING PREMIER replied:

(1) The average landed cost at Fremantle is £30,450.

(2) Beyer Peacock & Co., Manchester, England.

(3) No.

(4) The contract is with the manufacturers and there is no knowledge of arrangement existent between the company and local agent.

(5) 1,171 for the two years ended 30th June, 1951.

TIMBER.

As to Sawmilling Output and Co-operation by Association.

Mr. HOAR asked the Minister for Forests:

(1) Has there been any improvement in this State's sawmilling output during the last two months?

(2) What is the percentage increase for the months of June-July, 1951, on the 1938-39 monthly average?

(3) Is he still of the opinion that the associated timber industries are not fully co-operating in an increased production of timber? If so, what action does he propose to take?

(4) How many mills refuse to accept the new regulation "that 75 per cent. of the permissible intake must be cut in any one month" and what are their names?

(5) How many of these have had their permits suspended, and how many are now cutting timber without permit?

(6) What action does he propose to take to remedy this?

The MINISTER replied:

(1) Production figures for July, 1951, are not yet available, but those for the two months May and June, 1951, show an improvement over those for the corresponding months of 1950 to the extent of 124,586 cubic feet, or 2,492 loads. In view of the fact there was one more working day in the two months of 1950, the increase is even more significant.

(2) The July, 1951, figures are not available, so that June-July, 1951 figures cannot be compared with the average for 1938-39.

Excluding sleepers, the average production of sawn timber during 1938-39 was 15,234 loads; during 1950-51, it was 18,693 loads, or an increase of general cutting of 3,459 loads per month.

(3) Although production of sawn timber other than sleepers has shown a decided improvement, it is thought that much of the increase has come from the small mills, a great number of which have been established since 1939. The importance of these small mills cannot be determined without a closer study of the figures. There are indications that members of the Associated Sawmillers are co-operating, but there is still a large potential, not only in existing mills, but in mills being established. Any action to bring these mills into full production will depend upon recommendations of the Royal Commissioner.

(4) Six sawmillers controlling 20 sawmills, as listed hereunder, have objected to the application of the regulation relating to the cutting of 75 per cent. of the permissible output.

Bunning Bros.—Lyalls.
Bunning Bros.—Albany Road.
Donnelly Sawmills—Yornup.
Nyamup Sawmills—Nyamup.
Nyamup Sawmills—Tone River.
Adelaide Timber Co.—Wilga.
Adelaide Timber Co.—East Witchcliffe.
State Saw Mills—Shannon River.
Millars' T. & T. Co.—Mornington.
Millars' T. & T. Co.—Jarrahdale.
Millars' T. & T. Co.—Smailes.
Millars' T. & T. Co.—Jardee.

Millars' T. & T. Co.—Windmill Gully.
Millars' T. & T. Co.—Quinninup.
Millars' T. & T. Co.—Rocky Gully.
Millars' T. & T. Co.—Nanga Brook.
Millars' T. & T. Co.—Jarrahwood.
Millars' T. & T. Co.—Treesville.
Millars' T. & T. Co.—Palgarup.
Millars' T. & T. Co.—Mt. Barker.
In the case of Shannon River Mill

(State Saw Mills), objection has been raised only in view of the fact that the mill is in course of construction and until completed will not be in a position to comply with the regulation.

(5) Seventeen of the 20 mills have been permitted to continue cutting, pending the report of the Royal Commission. Three have not yet commenced operations.

(6) This depends upon the recommendation of the Royal Commissioner.

COAL.

As to Production Cost.

Mr. MAY asked the Minister representing the Minister for Mines:

What is the actual production cost per ton of coal won from—

the Stockton open cut;
the Collie-Burn open cut;
the Black Diamond open cut?

The MINISTER FOR HOUSING replied:

Costs of producing coal from individual mines or open cuts are not available.

For pricing purposes under the contract with Amalgamated Collieries, production costs of coal from the several mines and open cuts of the company are bulked and averaged over the company's total output. Coal from Collie-Burn open cut is supplied under a contract which does not provide access to production costs.

OUTPORTS.

As to Esperance Debits and Revenue.

Hon. E. NULSEN asked the Minister representing the Minister for Railways:

(1) What has been the amount debited by the Railway Department against the port of Esperance for the years 1948-49, 1949-50 and 1950-51?

(2) What has been the revenue for the above years?

The ACTING PREMIER replied:

(1) Excluding shore end handling and shunting the costs of which are not separable from other operating expenses—

1948-49—£3,757.

1949-50—£3,747.

1950-51—£3,271.

(2) 1948-49—£1,172.

1949-50—£9,266.

1950-51—£9,643.

TRAFFIC.

As to Motor Cycles Licensed and Accidents.

Mr. GRAHAM asked the Minister for Police:

(1) How many motor cycles were licensed during each of the last three years, respectively, to the 30th June, 1951?

(2) How many accidents involving motor cycles were reported during each of the periods, respectively?

(3) How many of the motor cyclists concerned were—

(a) under the age of 25 years?

(b) 25 years or older?

(4) In what number of these accidents was the responsibility considered attributable to motor cyclists?

(5) How many deaths in each year occurred of riders or passengers of motor cycles?

(6) How many other riders or passengers of motor cycles have been seriously injured in accidents?

The ACTING PREMIER replied:

(1) 1948-49—10,972 motor cycles licensed in State; 1949-50—12,890 motor cycles licensed in State; 1950-51—14,626 motor cycles licensed in State.

(2) The system of classifying and tabulating road traffic accidents throughout the State was not introduced until the 1st January, 1949, and figures for the quarter ended the 30th June, 1951, are not yet available.

Number of serious accidents in which motor cycles were involved reported (State)—1/1/49-30/6/49, 206 accidents in which 9 killed and 203 injured; 1949-1950, 626 accidents, in which 55 killed and 535 injured; 1/7/50-31/3/51, 611 accidents, in which 40 killed and 645 injured.

Persons killed and injured include motor cyclists, pedestrians and occupants of other vehicles.

Number of minor accidents in which motor cycles were involved reported in the metropolitan area only (excluding serious accidents above)—1948-49, 1,015; 1949-50, 1,036; 1950-51, 1,569. (No country statistics re minor country accidents available.)

(3) and (4) Motor cyclists between 17 and 29 years of age were responsible for—

1/1/49-30/6/49, four persons killed and 65 injured; 1949-50, nineteen persons killed and 219 injured; 1/7/50-31/3/51, eighteen persons killed and 294 injured.

Motor cyclists over 29 years of age were responsible for—

1/1/49-30/6/49, four persons killed and 25 injured; 1949-50, eleven persons killed and 77 injured; 1/7/50-31/3/51, ten persons killed and 63 injured. Age groups of all motor cyclists involved in accidents not available.

(5) and (6) Motor cyclists killed and injured—

1/1/49-30/6/49, seven killed and 121 injured; 1949-1950, forty-six killed and 405 injured; 1/7/50-31/3/51, twenty-eight killed and 427 injured.

Pillion passengers killed—1948-1949, one pillion passenger (metropolitan area only); 1949-1950, two pillion passengers (State); 1950-1951, twelve pillion passengers (State).

HOUSING.

As to Warrants for Eviction and Accommodation.

Hon. J. T. TONKIN asked the Minister for Housing:

(1) How many tenants who have been ordered to vacate by the court under the amended legislation have had warrants taken out against them?

(2) Of those who have had warrants issued against them, how many have found accommodation without having provision made for them by the Housing Commission?

The MINISTER replied:

(1) Twenty-one.

(2) Four.

W.A. BRICKWORKS PTY. LTD.

As to Reported Closing.

Mr. NIMMO (without notice) asked the Minister for Housing:

Has he read the notice in tonight's issue of the "Daily News" to the effect that the W.A. Brickworks Pty. Ltd. intend to close on account of unsatisfactory agreement with the Prices Branch? I understand that the W.A. Brickworks Pty. Ltd. produce somewhere in the vicinity of 2,000, 000 bricks per year and that with some help they could produce 5,000,000 bricks per year.

The MINISTER replied:

I have not seen the Press statement, but will have inquiries made.

LEAVE OF ABSENCE.

On motion by Mr. May, leave of absence for two weeks granted to Hon. A. A. M. Coverley (Kimberley) on the ground of urgent public business.

ADDRESS-IN-REPLY.*Third Day—Amendment—Defeated.*

Debate resumed from the 9th August, on the motion for the adoption of the Address-in-reply, to which Hon. A. R. G. Hawke had moved the following amendment:—

That the following words be added to the Address-in-reply:—"but we regret the failure of the Government to operate an effective system of price control and deplore the Government's long continued failure to recognise the serious nature of the inflation problem."

THE ACTING PREMIER (Hon. A. F. Watts—Stirling—on amendment) [4.45]: I might say at the outset, Mr. Speaker, that on listening to the remarks of the Leader of the Opposition last Thursday I could not escape the feeling that he was making his speech more or less pro forma, and that he lacked his usual enthusiasm and—shall I say—his ready capacity to state his facts in a somewhat convincing manner.

I think I might go on to say that, in substance, the gist of his speech was that Australia is menaced by the dangers of inflation and that something should be done about it. I propose to indicate that, so far as the State Government is concerned, whatever has given rise to the momentum of our economy towards the inflation that has taken place, has occurred not only outside the control of the State Government but also, I suggest, outside the control of many Governments internationally. I believe that most of the things that State Government, or indeed any other Government in Australia, could have done about it, have been reasonably well done.

Apparently the Leader of the Opposition believes that the present situation has arisen primarily from two causes, the first of which is the diversion of resources from essential to non-essential industry owing, apparently, to the abandonment of capital issues control for some considerable time and the abandonment of the control of prices of luxury and semi-luxury goods, together with the rapacity of profiteers. The hon. member also made some suggestions, towards the conclusion of his speech, which he indicated might be taken as courses of action for correcting the difficulty that exists—action that he apparently contemplated the State Government should take, because whatever criticism there is contained in the amendment is, of course, directed against the State. I do not know that an attack on the problem along the lines suggested by the Leader of the Opposition would do much more towards curing the trouble that exists than would the process of placing a fever patient in iced water. I submit that it might not even go as far as temporarily cooling the patient, which certainly that process might do to an individual.

It seems to me that the hon. member really loses sight of the root causes of the present trend, and I am not going to call it any more than a trend at the moment—for reasons I will advance later in my remarks—but I do think that there can be a good measure of unanimity as to what are the principal causes of this trend. It will be well for us, I think, to examine them and see how many of the causes, if any, are out of the control of a State Government or any other Government in Australia, and how many of them are completely, or partially, outside that control so that we may properly assess the value of the criticisms made by the Leader of the Opposition.

I think the first and most important of these causes is the great surge of postwar consumer-demand following six years of war. Let us think for a moment what was the position of most people in relation to the supply of a great number of commodities during the war, commodities which in these, shall we say, advanced times have come to be regarded as essentials or, in most cases, nearly so. On the one hand, they found themselves rationed by national security or other regulations; on the other hand, they found themselves, even if things were not rationed, unable to procure them because they did not exist in sufficient quantities, as manpower and materials had been diverted to some other use.

So, for a considerable period the situation was that they had been confined and cramped to doing without the things which were reasonably essential for their welfare and which they considered, as soon as opportunity offered, they ought to have. Therefore, I do not know that anyone could have made an appeal to them for very long to refrain from attempting to obtain any of these articles. They certainly would have in many cases resented it, and the net result would have been extremely grave dissatisfaction and a great deal of unhappiness and differences created among a large section of the community which, in times of peace, they could scarcely be expected to look forward to with equanimity.

Thus, as I have said, there was a tremendous surge of postwar consumer-demand, for those reasons. There was also a great expansion in the programmes of public and semi-public authorities, development and expansion of such things as power, the rehabilitation of railways, provision of water supplies, public works and many other activities of a similar nature which had, for like reasons, been suspended during the war, and also, to some degree, too, in the immediate years preceding the war because there had not been a complete recovery during the period from 1930 to 1933, although there had been a substantial recovery. So the competition between public and quasi-public local authorities for the supply of goods, local

materials and so forth did contribute—as competition of that kind will invariably do unless somebody with an iron hand is prepared to hold down the whole business which, as I have suggested, is not a proper attitude to adopt—to the considerably increased demand from those sources.

Then we come to one of the most important items, the substantial increase of income from production that was exported. That can only be regarded as something desirable. It was obvious there would have to be a considerable quantity of imports into the country to meet essential, let alone non-essential, requirements for the development of the country, the expansion of agriculture, the expansion of public works, to meet the migration problems and for other purposes, and unless the volume of exports, or their value, greatly increased, the problem of coping with that would have been very great indeed.

On top of that, there was the fact that for many years a number of our export industries had been sadly depressed, in many cases in extremely grave difficulties, and they were certainly entitled to relish the fact that greatly improved prices were available to them on the overseas markets on which they substantially depended, although the industries, in many cases, did consent to accepting far lower prices from the Australian people in order that they might make their contribution to the balancing of the Australian economy. However, there is no doubt that this substantial rise in the value of exports provided the means for those people, quite rightly in my opinion, to acquire the goods and services which they had done without, for one reason or another, for the best part of a quarter of a century, and it was high time that that opportunity was afforded them. But that aspect must be taken into consideration, when one comes to review the trend about which the hon. gentleman spoke on Thursday night.

Then I think, without indulging in criticism regarding this or the next following item, one must face the fact that it had some effect on the cost structure in Australia. Both of them had some effect. I refer, first of all, to the introduction of a 40-hour week. I do not think anybody denies that production either would diminish or, alternatively, the cost of keeping up production would somewhat increase as a result of that innovation. Also, I think, in a much stronger degree, the increase in the basic wage standard, which was conferred by the Federal Arbitration Court at the beginning and subsequently adopted by State Arbitration Courts, was a great contributing factor to the hastening of the trend of which the Leader of the Opposition complained.

I do not think that when the Arbitration Court in December last, if I remember rightly, gave its judgment in this matter, its members ignored that, because when

Judge Foster was giving his conclusions he made it quite plain that he believed there would be some increase in costs arising directly out of his own judgment. I repeat that there is no need to criticise the judge. He recognised that the effect must be taken into account in dealing with the problems that are before us today. In giving judgment he said—

Price increases are inevitable if wages are raised and that must be their effect.

That is one quotation from Judge Foster's remarks at the time he gave his decision. He also said—

Increasing wage rates produce immediate and secondary consequences. They bring benefits to the recipients; they increase costs and prices to all consumers.

So we must recognise that aspect in considering this problem. Now let us turn to the next one. The increase in the price of imported goods is quite outside Australian control.

At times it has been necessary to import goods into Australia, either because they were not manufactured here or to make up any lag in Australian production in other directions, and I suggest that this necessity has been greater in recent years because of the fact that we have a migration policy, put into operation by Mr. Calwell when he was Minister for Migration and continued by his successor, which brought about a very rapid increase, comparatively speaking, in the population of Australia. The needs and activities of these people have to be provided for and so imports, rather than being reduced, were considerably increased, especially in some lines.

The production in Australia, instead of maintaining the level attained at the end of the war, showed a considerable decline. None of those articles, or their prices, could in any way be controlled except perhaps as to margins—a small part of them—when they arrived in the State. The price was determined to a very substantial degree by the overseas price and the transport costs, over neither of which had we any control.

Some of these articles were raw materials which had to be used in Australian manufactures. Necessarily they forced up the price of the Australian manufactured article. Then the effect of the overseas price on locally-produced goods has to be taken into account. There had to be rises in locally-produced raw materials when their price was substantially or wholly determined by world parity. Another item that had a considerable effect on the last two, namely, the cost of imported goods and the cost of raw materials locally produced, whose price was to some extent dependent on world parity, was the devaluation of the currency, which had the effect of increasing the cost of those articles

and incidentally and indirectly, therefore, increasing the cost of the article in Australia.

Lastly, I should mention the rearmament programme being pursued to a greater extent than before in the countries of the western world. This created a demand for certain raw materials and manufactured articles and has undoubtedly had its effect on the price structure of the commodities we have desired to buy.

Since early in 1950 and irrespective of the extent and character of the economic controls adopted in the various countries of the free world in endeavours to cope with the situation, I think it can safely be said that no country has been able to avoid very substantial inflationary trends in its prices. I have obtained some figures with respect to Australia, the United Kingdom and the United States of America, and I suppose the public policies of those countries can be said to be widely different. The United Kingdom has all sorts of controls. We know the position in Australia.

The United States of America had control, then it did not have control, and now it has imposed some controls again. Thus a widely different policy has been pursued in each of the three countries. What has been the net result? Taking the base figure as at June, 1950, as being 100 in each of the countries, we find the following:—

	Aus- tralia.	United Kingdom	U.S.A.
Sept., '50 . .	102	107	108
Dec., '50 . .	106	115	111
Jan., '51' . .	109	118	115
Feb., '51 . .	113	120	117
Mar., '51' . .	120	122	117
Apr., '51 . .	117	124	not avail- able.

It will be noted that the rise in prices on those figures has been relatively higher in the United Kingdom than in either Australia or the United States of America.

Mr. Graham: Have you the Australian figures for 1948 as compared with 1951?

The ACTING PREMIER: Later on I may be able to oblige the hon. member. This was despite the multiplicity and ramifications of controls operated by the British Government which included control of prices, capital issues, allocation of key materials, distribution of industry and distribution of raw materials where Government departments are the sole buyers of raw materials from the producers. In 1946-1947 and 1947-1948 there were substantial increases in wholesale prices in Australia, the effect of which was not always apparent to the ordinary householder because some consumption goods were heavily subsidised. With the reduction of the Commonwealth subsidy payments when the States assumed price

control following the defeat of the Commonwealth referendum, previous and subsequent increases in the cost of raw materials were passed on to consumers with consequent rises in the retail price level.

Let us for a moment look at the subsidies as they stood before that time. In 1946-47, the subsidies paid by the Commonwealth to keep down prices amounted to £22,641,000, excluding the dairying industry. In 1947-48 the amount was £35,031,000 on the same basis and in 1949-50 it was only £7,577,000, so that between those two periods there was a difference of approximately £28,000,000 which had to be absorbed in the prices of a limited number of commodities. Consequently, I think it was a wonder that more substantial increases did not occur in the price of certain commodities, particularly after the withdrawal of the subsidies by the Commonwealth.

Mr. Graham: What is your view on subsidies?

The ACTING PREMIER: As a matter of fact, my view is a bit mixed. On certain lines subsidies serve a useful purpose; on other lines I am not too sure whether they pay the consumer because he ultimately gets his reward in higher taxation. It is an extremely vexed question and, at any rate, it is a matter in which the State cannot indulge either constitutionally or financially. Therefore I am free to confess that I have not given the matter a great deal of study, but I have told the hon. member such view as I hold on the subject.

In the last two years of Commonwealth price control, as I have mentioned during previous remarks in this House, prices rose by approximately 30 per cent.—those were the prices of goods, principally home-produced—or by more than twice the corresponding increases on goods principally imported. It is quite obvious, then, that the trend in Australia during the last two years of Commonwealth price control was running on faster than in the countries from which we imported such goods as we required.

Hon. A. R. G. Hawke: Have you the figures for each of those years separately?

The ACTING PREMIER: I think not.

Hon. A. R. G. Hawke: I thought not.

The ACTING PREMIER: Let us think also for a minute just what the position of the Commonwealth was during the greater part of the time, particularly prior to the two years I have mentioned when it had control of prices in Australia. Firstly, it pegged wages; secondly, it had a strict rationing system that limited demand; thirdly, export prices were in most cases fixed. There was the wool agreement where the average price was fixed from 13d. to 15½d. over a period of years and there were various other arrangements of

similar character, and in a great number of cases there was no ability for the commodity to find its own level on the world market.

Again, imports were heavily restricted for more reasons than one. They were discouraged by the Government; they were difficult to obtain and, if they could be obtained, they were difficult to transport. The higher prices overseas had scarcely begun to be noticed; there was no migration policy to accelerate demand, and again I refer to the fact that the 40-hour week did not exist and basic wage increases, divorced from the usual annual inquiry, had not taken place to accelerate the rise in prices.

Despite this, however, an examination of the statistician's index of wholesale prices shows that in the first two years of State price control, namely, from September, 1948, to September, 1950, the increase in goods principally home produced, namely, 35 per cent., was not significantly greater than for the preceding two years of Commonwealth price control. Notwithstanding that the States had lost the subsidies, and had to contend with the full blast of the various other incidentals to which I have referred, the rise was not significantly greater than for the preceding period of Commonwealth price control. Prices today, it is true, and in some aspects which I will mention in a moment, regrettably true, are considerably higher, relatively, than those of a few years ago.

The incomes of most people, however, are even relatively higher compared with 1948. The only people one feels really concerned about, at the moment, in this equation are those who have no means of increasing their income—in other words, those who are on fixed incomes such as superannuation and the like. They are the people who, I think we will all agree, are suffering from the effect of this trend. I am hopeful that so far as the fraction of them that exists in Western Australia is concerned, and so far as those to whom the Government has any obligation are concerned, we shall do something before this session of Parliament ends. But if we turn to the question of wages and prices since 1948-49 we find that retail prices for the period ended June last show an increase of 37 per cent. while for the same period the average weekly wage earnings for male employees are estimated to have increased by 49 per cent.

Mr. Graham: Over what period is that?

The ACTING PREMIER: It is for that ended June last.

Mr. Graham: Do you seriously suggest that the wage level increased by nearly 50 per cent. in 12 months?

The ACTING PREMIER: I had better check that during the tea suspension. The figures would be for the period ended June last, but I have them here as being for the year ended last June.

Mr. W. Hegney: And the relative value of the £, too?

The ACTING PREMIER: That does not come into the equation at all.

Mr. W. Hegney: The purchasing power of wages?

The ACTING PREMIER: The purchasing power of wages is calculated in that statement. If prices rise by 37 per cent. and wages by 49 per cent., then obviously there must be an improvement in the purchasing power of wages.

Mr. W. Hegney: The nominal wage is 49 per cent., but what is the effective wage?

The ACTING PREMIER: It is 12 per cent. on those figures—the difference between 49 and 37 per cent.

Mr. W. Hegney: No.

The ACTING PREMIER: There is no question about that whatever.

The Minister for Lands: He does not understand.

The ACTING PREMIER: The hon. member is trying to tell me that if he gets twice as much money and the goods cost half as much again, he is worse off, which, of course, he is not.

Mr. Graham: You have nearly convinced yourself of that.

The ACTING PREMIER: I do not need to convince myself. I was convinced last week, or even before that. I have to convince members. I know the topic is one which presents great difficulties to my friends opposite, but I am obliged to adhere to my point of view because it is the right one, I think.

Mr. W. Hegney: The nominal increase is 39 per cent.

The ACTING PREMIER: The figure I quoted was 49 per cent.

Mr. W. Hegney: That is the total increase.

The ACTING PREMIER: The figures for incomes of businesses, enterprises and farmers are not yet available for the last year, but undoubtedly those too will show increases greater than price rises for the periods of comparison. I notice in the course of the speech of the Leader of the Opposition that one of his proposals is to cut incomes from war loans by 50 per cent.—or perhaps I had better say from Commonwealth loans. I do not know what contribution that will make towards the relief of a section of our community. I should say the net result would be to reduce some people to a state bordering on penury.

Hon. A. R. G. Hawke: I dealt with that phase.

The ACTING PREMIER: It would affect those who are only in a situation to collect the reasonably low amounts of interest which are available on their savings thus

invested and who, in many cases, can be associated with those to whom I referred as being in the fixed income class.

Hon. A. R. G. Hawke: I dealt with that angle when I spoke on that particular phase.

The ACTING PREMIER: The hon. member made one or two other proposals with respect to the production of commodities covered by the basic wage system. He suggested that the Government should reduce taxation thereon, and subsidise output. Now, he offers this as a suggestion in the course of a speech in which he censures the Government of this State for not taking certain action. Apparently, therefore, it is implied that it ought to have taken this sort of action in Western Australia.

Hon. A. R. G. Hawke: Nothing of the kind.

The ACTING PREMIER: Then why introduce it in the course of a speech in which the hon. member moves that "we regret the failure of the Government to operate an effective system of price control, and deplore the Government's long continued failure to recognise the serious nature of the inflation problem." Therefore he makes a few suggestions about what ought to have been done, and these are two of them.

Hon. A. R. G. Hawke: In the last section of my speech I put forward a number of suggestions, on an Australia-wide basis, for dealing with inflation.

The ACTING PREMIER: I am quite unable, with every respect, and I have a great deal of respect for the hon. gentleman as he knows, to appreciate how, in a motion which is virtually one of censure of the Western Australian Government, he could introduce topics which could be dealt with only on an Australia-wide basis, to support his contention. As I observed a few moments ago, he suggested that the Government should reduce taxation on the items covered by the basic wage system. I should like to know what taxation we assess on them that we could reduce, because I do not know of any, as taxation appears at the present time to be the monopoly of the authorities that legislate from Canberra.

Mr. Graham: The duty stamps on receipts.

The ACTING PREMIER: That would be a tremendous saving, I am sure.

Mr. Graham: I am only trying to be helpful.

The ACTING PREMIER: The hon. member is, because he has lightened the proceedings a little. Now I shall turn to the subsidising of output. I do not know how the hon. gentleman proposes, if he does propose, that the State Government should deal with that. He is already aware—I think he commented on it in his speech on the Supply Bill—that the State is something like 35 per cent. or 40 per cent. dependent upon (a) its share of the uniform taxation, and (b) the Commonwealth

grants. I think, too, I would be correct in saying there would be grave constitutional doubts also, supposing the State had the finance available which it has not, in regard to subsidising under, say, the system carried out by the Commonwealth during the war. I do not think it could be done, even if we had the money. But without going into any constitutional argument, it certainly cannot be done for the former reason. It would mean, too, in effect, that the Government would be obliged to subsidise practically every item of domestic consumption. I really do not know where that would take us, supposing it was otherwise practicable.

There was one point in the speech of the Leader of the Opposition with which I have some sympathy, and that is his reference to the advertising expenditure. I think there is some justification for his plea that action in that direction might make some contribution towards a small reduction in the price of some commodities. But it would be only a small reduction notwithstanding that the expenditure seems very considerable. As the number of articles that are produced and sold by the firms who advertise in the manner he mentioned is very considerable, the reduction would only be fractional—and very small at that.

Let us turn now to the more domestic matter of the control of prices in this State. The Leader of the Opposition started off by observing that there was not any sufficient reference in the Administrator's Speech to the Government's intentions with regard to this problem. He said, if I remember correctly, that it was proposed to renew the operation of the Prices Control Act. I do not think that lack of any further reference can be construed as indicating that the Government is unaware of the position today. On the contrary, however, I believe that in the minds of most people it would appear to be a recognition by the Government that a continuation of the existing legislation is desirable and necessary. That legislation does not lack force, power or authority to do practically everything that is desirable—desirable at least in my opinion—in regard to the control of prices. The existing Act contains ample power and scope.

Mr. W. Hegney: Do you think State control is satisfactory?

The ACTING PREMIER: I do.

Mr. W. Hegney: You are the only one who does.

The ACTING PREMIER: No, thousands more do.

Mr. Brady: Those who are making the profits.

The ACTING PREMIER: There is ample power and scope in the existing Act to do all that can be done, so therefore all that is required is the renewal of the Act for a further period.

Hon. A. R. G. Hawke: Is there any power in the existing Act to prevent hoarding?

The ACTING PREMIER: If the Administrator's Speech had said that the Government did not propose to renew the Act, then I could understand the concern of the hon. gentleman.

Mr. W. Hegney: There is not much difference.

The ACTING PREMIER: There would be a great difference, as I think members will agree. If we said we were not going to renew it, he would have some justification for his concern, but the fact is that nothing of the sort was said.

Hon. A. R. G. Hawke: Can you tell the House whether the existing Act prevents the hoarding of goods?

The Minister for Lands: Did not the Leader of the Opposition introduce it?

The ACTING PREMIER: No, he introduced the Profiteering Prevention Act of 1939 or 1940. I cannot answer the hon. member's question. I have the feeling that the Act does so, but that is not a sufficient answer to give a responsible citizen such as the Leader of the Opposition, and so I will have to leave it at that for the time being.

Hon. A. R. G. Hawke: I think you are wise.

The ACTING PREMIER: I might add that the Prices Ministers are to meet in Perth on the 24th of this month, and the Prices Commissioners will meet prior to that—on the 21st inst.—when there will be discussed proposals for the recontrol of a number of items which were previously decontrolled, including some which were in the so-called "C" Series Index, and which were earlier decontrolled by agreement between all the States. When I say, "by agreement between all the States," the situation actually is that the decisions of these conferences, when carried into effect, have been on a unanimous basis and therefore there is something to be said when one realises that there are at these conferences equal numbers of each political school of thought in Australia, to wit, three representing Labour Party Governments and three that do not.

That has been the position for quite a period of years—in fact, ever since State price control commenced and continued. There is therefore something to be said for the fact that whatever has been done has been agreed to by Ministers and Governments of the same political persuasion as the member for Northam, as well as by those who are more closely associated with people who sit on this side of the Chamber. To return to the conference: The State Cabinet some time ago discussed the list which will be submitted for consideration. It will be readily realised that I am not in a position at this stage to particularise, as the matter must be submitted to the conference on the 24th of

this month, but it does indicate that certain actions have already been taken to recontrol a number of items, substantially because of the effect that they have on the cost of living, and because they were decontrolled some time ago on the assumption that it would be reasonable and proper to follow that course.

But I would say at this stage that the actual method adopted by the Commonwealth for the investigation of prices in industry generally and for the purpose of determining prices, and the methods used for the actual fixation of prices, have continued under State control. There has been no change. The Commissioner of Prices himself assured me only last evening—as is well known, he was the Deputy Commonwealth Commissioner in this State for a lengthy period—that there has been no change in the methods for the investigation and determination of prices, as between the present time and the time when Commonwealth control was in operation.

Hon. J. T. Tonkin: Is there no differentiation in retailers' margins as between the various States?

The ACTING PREMIER: They have been reduced in this State on four or five occasions in certain industries, and I propose to mention some of them a little later on. From this it will be seen that the general setup of price control did not vary substantially after the States took over control. Agreement was reached by the Ministers and Commissioners regarding uniform procedure in the determination of prices of goods manufactured in Australia and the subject of interstate trade, and also as regards imported goods distributed throughout the States on an Australia-wide basis and sold at uniform prices.

There are very few cost-plus orders in this State, the only ones in operation being those where prices cannot be fixed in specific monetary terms. One case, in particular, is in the furniture trade, where I understand it is extremely difficult to fix the prices item by item, and where, therefore, there are occasionally made orders on a cost-plus basis. That was—the Commissioner assures me—exactly the same procedure, and for the same reasons, as was followed under Commonwealth control.

Mr. Styants: Is not their margin of profit now 42½ per cent.?

The ACTING PREMIER: I cannot say, but at all events I understand it has recently been reduced. In the case of industries where the prices are fixed on a cost-plus basis, for the reasons stated, the financial position is reviewed regularly, and, with the increasing cost of manufacture or landed cost, the margins are reviewed for the purpose of adjustment. The same remarks apply, to a great extent, to goods imported from overseas.

Their price cannot be fixed until they arrive here. The margins are fixed by the Prices Commissioner after he has ascertained what the landed costs actually are, and those margins can be, and have been, varied from time to time in order to meet up with the increased price and therefore prevent an overall increase in the profit figure.

It may be mentioned here that the main reason for the increased price of imported goods is not the margin allowed to traders but the real cost of the goods landed in Western Australia. Many of the prices granted to manufacturers in the various States, including this State, have been the result of the very high cost of importing some, at least, of the materials which go to the manufacture of those goods. If manufacturers were not permitted to bring these increased costs into the price of their manufactured goods, Australia—and this State in particular—would find itself very short of many essential commodities.

As I said just now, distributors' margins have been reduced several times since the States took over control. The principal examples are clothing and soft-goods, both manufacturers', wholesalers' and retailers' margins having been decreased on two occasions; furniture manufacturers and retailers' margins having been decreased on two occasions; and floor coverings and kitchenware, which have also been included. In addition, by reason of the fact that in the case of a large number of goods only the bare increase in cost has been passed on, the percentage margins have thus automatically been reduced. These reductions in margins have been made notwithstanding the considerable increase in overhead costs.

For the purpose of calculating the net profit which the trader obtains and his percentage on capital, every care is taken to see that inflated capital is not brought into consideration. The net profit is calculated on the actual capital subscribed and borrowed money and reserves which are used exclusively in the business. Where capital is invested outside, it is excluded and in no instance is watered capital taken into consideration, so any company which appreciates its capital assets or waters its capital must pay its dividends out of the net profit allowed on real capital. I discussed that aspect with, and have quoted virtually the words of, the Prices Commissioner himself on the occasion, no longer ago than yesterday, when he and I dealt with that and other matters.

Interest on borrowed funds is not allowed as a charge against profit and loss; it is apparently regarded as part of the capital used in the business. Those are the principles that were laid down under the Commonwealth system and have been rigidly adhered to in this State ever since.

Unwarranted increases in directors' fees and management expenses are not allowed when ascertaining the true financial position of any company or trader. Many items of overhead expenditure that are not really applicable to the business are disallowed and in cases where these cannot be dissected, some paring in margins is made to meet the position.

No increases are approved to any industry until reference is made to its financial position and the ability of the concern to absorb increased costs is worked out. Increased costs have not been passed on in prices in all cases. The administration, following complete investigation of the financial position, has compelled many industries to absorb portion, in some cases a large portion, of these increased costs—particularly increases in wage costs. To say that the financial position of industry is not the subject of careful investigation is absurd.

A glance through the records of the department will show the many thousands of financial accounts which have been examined over the past years. Since the changeover to State control, the policing of prices has been much more rigid than it was under Commonwealth control and it is doubtful whether the policing of prices can be extended much beyond what it is today. Under Commonwealth control subsidies were paid on the following goods:—

Piece goods of all descriptions, but not including:

(a) Furnishing fabrics.

(b) Screen prints of more than seven colours.

(c) Plastics.

Handkerchiefs; pillowslips; bed sheets; mosquito netting; tea towels; towels; table cloths; calico and duck; milk; potatoes; wool; tea; butter; firewood (very little in this State); electric light undertakings; minor manufactures of an essential nature; fertilisers: arsenic—Wiluna Gold Mines; Pyrites—Norseman Gold Mines; imported tools; numerous items of hardware; certain chemicals (essential); jute goods; turpentine; earthenware and crockery (of an essential nature); cutlery (certain types); onions—imported; coir matting; mattress fibre; wire mattresses (manufacture of); freight—shipping and railway; oat and wheaten hay; chaff; sheep skin pelts—pickled; brushware and brush fibre; cotton waste; cotton yarn; fruit cases; oatmeal; a few other minor commodities and services.

As I said, virtually all those subsidies were removed when the States took over. As a matter of fact, I would say, from all the evidence before us, that no Australian Government can effectively keep down prices because today the whole matter is really an international problem.

While I must, of course, agree that it is highly desirable to do everything possible to ensure price stability, and while I say that everything reasonably practicable, in all the circumstances of the case, is being done, I must personally express some preference for the present position as opposed to that which existed in 1930 to 1933, or thereabouts.

Hon. A. H. Panton: Do you think there is any danger of getting back to that? That is what we are afraid of.

Mr. Marshall: We are on the road now.

The ACTING PREMIER: That is the strongest reason why there should be concern about the present position. At that time there were ample goods and few people able to purchase them; then poverty and distress was widespread but, today, with few exceptions, people have money with which to buy—a fairly strong purchasing power—and are reasonably happy.

Mr. Hoar: But you cannot stabilise that.

Mr. W. Hegney: With a four-roomed house costing £4,000!

The ACTING PREMIER: I said, "reasonably happy."

Hon. A. H. Panton: What is the definition of "reasonably"?

The ACTING PREMIER: It takes away the suggestion that they might all be completely happy. But, we must not lose sight of the fact that we have only to examine the records of such institutions as the savings banks to find that the position of the savings bank customer has very greatly improved in recent years. It may be that the extra money he has there will not buy him any more than the lesser amount which he had three or four years ago, but the fact remains that he has had surplus money to put there during the intervening period.

Hon. A. H. Panton: I think Mum has grabbed a bit.

The ACTING PREMIER: There are a great many customers of the savings banks—and that number is increasing and the amount per head is also increasing in just as great a ratio as the cost of living is increasing, which shows that that surplus is still maintainable. In fact, I think there are grounds for saying that price control in Western Australia has, in the main, done better than in any other State of the Commonwealth.

Mr. Hoar: Not according to the official figures.

The ACTING PREMIER: During the last session of the Commonwealth Parliament, in reply to a question asked by the Federal Opposition Whip, the statistical branch of the Treasury supplied figures showing the yearly increases that had taken place in the cost of living. The increase in 1950 was greatest in New South Wales, 13 per cent. Then came Victoria 11.9 per cent., South Australia 11.8 per

cent., Queensland 11.2 per cent., Western Australia 10.2 per cent., and Tasmania 10 per cent. So, there is at least some justification for my assertion that Western Australia has done better than any other State.

Recently the Commonwealth Statistician issued a statement covering retail price variations—the All Items ("C" Series) Index—for the June quarter of this year. This index embraces items of food, groceries, house rents, clothing, footwear, headwear, household drapery, household utensils, fares, fuel, light, recreation, smoking and other miscellaneous items. The weighted average index of the "five towns" in each State, compared with the previous quarter, showed increases in all States as follows:—

	per cent.
New South Wales	7.2
Victoria	7.2
Queensland	5.6
South Australia	8.0
Western Australia	6.7
Tasmania	7.6

So there again Western Australia was the second best of the six States.

Mr. Styants: Do they still return the rent for Perth for a four- or five-roomed brick house at £1 0s. 10d. per week?

The ACTING PREMIER: No, all figures for rents in Western Australia have been considerably increased since last year.

Mr. Styants: Yes, that 4s. was because of last year's legislation, but that still makes it only £1 4s. per week according to the statistician. That is ridiculous.

The ACTING PREMIER: The hon. member can express his opinion on that subject if he cares to do so. If he does, I shall be glad to listen to him. In bringing my remarks towards their conclusion it might be as well for me to make reference to something I saw in "The West Australian" on the 21st July, 1951. It really put into my head the idea that the Leader of the Opposition might not be entirely in step with some of the leading figures on the industrial side of his organisation. For here I have one, Mr. G. J. Keating, who is said to be the secretary of the largest union in Western Australia, saying on the 21st July, 1951—

"I believe in inflation because we have already had the experience of deflation," Mr. Keating said. "As far as I understand inflation, it simply means that the people have more money to spend; deflation, on the other hand, means that there is a surplus of things to buy but nobody with the necessary money to buy them."

When people talked of inflation, Mr. Keating continued, he was afraid that they thought of the position that had once existed in Germany, when the worker carried home all his wages "in a wheelbarrow." The position then,

however, was that the people had nothing to buy. Today there was something to purchase and consequently the so-called inflation the people were "getting so wildly excited about" was really good for the community. The business people had the goods to sell, the public the money to buy, and those conditions made the average man and woman happy.

Mr. Keating said that he did not regard the pegging of wages and prices as a solution of the present inflationary spiral as some had suggested; that was an international question. So far as prices were concerned, people in Australia at present were paying less for butter and sugar than in any other country in the world. "In any case," he added, "I am opposed to regimentation."

The Minister for Lands: A pretty sound man, Mr. Keating.

Mr. Styants: Plenty of sound and not much sight.

The Minister for Lands: He is the leading union secretary, at any rate.

Mr. Styants: He is the only one in step, according to him.

The ACTING PREMIER: I quoted Mr. Keating's remarks for the one reason that I have already tried to indicate: That there are some people who agree with him. I have seen no indication of any disagreement from leaders on the industrial side, so therefore I presume that some at least do agree with him.

There are some leaders on the industrial side who disagree with the hon. gentleman, but why I wanted to quote it more particularly—and this may interest the member for Mt. Hawthorn—is that Mr. Keating agreed with me on the point, which I have already indicated to the House, that this question of the inflationary trend is today an international problem and is something which is very substantially out of the control of any Government in this country for the reasons (a) we are so dependent on imported goods and (b) dependent on export prices, both of which, I say, are considerably out of our control. So I must whole-heartedly agree with Mr. Keating on that point whatever my sentiments, as I have already endeavoured to explain as well as I could, on the other general remarks by him.

Hon. A. R. G. Hawke: Does the Acting Premier agree with his general remarks on inflation in Australia?

The ACTING PREMIER: I think I have explained myself pretty clearly. I went so far as to state that there was an inflationary trend and also that it is highly desirable to do everything possible to ensure price stability. I think that answers the Leader of the Opposition's question. Nevertheless, there are some strong grounds for

the belief that if we can hold it at about its present level, it would be a lot better than the situation created during the years 1930-33—

Hon. A. H. Panton: Nothing could be worse than that!

The ACTING PREMIER: —with which I was not very closely connected and, as everybody knows, activity now, if there was less activity before, is more considerable on this subject, particularly in the national capital, so it will be quite clear, I think, to anybody that anything that can be done is likely to be done. I, of course, have to answer a charge concerning the Western Australian Government that it has failed to operate an effective system of price control and that its failure to recognise the serious nature of the inflation problem has been long continued.

Well, I suggest that there was no serious inflation problem until about six or seven months ago when, as I have said, considerable changes took place in our wage structure and, also, the effect began to be felt in the considerable alteration of overseas import and export prices and the rearmament programme. Until that time, while the trend of rising prices existed, there was little or no cause for concern except in the minds of two or three prophets like the member for Northam—because he was very diligent on Thursday night last in quoting the prophecies that he made as a very substantial part in his utterances to this House.

Hon. A. H. Panton: One or two people, who call themselves economists, were with him, too, I think.

The ACTING PREMIER: And one or two economists might have been against him, too! In a multiplicity of opinions one has to set one against the other very frequently in matters of this kind. I do say at this stage that I have given the House quite a few facts to endorse the statement that the Government of this State has succeeded, in the face of all the contributing factors, in doing as well, if not better, than any other Government in Australia and that there is nothing whatever to justify an amendment of this nature that the Government has failed to operate price control and less still to justify the charge regarding its long-continued failure to recognise the serious nature of the inflation problem, for the reason that this problem has not been apparent for more than a few weeks, even with the degree it is noticeable and, consequently, a long-continued failure in those circumstances is impossible. I therefore oppose the amendment.

MR. BRADY (Guildford-Midland—on amendment) [5.57]: I did not intend to speak to this particular amendment but I feel I would be failing in my duty to the workers in my electorate if I did not

have something to say in reply to some of the statements made by the Acting Premier.

Hon. A. R. G. Hawke: Especially the last one.

Mr. BRADY: I remember in 1949 supporting the then member for Avon in his advocacy that price control should be in the hands of a commission of three people in order that greater consideration might be given to the problem and prices made more reasonable. However, the resolution on that occasion was lost. I quoted a number of cases in relation to price control then and I am going to quote some more tonight. I suggest that the Government could bring down legislation to control prices of local commodities.

I remember quite clearly at the time the apple and pear legislation was going overboard, deploring the fact that it was likely to be lost and, as a consequence, the workers would be paying higher prices for their fruit. What I predicted has come to pass. Last week I paid 15s. for half a bushel of apples, but under the administration of the Apple and Pear Board those same apples could have been bought for 5s. a bushel. That is the sort of thing, together with others, that the Government could interest itself in.

The Minister for Lands: What would the grower be getting out of 5s. a bushel?

Mr. BRADY: That is for the Government to find out and do something about it. Apparently the people controlling the metropolitan markets are getting a tremendous rake-off. When the Acting Premier mentioned that he was about to quote from a newspaper article dated the 21st of July I sat up with surprise because I thought he was about to quote from the balance sheet of Mortlock's Ltd. for it was about that date the balance sheet of that firm appeared showing a profit of £250,000 from motorcar sales and accessories. If that does not convey to the Government that something is required concerning the fixing of prices of motorcars and accessories, I do not know what will.

Industry requires motorcars; farmers require motorcars, and they also require accessories. If firms like Mortlock Bros. are going to make a profit of £250,000 in Western Australia, the firms that buy from them have to pass the price on to the purchasers of retail commodities. I was rather disappointed, therefore, when the Acting Premier started to quote extracts other than those from the balance-sheet of Mortlock Bros. I feel the Government could very well interest itself in the great profits made by motorcar dealers and give the public some protection against such high prices.

Last week I did something which I do not usually do; I started to enter into the domestic side of the household. I went down the street to buy vegetables

and found to my horror that I had to pay 1s. 6d. and 2s. a lb. for tomatoes. Here again I feel the Government could do something to prevent people from being exploited. The producers say they are not getting anything like 1s. 6d. a lb.; very often they are not getting more than 8d. or 9d. Yet tomatoes are being retailed for 2s. a lb. in the shops.

Within the last month a man on a fixed pension drew my attention to the fact that he had been taken to court and had had his rent increased from 25s. to £2 a week. That was permitted under legislation passed by this Government.

Mr. Grayden: Which you supported.

Mr. BRADY: I am sure members of the Labour Party did not support the legislation, and I am of the opinion that if the Government wanted to do the right thing it could prevent these people on fixed incomes from being exploited. I moved an amendment that the proposed rent legislation should not apply to members of the public on fixed incomes or to pensioners, and I gave members on the opposite side of the House an opportunity to protect these people. They did not take that opportunity, and now they shed crocodile tears for the people I have referred to. Those tears should have been shed 12 months ago.

The man I refer to lived in a house which was priced at £900. While he was living in it the dwelling was sold for £1,300. On being brought to court to see what he should pay, one land valuator assessed it at £1,800, but another valuator said that the house was worth £2,200 on present-day values. It is on this legislation that the magistrates are making their decisions and as a consequence of the valuation being given as £2,200, the rent was fixed at that rate and the pensioner who was paying 25s. is now having to pay £2 a week as rent.

This legislation is most unjust and I feel the Government could well protect these people and try to help them. That is another case where I think the Government could do something and because of which I feel the Leader of the Opposition had every right in moving the amendment he did. When supporting the Leader of the Opposition in 1949—he was then Deputy Leader—I quoted the price of firewood. I said that it could be purchased before the war for 13s. 6d. a ton and that it had risen to £1 11s. 8d. Imagine my surprise when I went down to order firewood and found that it was £3 a ton!

Hon. A. H. Panton: And you have got to be very careful how they weigh it.

Mr. BRADY: This is where the community is being exploited under the system which the Government allows to continue. Why the workers and the trade unions are not in a state of revolution, I do not know. They are certainly taking a lot more than I would be prepared to see them suffer if I had the right to direct them. The basic wage

is not keeping up with the price increases and the margin as compared with the basic wage increase is out of all proportion. Yet we see these big firms making £250,000 profit and the Government telling workers they should be well satisfied with the wages they are getting for the work they are doing.

Another point that occurred to me when the Acting Premier was speaking is that he suggested the granting of the 40-hour week contributed to present-day high prices. I would like to remind the House, just as I did previously, that before the Full Court of Arbitration gave its decision on the 40-hour week it considered the matter for over 18 months, taking a great deal longer than it generally does. I doubt whether the court would have taken all that time had it been the employers who were applying for a decrease from 48 hours. The court considered the matter for a long time, covering all the points as to the effect it would have on the price structure of the Commonwealth, and it was unanimously of the opinion that the price structure of the Commonwealth and the economy could well stand a 40-hour week, and that whilst it may have a one or two per cent. effect on the prices of goods, it would gradually taper off.

Therefore I do not think that we can charge the 40-hour week with the responsibility for the increase in prices. There is another aspect. Reference has been made to the effect that the increase in wages had a bearing on the position. When the Acting Premier was speaking, I gathered the impression that he held the workers mainly responsible for the price increases. The charge for electricity has been increased twice, if not three times.

Mr. Marshall: Since the present Government took over.

Mr. BRADY: That is so. When the State Electricity Commission was appointed, I understand that the head was granted a substantial increase in salary, but the Acting Premier did not refer to this large increase and to other increases granted to such people. The tall poppies in control of Government concerns and in some of the departments are being paid handsomely for the work they are doing rather than the workers who are labouring for a 40-hour week and doing their best in the time.

Another direction in which the Government has acted unfairly, in my opinion, is by increasing the fares for workers travelling to and from their employment in railway vehicles. On the railway between Perth and Midland Junction and Fremantle and Perth the fares have been increased by 40 to 45 per cent., and yet the Government says that there is a decline in the volume of traffic and that this is making it difficult to carry on. For this the Government itself is responsible because it is encouraging private road transport to compete with the Government-owned vehicles.

Mr. Graham: And pick the eyes out of the business.

Mr. BRADY: If the Government were alive to the situation, it would be conducting all transport in the metropolitan area, instead of allowing private enterprise, as the member for East Perth remarked, to pick the eyes out of the business, and the people would then get the benefit of the revenue derived from road transport as well as from railway traffic. If the Government worked things properly, it could organise private transport in such a way that it could not compete with the railways, and then people travelling to the city would have to use the railways and the Government would be getting the revenue to which it is entitled.

There are two other points to which I wish to refer. The first is the price of eggs. This is another commodity, the price of which has risen steeply during the regime of the present Government. I believe the increase has been equal to 25 per cent. Whereas workers probably had two eggs for breakfast previously, they now have only one.

Mr. Ackland: They cannot afford the second one?

Mr. BRADY: No; the price of 4s. 7d. a dozen is beyond the ability of the average worker to pay. I understand that the high price of eggs is mainly due to the high cost that the poultry-raiser has to pay for feeding stuffs. Yet we find flour millers and others exercising a monopoly in the commodities that poultry-growers use.

If the Government did the right thing, it would institute an inquiry into the working of such monopolies and prevent their forcing up the price of feeding stuffs to producers. The flour mills are now putting the cocky chaff and screenings into the prepared mashies, and I suppose the poultry-raiser nowadays is paying £16 or £17 per ton for stuff which in prewar days was sold for £2 or £3 per ton. If some of our friends here present have shares in flour mills, they might well examine their consciences to ascertain whether they are not actually encouraging these monopolies to charge poultry-raisers excessive prices for feeding stuffs.

I considered it necessary to mention these matters lest members on the Government side might have been unduly impressed with the remarks of the Acting Premier in reply to the Leader of the Opposition. What the Acting Premier omitted to tell us was that the Government failed the people badly when it opposed the Commonwealth referendum on price-fixing. Had the Government been honest with the people and with itself, it would have advocated a "yes" vote, but it urged a "No" vote on the ground that we should not hand over this power to the Commonwealth.

I wonder whether members of the Government will advocate a "No" vote on the referendum next month and still contend that we should not hand over additional powers to the Commonwealth. Probably they will propose an entirely different policy. I believe that the Government is wholly—no, I shall not say wholly because it had no control in the matter of oversea prices—but largely responsible for the increase in prices in this State, and in allowing them to rise probably so that some of their supporters might fill their pockets, like the motor firm I mentioned earlier, as well as other manufacturing luxury goods when their efforts should be directed towards producing essential goods.

Sitting suspended from 6.15 to 7.30 p.m.

HON. J. T. TONKIN (Melville—on amendment [7.30]: I desire to have something to say on the amendment moved by the Leader of the Opposition. So that my remarks may be followed more closely, I propose to read the amendment, which is really in two sections. It is—

We regret the failure of the Government to operate an effective system of price control and deplore the Government's long-continued failure to recognise the serious nature of the inflation problem.

As the Acting Premier proved the second statement, by his own admission, I will not need to spend much time on it. The amendment states, "and deplore the Government's long-continued failure to recognise the serious nature of the inflation problem." The Acting Premier suggested that there was no serious inflation problem until about six or seven months ago. He followed that up with the astonishing remark, "For the reason that this problem has not been apparent for more than a few weeks."

So to the Acting Premier the problem of inflation, which the Leader of the Opposition said the Government had failed to recognise, has not been apparent for more than a few weeks. Does not that prove that the Government has failed to recognise it, if it has been there for more than a few weeks? The Acting Premier said it has not been apparent—I take it that means to him and therefore to the Government—for more than a few weeks. That is the charge made by the Leader of the Opposition, namely, that the Government has failed to recognise this problem.

Hon. A. R. G. Hawke: The serious nature of it especially.

Hon. J. T. TONKIN: I propose to quote from a copy of "The West Australian" of one day last year. I have not got the exact date, but the cutting I shall deal with can easily be found. It is from the financial columns of the paper, and the heading is, "Trade and Finance. Inflationary Trends Unabated." The report states—

Inflationary trends continued unabated, and would continue to do so until the ever-increasing cost of industry was counteracted by a higher rate of production, Mr. H. R. Howard told members of the Perth Chamber of Commerce in his presidential address at the annual meeting last night.

That would be about 12 months from now, yet this problem has been apparent to the Acting Premier only during the last few weeks, proving conclusively that the charge of the Leader of the Opposition that the Government has failed to recognise it has been substantiated. Mr. Howard went on to say, and this was 12 months ago—

If Australia were to extricate herself from the obvious dilemma in which she was already deeply involved, perhaps more than any other country in the world, it would be necessary to call a halt to the ceaseless demand for shorter hours and higher wages, and to realise that only by hard work and perseverance in producing greater value for the existing financial investment could Australia avoid the inevitable collapse which would be brought about by the inability of the country to compete in oversea markets. During the past year there had been a record number of applications to the Australian Tariff Board for protection, Mr. Howard went on. While protection was admittedly necessary in certain cases, it also indicated an unhealthy trend. If Australia hoped to find continued markets for exportable products, it must maintain reciprocity. Inflation was now the crucial problem of the Australian economy, and it was no exaggeration to say that if the inflationary problem were solved, most other economic problems would automatically disappear.

The Perth Chamber of Commerce is not an organisation of mushroom growth or a gathering of nitwits, but a gathering of responsible men in industry who ought to be in a position to know whether inflationary trends are substantial or not, and 12 months ago their president made that declaration on the position, and said the situation was crucial. But, according to the Acting Premier, inflation has been apparent only in the last few weeks. That is an admission that he, as an important member of the Government, has failed to recognise its existence, just as the Leader of the Opposition said.

So, I submit, there is not much need to proceed further with that contention because we have the admission of the Acting Premier that the charge has been substantiated. He has failed to recognise the existence of this serious problem which the president of the Chamber of Commerce regarded as being fundamental and went so far as to say that if it were solved, most of the other economic problems would

automatically disappear. About the same time, these important items, written by the financial editor, appeared in the columns of "The West Australian." The Leader of the Opposition quoted some of these figures when he spoke the other evening. The sub-heading is "Substantial Reward" and then there appears the following:—

Those investors who have had faith in Australia's expanding economy over the past 20 years have not gone unrewarded.

I would say that was putting it mildly. To continue—

The market letter of an Eastern States sharebroking firm points out that many investors in Australian companies have done very well in recent years, reaping substantial gains in lucrative dividends, —

A pretty use of superlatives well justified! That is my interpretation, and does not appear in the print, which continues—

—new issues at par or small premiums; bonus issues and capital appreciation. Many companies have prospered and expanded, moving from strength to strength, so that permanent shareholders have benefited exceedingly.

And all at the expense of the consumers, of course, as it must come out of the prices charged. For example—

An investor who bought 100 shares in Woolworths Ltd. for 50s. in 1930—

A mere 20 years ago—

—would now hold—

This is without spending any more money out of his own pocket—

—9,075 shares.

As a result of bonus issues and so on he would have shares which would have cost him £2,265 if he had had to pay for them. If he invested 50s. in 1930 he found that in 20 years the sum had gone to £2,265, all of which had to come out of the prices charged.

Mr. Marshall: All of which would be booked into the prices.

Hon. J. T. TONKIN: It goes on to say—

Their market value today is £12,364.

In addition, he would have received £3,066 in dividends for a 50s. investment 20 years ago.

The Minister for Lands: That is better than some of our investments, is it not?

Hon. J. T. TONKIN: If any attempt is to be made to keep prices at a reasonable level, I submit it can only be done by relating prices to profits. If we are to permit profit-taking of such tremendous dimensions as these it is futile to talk about stopping inflation. And so this problem, which the man in the street has recognised for months and for years, has gone

unnoticed by the Government until a few weeks ago, according to the spokesman of the Government! If the Government did not recognise this inflation difficulty until a few weeks ago, how could it be expected to have taken any action to deal with the problem? Of course the very first requirement for dealing with any problem is to recognise its existence.

Mr. Marshall: That is perfectly true.

Hon. J. T. TONKIN: Inflation is a matter which, on the Acting Premier's own admission, has escaped the notice of the Government until a few weeks ago, and it apparently escaped the notice of the Commonwealth Government also.

Mr. Marshall: Yes, it did not move, either.

Hon. J. T. TONKIN: It is a case, now, of too little too late, in the matter of the prices position, which has got completely out of hand. I propose to deal with some of the statements made by the Acting Premier, who had something to say about the same scheme being in operation now as was in operation under Commonwealth price control. I interjected and said there was some differentiation with regard to profit margins and the Acting Premier replied that in a number of cases, with which he proposed to deal, the profit margins had been reduced.

What he did not say was that in many more cases, with which he did not propose to deal, they had been increased. We departed from the general plan of Commonwealth price control early last year. Under the Commonwealth control we would not find a 20 per cent. retail margin in one State, with 18 per cent. in another and 22 per cent. in yet another. Under the Commonwealth there was a uniform system, but under State price control there is not; and this State went right out in the front with regard to increasing retail margins, and that by direction of the State Prices Minister. The State Prices Commissioner did not take this action of his own volition. He was directed to take it as a matter of Government policy and that at a time when inflation was already reaching serious proportions in Australia.

The McLarty-Watts Government, as a matter of definite policy, increased the retailers' margins over and above what had been operating under Commonwealth price control and so made the rise in prices much greater than it would otherwise have been, and accelerated the inflationary spiral instead of taking steps to check it. I do not wish members just to take my word for that, and I propose to quote somebody who should know. There is, in this State, a publication known as, "The Grocers and Storekeepers' Journal." It is the official organ of the organisation of retail grocers. This is what that journal had to say in its issue of February, 1950—

From their reading of this journal members will be well aware that their Association has maintained an incessant effort to have the position rectified. They will recollect the last case which it submitted to the Minister controlling prices at the end of September last and which was printed in our October issue. Following the submission of this case, your Association continued to press strongly for a prompt review of the trade's position and the Minister instructed that this be carried out.

Will members please notice that last sentence particularly? So, as a matter of Government policy, the Prices Commissioner was instructed to carry out a review of the retail grocers' position. The article, which includes the extract I have quoted, reads as follows:—

Members from sad experience—

That is, members of the retail grocery trade—

—are only too well aware of the urgent necessity for an upward revision in the overall retail margin on groceries. Over the last three years their trading margins have been rigidly controlled—

That is over the three years which covered a proportion of Commonwealth control and the early months of price control under this State Government. It goes on—

—and in many instances reduced, whilst their overhead expenses have steadily increased. The position has progressively become so acute that retailers generally have been seriously concerned as to the future of the trade and their personal solvency, many becoming so disheartened at the meagre returns earned, which were out of all proportion to the long hours of work and worry entailed in conducting a business under present-day conditions, that they disposed of their businesses. It is noteworthy that in the year ended the 30th September, 1949, a record number of businesses changed hands and it is a fact that over 400 retail grocers on the register of this association sold out during that period. The common explanation was that they were no longer prepared to bear the strain of the excessive hours necessary to maintain their businesses when they could relieve themselves of the worry and earn more by taking a job. From their reading of this journal members will be well aware that their association has maintained an incessant effort to have the position rectified. They will recollect the last case which it submitted to the Minister controlling prices at the end of September and which was printed in our October issue. Following the submission of

this case your association continued to press strongly for a prompt review of the trade position, and the Minister instructed that this be carried out. The prices office undertook an extensive check of a number of representative businesses. This investigation took some weeks to complete. A number of conferences were also held between representatives of your association and prices officials who discussed the best method of granting relief to the trade. It will be recollected that in its case the association submitted figures showing that the overall gross profit on cost had been reduced to 17.7 per cent. and that overhead expenses amounted to 16.6 per cent., leaving a net profit of 1.1 per cent. In our conference with the prices office we strongly urged that the overall gross profit of 22 per cent. on cost which had been established by the Commonwealth prices office as the essential minimum should be immediately restored. The prices officials claimed that their investigations indicated that the trade was obtaining 20.9 per cent. overall on cost, but the Commissioner agreed that the overall margin should be restored to 22 per cent.

So, as a result of Government policy and a direction given by the Prices Minister here, the Prices Commissioner allowed an increase of profit margin to 22 per cent. That means that there is a 22 per cent. mark-up on cost. So, if the basic wage rises, if transport charges rise and the cost into store increases as a result, then the retailer is allowed 22 per cent. on that increased cost. The Acting Premier did not tell us that.

The Acting Premier: We heard all this story last year and I told you the answer.

Hon. J. T. TONKIN: What is the answer?

The Acting Premier: Look in "Hansard."

Hon. J. T. TONKIN: The Acting Premier has forgotten it?

The Acting Premier: I am not making the speech now.

Hon. J. T. TONKIN: No, but this answer that the Acting Premier is supposed to have given is now forgotten! If it was an answer, he would remember it.

The Acting Premier: No, I am not making the speech now.

Hon. J. T. TONKIN: Because there is no answer to it; it is a plain statement of fact. It is not a question.

The Acting Premier: It is a distortion of fact.

Hon. J. T. TONKIN: No, it is not.

The Acting Premier: Yes, it is.

Hon. J. T. TONKIN: It is nothing of the kind. The retail grocers should know what they are talking about and I am reading what they said and not what anyone else said. Does the Acting Premier deny that the existing rate of profit for retail grocers is 22 per cent.? Of course he does not; he knows better. Where is this answer that was supposed to have been given? The 22 per cent. margin is a 22 per cent. margin on cost and as costs increase, as they have done, then the amount of profit increases because of the percentage mark-up on goods.

When the Acting Premier said that there was no percentage mark-up, he was referring to imported goods where the Prices Commissioner has regard to an amount of profit. But that is no so with items in the retail grocery trade, where there is a definite agreement, as a result of Government policy, that the retailer should be restored to 22 per cent. profit on cost into store. Not only is that the general position but if the Government wishes I can give it the items upon which the amounts have been increased.

The Acting Premier: Would it surprise you to know that it was Government policy in 1948, before the State took over?

Hon. J. T. TONKIN: It was?

The Acting Premier: Yes.

Hon. J. T. TONKIN: It could not have been.

The Acting Premier: Same practices, same methods.

Hon. J. T. TONKIN: It could not have been Government policy then because this Government has been in office for four years now and this is the fifth year.

The Acting Premier: I am referring to the time before the States took over price control. It was Government policy then.

Hon. J. T. TONKIN: At the time to which this article referred, the retail grocers said they were receiving 17.7 per cent., and the Prices Commissioner said they were obtaining 20.9 per cent. So, it could not have been the policy of the previous Government to give them 22 per cent. or they would have had it. Is there an answer to that one?

The Acting Premier: I have no doubt there is.

Hon. J. T. TONKIN: But the Acting Premier does not know it?

The Acting Premier: Not at the moment.

Hon. A. H. Panton: "Sunday Times" comics!

Hon. J. T. TONKIN: The position is, as I have already stated, that by the direction of the Prices Minister of this Government the profit margin of 22 per cent., for which the retail grocers had been striving for some time unsuccessfully, was restored. I mention the matter to show that under State price control we do not have the same system as that which operated under

Commonwealth price control. The States are able to depart from it, in certain particulars, in the fixation of their prices except when we come up against a problem like that of butter, where other aspects are involved and there is a difficulty in the way of one State wanting to act on its own.

But with regard to an alteration in price margins, or in the prices of specific articles, the States can and do depart. We could draw up a long list of items showing how prices varied in this State from time to time irrespective of what the prices of such articles have been in other States. Look how we have chopped and changed the price of margarine, honey and golden syrup!

Mr. Yates: What about the profit margin in the price of bread?

Hon. J. T. TONKIN: Bread, too. It is a remarkable thing that in New Zealand, which depends upon our wheat, they can sell bread cheaper than we can in Australia. If the hon. member will read this morning's issue of "The West Australian," he will find that the Prime Minister of New Zealand, who is of the same political colour as my learned friend, is advocating reductions in taxation and prices and the price of bread there is substantially below what it is in Australia. Yet they buy our wheat from which they make their bread!

Mr. Marshall: They can buy Australian mutton and lamb in England cheaper than we can buy it here.

Hon. J. T. TONKIN: What effective action has this Government taken to deal with prices?

The Minister for Health: Do they have a 40-hour week in New Zealand?

Hon. J. T. TONKIN: Yes, some people work less.

Mr. Hoar: Some do not work at all.

Hon. J. T. TONKIN: That is the same here. What effective action has the Government taken? Can any member on the Government side, in defence of the Government indicate to this House one effective action which has been taken by it to control prices?

Hon. A. R. G. Hawke: The Government 18 months ago warned the profiteers not to do too much profiteering.

Hon. J. T. TONKIN: Let us see what a wonderful job has been done with the price of meat. I quote now from a statement not made by a member of our party—I am following the example set by the Acting Premier by quoting a statement made by a member of a party opposed to us. The Acting Premier quoted a statement by a trade union leader. He is perfectly entitled to do so and make what use of it he can. I have no complaint about that and we can accept the statement for what it is worth. I propose to quote a statement published in "The West Australian" and made by Mr. L. Pethick

of the Meat and Allied Trades Federation. He happens to be the president of that organisation, or was at that stage. I do not know whether he still is; he might have opened his mouth too wide and have been put out of his job.

The Minister for Lands: What is the date of the statement?

Hon. J. T. TONKIN: It was published last year. This is what he had to say—

The McLarty Government stands condemned for its weak handling of the meat position. The Government instigated the Kelly inquiry to cover its own weaknesses and delay taking decisive action.

As a matter of fact, Mr. Pethick was told that if he did not lay off he would defeat the Government.

The Minister for Lands: It does not read as if it were made by one of our supporters.

Hon. J. T. TONKIN: But he is.

The Minister for Lands: Oh!

Hon. J. T. TONKIN: Undoubtedly, and when one who supports the Government makes a statement such as that, we can imagine how bad the position is.

Mr. Manning: Do you agree with the statement?

Hon. J. T. TONKIN: Definitely! A weak Government which brought Mr. Kelly over here to cover up its own defects!

Mr. Manning: Are you advocating the decontrol of meat?

Hon. J. T. TONKIN: The hon. member asked me if I agreed with the statement, and I agree absolutely that the McLarty Government stands condemned for its weak handling of the meat position, and so does anybody else who knows anything about it.

Mr. Hearman: Do you agree with Mr. Pethick's solution?

Hon. A. H. Panton: Why does not the hon. member sit in his own seat when he asks a question?

Hon. J. T. TONKIN: The hon. member can exercise his own prerogative and get up like a little man and speak. I ask the Government to indicate one single effective action that it has taken to control prices. It is of no use saying that prices have risen all over the world and that the problem is an international one and therefore one cannot expect the Government to do anything. That is of no use at all because the members of the Government knew all that years ago. When they said, "Prices Rise with Wise" four years ago, they knew all about the international factors and the difficulties confronting Governments—

Mr. Marshall: They knew all the remedies!

Hon. J. T. TONKIN: —but they made some very pretty statements as to what they were going to do. They are well worth reading a second time.

Mr. Marshall: The hon. member cannot read them too often.

Hon. J. T. TONKIN: This is a speech made by the Premier—

We are not going to spend our time in following political theories or trying to secure party advantages, but in seeing that the householder and the housewife can go into a shop or warehouse and get what they want and that our money in the savings bank or in our pay envelopes can be converted promptly and at a reasonable price—

Hon. J. B. Sleeman: Who said that?

Hon. J. T. TONKIN: The Premier.

—to meet our requirements for a satisfactory and expanding standard of living.

Now, he was not alone! This was not a unilateral proposition because the Acting Premier was well with him on this business.

Mr. Marshall: Oh, he would be a rival for the Premier.

Hon. J. T. TONKIN: He said—

Every effort will be made to reduce living costs and taxation.

That was the combined policy on which they were in complete agreement and which secured for the members of the present Government the support of the people.

Mr. May: And will be their downfall.

Hon. J. T. TONKIN: They were not of two minds about that. They were going to see that the money in the pay envelopes could be converted promptly and at a reasonable price and that the cost of living would be reduced. Every effort would be made to reduce living costs and taxation. That is a laugh!

Mr. Marshall: I think Fadden and Menzies said something similar to that about 1949.

Hon. J. T. TONKIN: Cannot we have somebody on the Government side to tell us of one effort that has been made by the Government to reduce taxation? One of the first things the Government did was to double the land tax.

Mr. Marshall: They have charged double for every service they have rendered.

Hon. J. T. TONKIN: Reduce living costs! What has the Government done to reduce living costs?

Hon. A. R. G. Hawke: In 1949 the Acting Premier threatened the middleman.

Mr. Marshall: They threatened all the time! That is all they ever do—threaten! They threaten more often than they sweat in an endeavour to do anything.

Hon. J. T. TONKIN: We have been told something about controlling prices, taking into consideration the watering of capital and so on in order to keep prices down, but members should not place too much reliance on that. I quote from the "Daily News" of the 20th June of this year—

A wholesale butcher said in the Perth Police Court today that he and his partners had overcharged by amounts ranging from 1½d. to 3d. a lb. on 2,058 lb. of beef sold to various customers.

Of course that overcharge would not go into the basic wage. The worker would have to pay it.

The Minister for Lands: Do you agree that he had to overcharge?

Hon. J. T. TONKIN: I agree that the worker had to pay it.

The Minister for Lands: You have not answered my question.

Hon. J. T. TONKIN: I do not know.

The Minister for Lands: I thought you would.

Hon. J. T. TONKIN: I do not agree because a man makes a statement. I want some proof. That is what he said. There is this much about it; it was proved in the court that he had overcharged—on 2,000 lb. of beef. How much more meat he overcharged on we do not know, but he was detected in the offence and so punished for it. Of course we know it is going on. Surely no member would be so fatuous as to say this overcharging is not going on. But the wicked part of it is that it is passed on to the cost of living so far as the worker who has to pay it is concerned, and not into the basic wage.

The Minister for Lands: The worker is overcharging too.

Hon. J. T. TONKIN: In what particular?

The Minister for Lands: He builds a chimney and charges £25 to do it.

Hon. J. T. TONKIN: With some of the black bricks the Government supplies.

The Minister for Lands: You know about the black bricks! The worker does overcharge.

Hon. J. T. TONKIN: What is the Government doing about it? What about some of these effective actions the Government is taking to deal with the situation. Here is a statement by the Minister for Lands that he knows men engaged in industry are overcharging. He knows it and yet there has been no attempt on the part of the Government to deal with the situation!

The Minister for Lands: I thought the unions would deal with that. One man, one job.

Hon. J. T. TONKIN: The Government is supposed to be in a position to control prices and reduce living costs, and yet all the rackets in the world are operating.

The Minister for Lands: That is correct.

Hon. J. T. TONKIN: And the Government knows it.

The Minister for Lands: No, it does not.

Hon. J. T. TONKIN: There are rackets on bricks, rackets on meat, rackets on cement and rackets on timber.

The Minister for Lands: Rackets on building chimneys.

Hon. A. H. Panton: On booze, did you say?

The Minister for Lands: Could be!

Hon. J. T. TONKIN: The Government knows that, but is taking no effective action. Surely if the Government is to put up any sound defence to the charges made by the Leader of the Opposition, it must show that it has taken some effective action. If members sitting behind the Government are satisfied with the situation and do not regret that no action has been taken, of course they would support the Government. If they are perfectly satisfied and have no regrets about the position, then they will vote against the amendment. But I venture to say that they will be the only people in Western Australia who will be satisfied—satisfied because the Government has taken no effective action; because it is common knowledge that it has taken no effective action.

If the Government had taken effective action it would be only too anxious to indicate the lines on which it had operated. But instead of that, the Deputy Premier says the position is international and no Government can do anything about it—an admission that this Government has not done anything. That is precisely what the Opposition has said about it, and we regret, and I think the people of Western Australia generally regret, that no effective action has been taken by the Government to check prices.

Mr. Yates: How do you account for our having one of the least percentage increases in costs.

Hon. J. T. TONKIN: That is not true. The hon. member cannot account for it and it is not true.

Mr. Yates: Then the statistical figures must be wrong.

Hon. J. T. TONKIN: What statistical figures?

Mr. Yates: Those quoted by the Acting Premier.

Hon. J. T. TONKIN: If the hon. member will be definite about his statement, I will deal with it.

Mr. Yates: You did not refute the figures when they were read out.

Hon. J. T. TONKIN: What was read out?

Mr. Yates: The percentage figures.

Hon. J. T. TONKIN: On what? On what commodities?

Mr. Yates: The overall costs in various States of the Commonwealth; price rises.

Hon. J. T. TONKIN: Would the hon. member like something on that? Would he like something on the trend of price rises in various States? A quotation from "The West Australian" of the 16th May, 1950, reads as follows:—

Rise in Retail Prices Still Unchecked.

The inflationary trend continues to force up retail prices. The latest retail price index of food and groceries in this State shows an advance of 20 to 25 points in the last month. The Deputy Government Statistician (Mr. C. R. Muirson), in issuing the index for April, said yesterday that during the month fresh milk, onions and pork were dearer, forcing the general price levels in all towns to noticeably higher levels. The index for the metropolitan area was increased by 20 points compared with the March figure. In Kalgoorlie-Boulder, the index rose 25 points. The least variation occurred in Collie, where the index was only 15 points above that for March.

The "C"-index series, which covers food and groceries, housing, clothing, household utensils, drapery, fuel, light and miscellaneous items of household expenditure, revealed a rise in every town during the March quarter.

Mr. Muirson said that the greatest increases were recorded in food and groceries and miscellaneous aggregates. Soap, dried fruits, eggs and bacon were dearer and were mainly responsible for the increase in the food and groceries aggregate. The higher price of newspapers accounted for most of the rise in the miscellaneous aggregate. Clothing prices were slightly dearer.

The clothing index has risen about 15 per cent. over the year, but is as much as 159 per cent. higher than in 1939. The general increase in the "C"-index series is between 9 and 10 per cent. for the past year and between 47 and 65 per cent. in the past decade.

The figures, however, must be related to the general inflationary trend and the tremendous increase in the volume of money in the community since 1939.

Mr. May: What is the date of that?

Hon. J. T. TONKIN: The 16th May, 1950.

Mr. Yates: That does not compare with the other States.

Hon. J. T. TONKIN: What does compare with the other States is the amount of the last basic wage rise, and the hon. member only has to have a look at that to see that he is barking up the wrong tree.

Mr. Yates: Not at all. I can produce figures as you have done.

Hon. J. T. TONKIN: These figures have been approved. The hon. member is not going to tell me that the Arbitration Court would give an award of wages that the workers were not entitled to get.

Mr. Griffith: What about the Eastern States?

Hon. J. T. TONKIN: I am talking about this Government. It was this Government that was going to reduce prices.

Mr. Griffith: That is one way of evading the issue. I only invited you to tell me something about the Eastern States administration.

Hon. J. T. TONKIN: The issue here at the moment is as to whether this Government has taken any effective action to check prices, and whether it has recognised the existence of inflation. The Deputy Premier said that he recognised the existence of inflation only a few weeks ago. I do not know whether the member for Canning is satisfied with the position or not, but he knows that no effective action has been taken by this Government, and then he says that I evade the issue because I do not attempt to tell him what some other Government has done.

Mr. Griffith: I only asked you to educate me.

Hon. J. T. TONKIN: I do not know where the member for Canning was when I mentioned what the New Zealand Government proposed to do. I said the price of bread in New Zealand is less than it is in Australia, even though New Zealand buys Australian wheat to make it. An interesting paragraph appeared in yesterday's issue of "The West Australian" headed "£727,362 Profit for Elders. Dividend Rises by 3 per cent."

Mr. Marshall: What has the spring onion crowd got to say about that?

Hon. J. T. TONKIN: The report states—

Elder Smith and Co. Ltd. earned a record profit of £727,362 for the year ended on June 30, as against £641,367 in 1949-50. The past year's profit was struck after providing £1,151,000 (£463,500 in 1949-50) for tax and £113,650 (£82,336) for depreciation. The dividend is lifted from 12 to 15 per cent. requiring £423,945.

This aspect has to be considered: Whilst the report states that the company provided £1,151,000 for tax, it does not follow that the company paid that amount of tax. It might not have paid anything like that amount, nor might it be called upon to pay anything like that amount, but it was decided to set aside that sum for tax. Regarding depreciation, while the company allowed only £82,336 last year, it provided £113,650 this year. Is it likely that the company's increased capital assets

requiring to be depreciated could, at the same rate of depreciation as that allowed for the previous year, account for all that sum of money?

I say it is extremely unlikely and it appears to me that the company has made an over-liberal provision for depreciation in order to cover up profits. The taxation law allows a certain rate of depreciation, but there is no prohibition against any company's charging more depreciation than it is allowed by the department. The only difference is that it is not permitted to have the additional amount tax free, but it could set up a reserve in the company to the extent of the extra amount of depreciation. That is what is happening all over Australia today.

Mr. J. Hegney: That company is selling farmers' products, is it not?

Hon. J. T. TONKIN: Yes. Allowing excessive amounts of depreciation and excessive provision for tax permits of the creation of tremendous reserves within the company resulting in the issue of bonus shares upon which high rates of dividend are being paid. In this business of capital and labour working together, labour gets the raw deal all the time. The working man has only his labour to sell.

Mr. Ackland: Is he not making a profit on it?

Hon. A. H. Panton: He starved long enough, and you know it.

Hon. J. T. TONKIN: Say a man starts off as a worker at the age of 20, though most of them start before that.

Hon. A. H. Panton: At 20 he is a granddad in industry.

Hon. J. T. TONKIN: Say he starts at 20 and works until he reaches the age of 65. At the commencement of his working life, he has 45 years of working capital. Each year he works, his capital declines, so that when he has worked half his lifetime, one half of his capital has gone and his earning power is restricted to the remaining years.

Mr. J. Hegney: If he lives as long as that.

Hon. J. T. TONKIN: With money, the original capital is very often doubled in four or five years. Money, instead of getting less and less in industry, becomes more and more, and generally in four or five years it is doubled. Then the process goes on until we have an example like Woolworths, which I have quoted, where in 20 years the capital increased 60 times. Consider this position: Suppose 20 years ago a man went to work in Woolworths and his next door neighbour invested 50s. in the firm at the same time, what are the relative positions of the two at the end of 20 years? The man who has worked there for that period has used up half the capital he had when he started because half his

labour has gone, whereas the man who invested 50s. in the firm has now £12,000 and, in addition, he has drawn £3,000 in profits meanwhile.

The Minister for Health: But the man who invested 50s. in the firm might also be a worker.

Hon. J. T. TONKIN: I am dealing with capital.

Mr. Hutchinson: Many investors have lost their money.

Hon. J. T. TONKIN: Why should money be treated so differently from labour? Money alone will not produce anything; the two must go together.

Mr. Griffith: Some employees hold shares, so there you have the two together.

Hon. J. T. TONKIN: Labour and capital must be engaged together. With labour, we must recognise that that is all a man has to sell and that his capital is becoming less and less every year he works, whereas the man who invests money in industry expects it to go on multiplying and multiplying.

Mr. Bovell: I had the experience of having money invested for 20 years without a dividend.

Hon. J. T. TONKIN: Perhaps the hon. member was not sufficiently discriminating. He should have invested in Elder Smiths or Woolworths.

Hon. A. H. Panton: I suppose he invested it on the racecourse.

Mr. Bovell: No, it was in the Albany Woollen Mills.

Mr. Marshall: It is said that a mug is born every minute.

Mr. SPEAKER: Order!

Hon. J. T. TONKIN: That might have been the hon. member's experience, but the fact remains that, generally speaking, people who invest capital expect it to go on multiplying all the time. They look for bonus issues so that their capital will go on increasing. That is the object of the firm employing the capital, but labour employed with the capital becomes less and less.

Capital is getting too much from industry. Any industry that will permit of a profit such as Woolworths has been able to get—all of which has to come out of the price of the goods—is charging too much for its services. If we are to get anywhere at all towards checking inflation, there must be some relationship between profits and prices. If we continue to fix prices on a percentage mark-up, allowing a certain percentage margin irrespective of the landed cost, we might as well attempt to keep the sea back as to try to check inflation, but if we make some attempt to control the profits being taken from industry and ensure that those profits do not absorb a disproportionate share we might get somewhere.

That is an action this Government will never take because it will hurt those who supply the sinews of war for it. The members of the Commonwealth Government have known for a long time what steps are necessary, but the setup of the coalition makes it impossible for them to move, because certain steps which suit the Liberal Party do not suit the Country and Democratic League, and certain steps which the Country and Democratic League propose do not suit the Liberal Party. So, between them there is a conflict in policy which makes it impossible for them to take the steps which are so necessary.

That is why we have got to this pass. We talk about a 12s. increase in the basic wage. Well, it will be much bigger than that next time, and that is what is worrying the Opposition with regard to butter. If the increase in the price of butter did not have to go into the basic wage, it would have been agreed to long ago, but because any increase cannot be dodged, and it will go into the worker's pay envelope, there is a difficulty about it. In this regard there is an interesting sidelight. It depends upon the point of view.

I read in "The West Australian" this morning a letter written by a dairyman who set out to show that the dairy farmer has every right to withhold his produce if he wants to make a protest—and I agree with him. But he has no more right to take direct action to withhold his produce than has the working man to withhold his labour. If the working man, with only his labour to sell, wants to register a protest he can do it in only one way, namely, withhold his labour.

Hon. A. H. Panton: Then he goes to gaol.

Mr. Yates: It has always been that way.

Hon. J. T. TONKIN: But it should not be.

Mr. Yates: It always has been. Industry has always been able to produce and give.

Hon. J. T. TONKIN: There is no difference in purpose or result in the two actions. When the worker withholds his labour as a protest he is prosecuted. Some prosecutions are pending in this State at the present time because certain men—only a few of them it is true because the rest are not being prosecuted—were singled out for the purpose as a result of thousands of men throughout Australia withholding their labour and walking off the wharves as a protest against some action in the courts. These men used the only method of protesting open to them, namely, that of withholding their labour. They took direct action. The dairy farmers propose to take direct action in order to achieve a certain result. The only way they can take that direct action

is, not to withhold their labour—a person cannot withhold his labour from himself—but to withhold the product of their labour. I say there is no difference.

The Minister for Lands: There is every difference, and you know it.

Hon. J. T. TONKIN: What is it?

The Minister for Lands: The case you are referring to was not industrial. It was because action was threatened against Healy, and you know it.

Hon. J. T. TONKIN: I did not say it was not. Why has it to be industrial?

The Minister for Lands: It was not in connection with their rates of pay or conditions of employment. It was because a subversive gentleman was going to be gaoled.

Hon. J. T. TONKIN: Will the Minister deny that some of these summonses are with regard to men who refused to scab?

The Minister for Lands: Scab?

Hon. J. T. TONKIN: Yes. The men in the berthing gang were ordered to go down and do jobs which some other men had left undone, and therefore were ordered to scab, and because they refused, they are being prosecuted. Are they not entitled to protest?

The Minister for Lands: The crew of the tug?

Hon. J. T. TONKIN: No, I am talking of the berthing gang. When the crew of the tug walked off, the berthing gang was ordered to go down and do the job of the tug's crew, and as a protest the men in that gang walked off.

The Minister for Lands: Are they being prosecuted?

Hon. J. T. TONKIN: Yes.

Hon. A. H. Panton: Do you not know, as Minister for Labour, that they are?

Mr. SPEAKER: Order!

Hon. J. T. TONKIN: I say there is no difference in purpose or result between the two actions.

Mr. Bovell: Yes, there is. The Arbitration Court has given a finding in connection with these men, and they are not obeying the finding of their own court.

Mr. SPEAKER: Order! The member for Melville must address the Chair. There must be no more interjections. They are too frequent.

Hon. J. T. TONKIN: I only introduced this as an illustration to show the difference in the point of view. It is not so much what happens as the angle from which we see it that makes the difference. To me it is impossible to see any distinction in these two actions, but to some members there apparently is a difference. That is not surprising.

The Minister for Lands: There is a big difference.

Hon. J. T. TONKIN: I believe that the charges involved in the amendment moved by the Leader of the Opposition, have been completely substantiated and remain unanswered from the Government benches, inasmuch as the Acting Premier by his own admission has shown that the Government has failed to recognise the existence of inflation—he said so—and we know of our own knowledge that no effective action has been taken in this State to deal with the prices position. The only attempted reply in this connection is a statement by members, "We cannot do what other Governments can do and what has been done elsewhere." That does not answer the charge. The amendment does not deal with what other Governments have or have not done. It is a statement of fact that this Government has not taken any action, and we deplore that fact. I hope the amendment will be carried.

MR. HOAR (Warren—on amendment) [8.37]: Whilst I was more than a little interested in the speech of the Acting Premier in his attempt to reply to the amendment, I was nevertheless astonished when he appeared to take the view that because inflation is more or less rampant throughout the world, this State, or his Government, can not do much about it. To me that is a defeatist attitude because although it is true about many of the matters he discussed, that they are of an international character, and their impact on Australia is such that we can have very little influence on them, nevertheless I think that if this State Government—in fact, all State Governments that now control prices in the different States—were to make an investigation into the many major industries which are not under its control and which, through the Government here have been permitted more or less free rein in respect to prices, it would have an opportunity of doing something worthwhile with respect to the price structure in this State.

There is no doubt the situation is getting rapidly out of hand. Only yesterday I read a statement by a Mr. D. W. Oxnam, a lecturer in economics at the University of Western Australia. He said—

In the five years since the war ended the retail price Index "C" Series has risen by 60 per cent. compared with only 24 per cent. during the war years, and the Australian pound, which was a pound in value in 1946 is now only worth 12s. 6d.

While the high price of wool, Government works, and the preparations for another war, in addition to trying to bear the cost of the last one, must have an effect on the price structure, there are many things the Government could do—if it wished to do them—to improve the situa-

tion of this State, and yet the Minister said that there are grounds for believing that Western Australia has kept prices in check better than has any other State in the Commonwealth.

As the member for Melville said, that is definitely not true. I have some figures—even later than his—to disprove that assertion. Mr. S. R. Carver, Acting Commonwealth Statistician, said at the end of April last that one of the main reasons for the bigger basic wage rises in Tasmania and Western Australia, as compared with the other States, is to be put down to the unpegging of rents in those two States. He said further, in making a comparison of price rises in the various States—

As compared with the previous quarter the index increased by an average of 4.3 per cent. in the capital cities and towns taken in by the index. The increases were—

Perth 6.5 per cent.
Hobart 4.7 per cent.
Melbourne 4.4 per cent.
Brisbane 4.3 per cent.
Sydney 4.1 per cent.
Adelaide 3 per cent.

That is a statement of fact, which cannot be denied. For that quarter, this State had an increase in the "C" series more than 2 per cent. greater than any other State in the Commonwealth, and 3.5 per cent. greater than Adelaide.

Mr. Hutchinson: What is the date of those figures?

Mr. HOAR: The 23rd April, 1951, which means they are later figures than those used by the member for Melville. I am certain that the price rises in this State have been influenced tremendously by the attitude of the present Government towards rents. One of my main purposes in rising to speak to this debate is to make clear to the Government and to the Minister for Housing that an absolute racket is going on in the building trade and is putting up the price of houses in this State. This is not just imagination on my part but comes from men—they are contractors—of many years experience. They are men proficient in carpentry, bricklaying, plaster work and so on and are capable of building any type of house from floor to chimney.

Until recently they had been able to get plasterboard in certain quantities—throughout the years—but now it is no longer possible for them, or for anyone else who is considered by the plasterboard manufacturers to be a free-lance fixer—to obtain supplies of plasterboard. That is a simple statement of fact with regard to the situation that has obtained as from about two months ago. The contractors I have mentioned asked for a quote from the Busselton Modelling Works with regard to plasterboard and its fixing in a four-roomed cottage. The quote, given on the

10th May last, having increased over a short period by £14 10s., was £274. This firm of building contractors had always previously been accustomed to doing its own plaster work and for that particular job had itemised every detail down to the last piece of hemp that might be needed.

No detail was excluded and on top of that they added £10 4s. for fares, which would normally be paid for the fixers coming from Busselton to the job of which I speak. They added also board and lodging at £15 18s. and thus covered in all particulars every cost of the job that could affect the Busselton Modelling Works. Paying full award rates, the total cost of that job, if done by the contractors, would have been £203 19s. In other words, £70 in the quote of the Busselton Modelling Works is completely unaccounted for. The contractors even sold to themselves, in theory, the plasterboard at the retail price and not at the factory price which would be available to the modelling works; yet there was still £70 that could not be accounted for!

This affects a great many working class people today as it is mainly they who are building self-help homes, of which I understand there are over 2,000 being erected in the State at present. They are the type of people who have to get extra accommodation through their banks to pay for this particular form of thieving. One of the partners I have mentioned went to see those controlling the Busselton Modelling Works and asked what the trouble was about. They told him flatly that they did not intend any longer to supply plasterboard to freelance fixers. They said, in as many words, "If you do not like to accept our quote, which includes our own fixers, their travelling and hotel expenses and away-from-home allowances, you cannot have any plasterboard."

That is a situation which this Government could have tackled long ago in relation to the manufacture of plaster from the Chandler deposits, when that question was debated fully in this Chamber by the member for Melville last year. He left no doubt in the mind of anyone that it was a distinct mistake for the Government practically to give the Chandler deposits to Eastern States' interests. That is even more obvious today than it was then, as our population is now greater and we require still more houses. While there is some agreement between the company, which is in possession of the Chandler works, and the Government, to the effect that a certain percentage of the output must remain in this State, we all know that this material is in desperately short supply.

We realise that control over plaster is exercised by two or three companies that have formed themselves into an association which no one can enter or influence. We can see for ourselves the kind of dictatorship that exists in the building in-

dustry with regard to plasterboard. In the case I have mentioned it has caused an unjustified rise in cost of £70 over and above what the proper charge should be. If that is not a racket, I do not know what is. I bring it before the House in the hope that the Minister will go into the matter in an endeavour to smash the ring that is causing the cost of building to rise so tremendously in this State.

When the Acting Premier mentioned the international aspect of price rises he did not come down to tin tacks as far as this State is concerned. The matter I have mentioned is only one of many that should be tackled by the Government in an effort to reduce prices in Western Australia. While dealing with this matter the Minister could look into the timber industry, if he is sufficiently interested, in order to see the very poor quality of timber being issued from some mills today simply because the demand is so great. Prior to the war there were two or three different prices for timber, according to the quality, but today there is only one price. One can pay top prices for rubbish that is coming from some of our timber mills today.

If the Minister—or the Government—has any control at all over the price of timber, and I believe the Minister and the Government have that power, they could insist that timber be sold, once again, according to its quality. That would help materially in reducing the cost of home-building. There is that factor and also that of blackmarketing, to some extent, in bricks which is well known throughout the State. All these factors force up prices and if we look at those three items in homebuilding alone, without considering other aspects of our life, we find an opportunity for the Government—without running overseas to look at prices in America and England—to do something to reduce the price of homebuilding. The very fact that it has not done so up to date indicates that the member for Melville is right in assuming, or stating, that the Government does not appreciate the situation as it exists.

Now is the time to do something; we cannot sit down any longer and see our £ going down in value further than it has done already. If the Government does not act in this regard, then its responsibilities will certainly be thrust on its shoulders by members of the Opposition at every possible opportunity. Even people in country districts today can no longer afford to build their own homes because of the cost. Much of that cost could be eliminated, or at least reduced, if the Government had a full-scale inquiry into all phases of the supply of building materials. If that were done I am certain £200 or £300, or possibly more, could be struck off the price of each house.

Even the State Housing Commission today realises that working-class people can no longer build homes. This is borne out by the fact that the Commission has reverted to a scheme, which was in use before the war, for leasehold homes for workers—either leasehold or freehold. It is a well-known fact that the cost of home-building is getting beyond the capacity of the average people to pay. A lot of that is due to the inaction of this Government; and its disinterest in the matter of profits in connection with all phases of building materials. If the Government wants to do anything at all worthwhile in this State on the question of prices—which matter is so tremendously important—then the Government ought to have an inquiry into the costs structure of all building materials today.

MR. GRAHAM (East Perth—on amendment) [8.52]: At the outset I want to say that the air of indifference and unconcern being displayed by those who occupy seats on the other side of the Chamber is, to my mind, an indication of the attitude of the Government itself in respect of this all-important question. Ever-increasing prices, and the mounting speed of the inflationary spiral are matters of the gravest concern to the people of the Commonwealth. One would imagine that it was merely an academic subject without any particular interest because, apart from the Acting Premier, no member on the other side of the Chamber has shown the slightest interest whatever in the question.

I am aware that the factors responsible for the inflationary trend of the magnitude that confronts us are not confined to Western Australia, not even to the Commonwealth of Australia; they have their roots further away. But, the Government cannot escape its obligations and responsibilities in this matter, because of its association with other units from the Eastern States in stampeding the people of this country in 1948 when those units asked the people of Australia to vote against the prices referendum. Reference to any statistics, in any record whatever, will indicate clearly and indisputably that from the time the Commonwealth Government relinquished economic control over this country the terrible spiral of inflation, increasing in velocity daily—

Mr. Hutchinson: It had started before then.

Mr. GRAHAM: —commenced to overtake us.

Mr. Hutchinson: It had started before then.

Mr. GRAHAM: That is not in conformity with the facts.

Mr. Grayden: You must remember the cessation of subsidies.

Mr. GRAHAM: If members on the other side of the House have any observations to make, they should rise in their places and make them.

Hon. J. B. Sleeman: Get up like little men.

Mr. GRAHAM: I stated that from the time the Commonwealth ceased its economic controls, which would, of course, include subsidies among other things, the inflationary spiral commenced. The member for Nedlands knows perfectly well that the Prime Minister of the day indicated to the people of Australia that if price control were taken from the Commonwealth then the Federal Government could not be expected to pay subsidies in respect of items over which it had no control.

Mr. Grayden: A form of blackmail.

Mr. GRAHAM: The members of the Liberal Party endeavoured to make the people believe that that was so much stuff and nonsense. In reply to the member for Cottesloe, who stated that the inflationary spiral had really commenced prior to the handing over by the Commonwealth to the States, I would say that the Quarterly Statistical Abstract, issued by the Government Statistician in Western Australia, indicates that in a period of three years, from July, 1945, until July, 1948, the basic wage increased from £5 0s. 1d. to £5 15s. 9d.; an increase of only 15s. 8d. in a period of three years, whereas since that referendum was held on the 29th May, 1948, the basic wage has increased from £5 15s. 9d. to £9 16s. 8d.

Yet, the member for Cottesloe suggests that inflation had started to bolt before the time I mentioned. Although that is indicated in the basic wage adjustments, everybody knows perfectly well that price levels generally increase at a greater rate than does the basic wage because many items of common usage, and purchased I suppose by every member in this Chamber, find no place in the consideration of the basic wage. In the great majority of cases the prices of those commodities have increased many times more than the commodities which comprise the regimen of the basic wage.

Members will recall that during the period of the war, and the immediate postwar years, the economies of Australia and New Zealand were the envy of the world. We had been more successful in those two countries than any other nation in the matter of economic stability and prices control. There was no reason why Australia and New Zealand could not continue to occupy that pride of place had it not been for the party politics indulged in by the Liberal Party, under its various names and with its various components—such as the Citizens' Rights Association, and the rest of them. During the tea suspension I consulted copies of "The

West Australian" for the purpose of refreshing my memory as to what transpired at that time. For the purpose of seeking a mean and paltry political advantage, the Liberal and Conservative elements of this country were prepared to jeopardise the economic stability of Australia, and they have been most successful.

Mr. Grayden: Rubbish!

Mr. GRAHAM: It would appear from the utterances and activities—more utterances than activities let me say—on the part of the Federal Leader of the Liberal Party that this problem has loomed up almost overnight, whereas it has been with us for a considerable period. I am sorry that the Acting Premier is leaving his seat for the moment, because I want to make reference to something that he stated, something that is indicative of the hysteria developed by the conservative elements of this country. In "The West Australian" of the 1st May, 1948, on page 4, there appears a news item which is headed "Referendum On Rents and Prices. State Government Leaders Open 'No' Campaign." I quote from the report—

Mr. Watts said he had no absolute evidence that instructions were being given from outside Australia regarding working towards a centralised Government, but there was circumstantial evidence. "There are several embassies in Canberra," he said, "including those of the United States and Soviet Russia. When you think of the political and commercial relationships existing, particularly the commercial relations, between Australia and the United States, as compared with those between Australia and Soviet Russia, ask yourselves why there are 15 on the staff of the American Embassy and 63 at the Russian Embassy. What are they there for?"

A voice: Friends of Mr. Chifley.

Of course, that was the inference that the Acting Premier sought to convey, and it gives some idea of the extremes to which the propagandists of the day went, with results that are concerning every single one of us in his secret heart today, even though there be some who are too chicken-hearted to express themselves in this debate tonight.

It is a tragic thing that time merely reveals that practically everything which the late Mr. Chifley stated with regard to the economic activities of this country, the dangers that confronted us, and the fate which could befall the land, was correct in almost every respect. Now, belatedly, there is an attempt to lock the door after the horse has bolted. What is the use, from a practical point of view, of reimposing controls over capital issues? Why, for the past 18 months or so since those controls were removed by the

Menzies Government, industries of all sorts and characters have commenced; industries that are taking much needed manpower and valued materials for the purpose of producing all sorts of trifling commodities while our basic industries have gone short, and are continuing to go short.

We know perfectly well that because of the strength of these new industries, there have arisen all sorts of pressure groups; and, when it comes to a question of dealing resolutely with them, because under existing circumstances they are of no considerable merit or service to this country, they have sufficient influence to be able to make Governments diffident, to say the very least, about taking any action in connection with them. So I repeat that the Liberal forces of the Commonwealth are responsible and must accept the blame for the situation which confronts us in its exaggerated form. I am afraid that Mr. Menzies and the Premier of this State, and many of their supporters, will have to retract their words and their promises and pay homage to the words and statesmanship of the late Mr. Chifley.

Just as the State Government hoodwinked the people on this issue, so we have exactly the same thing in the Federal sphere where all the promises about putting value back into the £ have been forgotten; the matter of reducing taxation, when everybody knows it is going up; the matter of freeing this country from economic controls, when Mr. Menzies and Sir Arthur Fadden are at present plotting or making arrangements to see how many controls they can apply on the economics of this country—all these things reveal the insincerity of the anti-Labour forces. But as mentioned so often before, they are so well screened by the important units of the Press throughout the Commonwealth that the public generally, the members of which have very short memories, is allowed to forget; and these anomalies and contradictions are never aired so as to awaken folk to a realisation of exactly what is occurring and what has been put over them.

I sincerely trust that there will not be introduced this year a measure merely for the purpose of continuing price control in Western Australia, price control which, incidentally, is most half-hearted and unsatisfactory. What is required is the introduction of the measure anew, to give us an opportunity of knocking into shape some of its provisions. At present, it is merely a matter of deleting "1951" for the purpose of inserting "1952." The most we can do is to talk about the subject; it is impossible for any of us to amend the provisions of the Act, very many of which have been found to be most inadequate for the task. If price control means anything, it should be administered

with the utmost severity; by which I mean that if there are flagrant breaches they should be punished with the full rigour of the law, either as stated in the statute at the moment, or as we might seek to amend it.

To be perfectly frank, I am appalled at the attitude of those who occupy the bench in the various courts when persons who obviously are old stagers and habitual offenders are fined mere nominal sums. It is time salutary action was taken. Surely an example could be made, those responsible being imprisoned without the option of a fine, and their premises branded with a distinctive label, so that all and sundry could see that therein was a trafficker, a person breaking the law in this all-important matter.

I know it was proposed—as a matter of fact, I think such a provision was actually inserted in the Federal Act when it was introduced—to deal with blackmarketers. But here many traders merely laugh at the suggestion of price control. I have quoted two examples in this Chamber before. They concern two business undertakings which I think are generally recognised as being quite reputable. One had sold hundreds of men's shirts for 5s. in excess of the figure allowed. A friend of mine, who felt that he was overcharged, went to the Prices Branch, where his belief was confirmed. He received an order from the Prices Branch which, upon production to the management of this concern, would result in his being refunded the sum of 5s.

In other words, that firm stood to lose nothing, but it had the advantage of having made an increased profit on these 100 or more items. Incidentally, the same applies respecting another firm selling galvanised iron. From our own observation we have seen, on many occasions, firms fined merely a nominal sum for overcharging. I know that the existing statute provides for either substantial fines or imprisonment, or both, but so far as I am aware, there have been no substantial fines imposed, and I am practically certain there has not been one instance of imprisonment.

I do not want it thought that I harbour any particular hatred towards businessmen because, generally speaking, they comprise a fine body of men of principle and integrity, but at the same time there are certain people who go beyond a fair thing, and I think that if there were this threat of more severe penalties or perhaps an example made of one individual, then it would have a salutary effect on others. In any event, it would foster far greater respect for our price control legislation than exists at present.

The amendment refers to inflation and I do not think any member on this side of the Chamber pretends that price control, however rigidly enforced, would of itself provide a solution to the problem.

There are quite a number of contributing factors, some of which were mentioned by the Acting Premier this evening; there are others. There are numerous courses which could be followed with a view to overcoming the problem, but unfortunately, to my mind, those which are most likely to succeed in stemming the tide of inflation are those which are the least popular. I suppose it is natural for any Government to steer clear of legislation or any other action which obviously is most unpopular in the eyes of electors.

I wonder if the Government has made any representations to the Prime Minister on the question of defence. Unfortunately, notwithstanding what I believe to be a universal desire for peace, there are war clouds looming. It is the hope and prayer of practically everyone that those clouds will not break. But surely we should learn from the previous conflict that something better is needed, particularly during a time such as this, than calling thousands out of industry into training camps and units and expending large sums in the production of certain munitions of war. All members know perfectly well that an aeroplane manufactured and purchased today is practically obsolete next year if not before. During World War II, Britain found that the first priority was not manpower. What she discovered was required was an industrial potential capable of producing all the involved, intricate and various types of machinery necessary to fight a modern war.

Mr. Ackland: And put them into the hands of people who do not know how to use them.

Mr. GRAHAM: Never at any time was there a shortage of manpower to handle the accoutrements of war in England.

Mr. Ackland: Manpower is no use without equipment.

Mr. GRAHAM: Everybody admits that. What I am suggesting is that perhaps it would be of greater value to Australia if, instead of indulging in this panic which has developed almost overnight, greater emphasis were placed on what I know the Government is concerned about, namely, providing adequate transport facilities by means of railway overhauls, strategic arterial roads, suitable rollingstock that can be converted for defence purposes, some distribution of our heavier industries, some concentration upon the more essential industries so that we might be prepared on that basis.

I well remember, as does every other member of this Chamber, that boys were marched round various camps in this State with broomsticks and other things over their shoulders because the proper equipment was lacking. So I am suggesting that, instead of thousands of these young men being drafted into camps at the moment, perhaps in the long run it would be of advantage to Australia if

they were retained in doing some useful work in assisting to overcome this inflationary trend and at the same time building up the economic strength of this country—and we must have that if we are to succeed. That, of course, was realised during the recent war, when manpower controls were enforced.

It is absolutely useless for Australia to have, as it probably could, a defence force of 1,500,000 men. There are all sorts of other requirements, whether it be the uniforms they wear or the food they eat, and I think that if we got down to the basic things I mentioned and away from playing soldiers, our defence efforts would suffer nothing, but would contribute to the long-term development of Australia and immediately would have the effect of overcoming the inflationary trend. I do not know the intention of the Government in respect of its own employees. It is common knowledge that the Commonwealth Government proposes to reduce the number of its servants to the tune of 10,000. There is considerable talk of increasing the number of working hours of its employees.

I was interested to learn the other evening that the State Government, during the four years it has been in office, has added 8,781 to its payroll. In fairness to its employees, the Government should indicate to them whether it intends to tune in with Menzies or whether it believes that its employees are doing a fair day's work and are rendering the full service which the people require. There are upwards of about 150,000 jobs vacant in Australia at present with no men or women to fill them, and there would probably be another 50,000 or so if people were available with the necessary qualifications to fill them.

Surely at this time and on account of other circumstances the Government could give consideration to extending the working period of its employees from 65 to 70 years. As is well known, there are many persons who are still capable of doing an excellent day's work when they reach the age of 65 and in a number of cases it is criminal that they should be thrown on the economic scrap heap. If we have regard to statistics we realise that since the retiring age of 65 was laid down—quite a period ago—the expectancy of life has increased by more than five years. Accordingly where 65 may have been a reasonable age when it was first determined, a corresponding figure today would be closer to 70.

Hon. A. H. Pantton: Hear, hear!

Mr. GRAHAM: I think if that were done there would be no injustice in the long run because even the younger public servants who are looking for promotion would probably have to wait five years longer before they received that promotion; but, of course, it would be an additional five years added to their working life.

The Minister for Works: What about the fellow who did not have five years to go and hoped for promotion?

Mr. GRAHAM: His position would be as I have indicated. Whereas perhaps he anticipated he would be finishing up in two years' time, looking forward next week to taking somebody else's job, he would still have two years in that senior position. In any event, it is a matter of becoming accustomed to a new state of affairs. Let us not be too conservative on too many things. I submit that suggestion and think it is worthy of consideration.

There is a great tendency for people in all walks of life to be critical of the working man at the present moment. The cry goes forth: What is required is increased production; the workers are not pulling their weight; their hours should be increased from 40 to 44 hours a week—or something of that nature. It is common practice for this criticism of the ordinary working man to be indulged in. I suppose it was ever thus. If there is any economy to be made in the office, it is the office boy who is the first one to go.

Mr. Grayden: He is very necessary, as otherwise the boss would have to do all the running around!

Mr. GRAHAM: I have made some research into this matter to find just where the working man is going and where others are going. I found that last year no less than 32,000 Australians left the shores of this country for trips overseas, and I am quite prepared to wager that there would not be more than, say, 2,000 who went away on essential business. The great majority of them went, of course, on social expeditions; to have a look at the Continent; to see how things are done in the Old Country; generally to enjoy themselves in "Gay Paree" and the rest of it. Those people are not the workers of this country.

Mr. Bovell: But they have been!

Mr. GRAHAM: Those are the people who sit in the coffee lounges; who have afternoon parties, sipping their cocktails; people who can be found midweek on the golf course discussing with one another the sins of omission of the workers and the fact that they are not doing a full day's work. It is grossly unfair. Seventeen thousand Australians are absent at one time on these joy-trips to other parts of the world. Perhaps the Minister for Health is looking forward to such a trip.

The Minister for Health: I would like it very much, but I am a worker.

Mr. GRAHAM: It is obvious that the first reaction of members of the Government is to defend the joy-riding to various points of the globe, rather than to look at it from the point of view that there are, at the moment, 17,000 Australians beyond the shores of this country spending money and producing nothing whatsoever.

Mr. Grayden: Are you going to chain them to the desk?

Mr. GRAHAM: I would suggest that the member for Nedlands be more honest and sincere about it, and level a little more criticism at those people instead of at the workers who members of his party say are not doing a fair day's work and are responsible for prices increasing. There is a friend of mine, incidentally, who is numbered among the people I have outlined, constantly condemning the working man for the part he is playing.

I have kept a note of the activities of the gentleman of whom I speak. I do not know how many of his activities are not reported in the paper. At one stage he was having a launch trip to the Eastern States. A week or two later he was indulging in big game fishing off Rottnest; shortly after that he was enjoying a holiday trip to Malaya, following which he was taking a trip to England ostensibly for business purposes. These are the people who are most condemnatory in their remarks concerning the workers. It is grossly unfair and I ask members of the conservative elements of this State to have some regard for these factors when they so readily and easily condemn the working man.

In my opinion the Prices Control Act in this State is not being operated properly. It is certainly not having the effect of slackening the increase of prices, and its administration is certainly not acting as a deterrent to those traders who overcharge. There is a Prices Advisory Committee. It is a pity that it is purely a part-time body. I would ask the Government seriously to consider whether perhaps some change should not be made in its personnel.

I trust there is nothing sinister in the events, but I notice that one member whose name will be obvious to everyone without my mentioning it, has, since he became a member of that advisory panel, been invited to accept, which he has, directorships of several companies. I feel that morally this is wrong, because if any of us were associated with companies dealing with price-controlled goods, it would be exceedingly difficult not to be influenced in one's actions or, alternatively, not to make some statement at a board meeting or elsewhere based on knowledge derived in the performance of one's official duties. I know from business acquaintances that concern is felt because of this person being a member of the Prices Advisory Committee and also a popular personality as regards directorships. I ask the Minister for Works to take a note of what I have said.

The matter of prices is indeed a serious one as is the whole inflationary spiral. I can agree to some extent with the statement made by the trade union secretary as quoted this evening, but only to an extent. I believe that conditions are more favourable and satisfactory all round when there is a period of gradual

increase in prices—in other words, a slight inflationary trend—but the greatest harm is done when prices start to recede. By a "gradual" process, I mean nothing quite so spectacular as we have witnessed over the past several years, a state of affairs for which, I repeat, this Government is culpable.

The conservative elements have had their fun for about three years; they have played politics with a vengeance; they have tickled the ears of the electors; they made all sorts of promises which they knew they could not keep; they were prepared to do the popular rather than the correct thing, and today Australia is reaping the harvest. It is too late to go back. The most we can hope to do is to stabilise somewhere about the present level, but if scores of thousands of new people are to be arriving in this country every year, very many of whom are consumers and not producers, and if many thousands of our young persons are to be drafted into the military forces where they become consumers of buildings, uniforms and weapons, to say nothing of their food and other things, and if we have these trends not only in existence but also being speeded up by the Government, we cannot hope to arrest or even make pause for a period the present spectacular rise in prices. The current trend is certainly being aggravated by Government action.

I consider, too, that if the Commonwealth imposes heavier taxation, it may possibly have results the opposite of what it contemplates. There is a limit beyond which it is impossible to go. I have given members personally indications and examples of certain business people declining to invest their money in essential production because of what to them as individuals would be such poor returns. I know of workers who have been engaged on contract work and who have been making considerable money for themselves but who, upon being presented with a debit note from the Taxation Department at the end of the financial year, have thrown up the good work they were doing.

One was engaged in felling timber in the Great Southern, work which a number of members had an opportunity of witnessing last year. While he might have been spiting himself by giving up that work, he preferred to take a job on wages in the city where he could enjoy some of the amenities of life, where his taxation instalments would be deducted from his wages weekly and where, at the end of the year, he would probably receive a cheque from the Taxation Department rather than having to pay out additional money. Consequently over-taxation may have a dire effect upon the economy of the country.

I am aware of the very many interests and industries that could be affected by a revaluation of the Australian £. I am not suggesting that it be revalued fully, but perhaps 10 per cent. might be a reasonable

figure. I am aware of the possible repercussions on certain of our exporting industries. Some of them are capable of bearing the loss of income that would result; others would probably require some subsidy from the Commonwealth. As against that, of course, many of our imports would be cheaper.

May I suggest, in consonance with remarks that have fallen from the member for Murchison over a number of years, that the Commonwealth—and this might be urged by the State Government—should consider instituting subsidies in order either to peg or reduce the prices of essential commodities, and that these subsidies be paid, not from Consolidated Revenue that springs from taxation, but from new bank credits. In these comparatively enlightened times, one should not be required to give a dissertation on bank credit and how easily it can be created, but I hold that if this created bank credit were applied to reducing prices, the effects of the usual infusion of bank credits, which is an inflationary trend, would be non-existent. Inflation reveals itself in rising prices, and if the subsidy were paid in consideration of reduced prices, then the inflationary trend would be non-existent.

Mr. Grayden: But would not that trend be increased by the amount of the credit?

Mr. GRAHAM: If, for the sake of argument, woollen goods were subsidised and one could then purchase a suit of clothes for £18 instead of £24 as a result of the subsidy, that would be putting value into my £ and, indirectly, would represent an increase in my wages.

Mr. Grayden: And it would increase the money in circulation.

Mr. GRAHAM: That would not make any difference if there were rigid price control and the subsidy were paid for the purpose of reducing prices or holding them at a certain level. However, I do not propose to enter upon a discussion of the subject at the moment. I shall be pleased to accommodate the member for Nedlands in a hearty discussion on the point—I am sure it would be hearty—in the corridor when time is available.

Hon. A. H. Panton: Let us have it in here.

Mr. GRAHAM: I close on the note upon which I opened, that Australia in common with New Zealand was the envy of the world with respect to stability in the control of prices, but because of the cheap game of politics which was played with such drastic results to the economy of Australia, the present predicament confronts us. I sincerely hope that the Government is not seeking to make us believe that the inflationary crisis is something that has sprung up over the last few weeks or months. It started, I repeat, when the people were hoodwinked into voting against the prices referendum on the 29th May, 1948.

The defeat of that referendum, the handing over of controls to the States, and the disappearance of other essential controls at the time I speak of which were removed after the return of the Menzies-Fadden Government for purely political reasons, have been contributory factors to the present state of affairs. But coming right back home there are several ways in which the State Government can do something about it, apart from making representations to the Commonwealth.

One way is to show a greater consideration for the increase in prices trend than it does at the moment and by being a little less anxious to increase its own charges, whether it be for electricity, gas, water supplies, fares, freights, registration fees or anything else. The Government is doing, without application to the Prices Branch, exactly the same as traders would do if there were no control over their prices.

Secondly, I make the request that the Government this year, instead of bringing down a continuance Bill, introduce an entirely new measure, even if it be couched in the same terms as the existing legislation, so that we may have an opportunity of dealing with the Act in its entirety instead of merely the period during which it is to operate. Thirdly, I suggest to the Government that it show a little more seriousness in the matter of exercising price control. Prices should be more vigorously policed. Some steps should be taken in this direction. I am, however, at a loss to know just what they should be unless we require the magistrates to make the penalties a little more severe, without any option.

Might I inform members of a wager that took place in this State about 12 months ago. There were two members of the business community discussing prices control, and one was of the opinion that the Prices Branch was not doing a bad job, while the other, who, incidentally, was an auctioneer, thought the Prices Branch did not know what it was doing, and would fall for practically anything. This gentleman, in order to prove his point, made a bet with his colleague that if he applied to the Prices Branch for an increase in the percentage he was allowed, he would succeed in his application.

Accordingly he made an application stating that owing to the increase in costs, and all the rest of it, he considered that his margin should be increased. In due course he was granted the increase he sought which, of course, meant that he won the bet. He pointed out to a friend of mine that one of the chief lines by which he was making money was the selling of secondhand furniture. He said that in fact he should not be receiving the percentage he was getting before the last increase because whereas previously he was selling secondhand suites of furniture for

£10 and £15 he could get from £30 to £60 for them, without any greater effort on his part—in fact, far less.

He said he was securing hundreds per cent. more return in a day than he had been getting. But such is the Prices Branch, he said, that one was able to get away with anything. That is the statement he made, and he gave a concrete example of it. I want to say that here I have used a few inaccuracies inasmuch as I have endeavoured to camouflage the individual because I do not want any action to be taken against him. But the substance of what I have told members is perfectly true. It bears out my impression of the Prices Branch about which I told members when I said I would not again wait on it, as a deputation, as it was a complete waste of time.

So I impress on the Government the necessity of doing everything possible to see that a little bit of life is put into that branch. I ask members of the Government to cast their minds back to last session when, in all seriousness, the Prices Commissioner stated that his branch was unaware that there was any blackmarketing or overcharging with respect to certain meat, or that it existed except for a few isolated cases. Everyone knows from his own experience, or from conversations with those in the meat business, that that is the common procedure which is followed, owing to circumstances, by practically every one of them. We will have further debates on prices matters when the continuation Bill comes before us, and I hope it will be in the form I have indicated.

My final word is that one would have thought that on a question as serious as this, with all its repercussions, and seeing it is exercising the minds of practically everyone throughout the length and breadth of the country, there would have been some members from the back benches—some private members—prepared to express themselves. One would have imagined they would have had something to say on this question of inflation which, to this country, is becoming a greater menace than the mythical enemy which will attack us, in the words of Mr. Menzies, in 1953.

MR. GRAYDEN (Nedlands—on amendment) [9.47]: I would like to accept the challenge, or invitation, issued by the member for East Perth to members on this side of the House to express their opinions upon the present inflationary trend so evident in Australia. I feel that we should study the causes of the trend, because it is only by studying the causes of anything that a solution or remedy can be found for it. I would say that the chief cause of rising prices in Australia today is lack of production.

There is a great volume of purchasing power in the hands of the public of Australia at present—a greater volume than has ever been known before—and rarely

in the history of Australia have we had so few consumer goods to meet the demand which that purchasing power represents. Unless there is a sufficient volume of consumer goods to soak up the surplus spending or purchasing power of the public, there can be no real or lasting remedy for rising prices.

Another factor contributing towards high prices—as put forward by our friends in opposition—is excessive profit, and I will deal with that aspect later. The high overseas prices that we enjoy for our agricultural products bring into this country a great volume of spending power which is placed in the hands of the farmers and the exporters of those goods. That, in itself, is not a bad thing, but to overcome the problem which it presents in forcing up prices, a considerable proportion of that money should be used to import consumer goods to satisfy the purchasing power that that self-same money generates. That is not being done at present for the good and sufficient reason that the necessary goods are not available to be imported and that items essential to the development of the country deserve a higher priority.

The greatly increased prices that we have to pay for goods that are being brought into the country constitute another factor, as mentioned by the Acting Premier, in forcing up prices within the Commonwealth. Our exports to other countries have the same effect in forcing up their price levels. The entire system is inter-related and the high prices we enjoy for our exports to Britain cause her the same trouble as we experience through the high cost of manufactured goods we import from her. I have not seen anywhere a solution of that problem, and I believe that it works out in the end as a fair exchange. We each charge the other a little more.

There is in Australia today a great deal of money in the form of notes in circulation and a great deal in the shape of notes that are not circulating but are held by those people who made great profits out of black market activities during the war. They hid their profits away in stockings and suit cases and all sorts of places, paying no income tax on them and keeping them there until they could buy something with that money. Realising what the result will be if they are found with those funds, such people are prepared to get rid of them as speedily as possible and will offer fantastic prices in order to receive solid goods in exchange.

In the Press the other day a person advertised offering £4,150 for a second-hand Buick car. That is an absolutely fantastic price which could not be regarded as the ruling price for such a vehicle in this country today. Persons such as that make it hard for genuine purchasers who wish to obtain similar goods.

Mr. Graham: He was probably a wool-grower.

Mr. GRAYDEN: Perhaps. There is in Australia today a great lack of buyer resistance. In America last year there was a great wave of buyer resistance which swept over the country, with the result that people refused to purchase goods that they thought were exorbitantly priced. Very soon, owing to the slackening in demand, the supply of goods caught up and prices immediately became more reasonable. Migration is another important factor in the building up of our current price levels. It is evident that if we are to encourage migrants by the hundreds of thousands, as we are doing today, the effect on our economy must be great.

Every worker that enters secondary industry requires a capitalisation of something in the vicinity of £1,500 to set him up with equipment, building space and so on. That applies to every worker in secondary industry in Australia today and so, if we bring in a further 100,000 migrants to enter industry it is evident that there must be a tremendous stepping up of the scale of investment in industry. That increased investment in turn generates more income, with consequent greater demand for goods, and so the spiral goes on.

In spite of that, I do not believe in scaling down our present rate of absorbing migrants. It is only by building up our population that we can develop our country fully and protect it. I know that my friends on the other side of the House have, through their party, supported the same migration policy, and I believe it is only right that we should do so. Great developmental works such as the Snowy River hydro-electric scheme, our own comprehensive water scheme, the rehabilitation of our railways and so on mean the investment of great sums of money and put into the hands of the people a great deal of purchasing power, yet none of that form of investment produces £1 worth of consumer goods to help absorb the increased purchasing power. The result is an ever-increasing demand for luxury and semi-luxury goods.

In the normal course of business when money is invested in industry it increases the production of consumer goods, which meet, to some extent, the demand resulting from the greater purchasing power due to that investment. We come now to one of the greatest factors in the present inflationary trend. I refer to defence, which is in the same category as public works. Every £1 invested in defence places purchasing power in the hands of the people but produces no consumer goods to help meet the increased demand. I believe that the first duty of any Government is to ensure the welfare of its own people, but the security of the country is of vital importance. The member for East Perth has given the House some interesting views on defence, but I feel he has shown

a singular lack of understanding of modern war. His impression apparently is that if we have an industrial potential in the country we will have sufficient time to swing it into action, equip and train our soldiers and send them into action against an enemy; but, of course, no such thing is possible in these days.

Mr. Griffith: We found that out in New Guinea.

Mr. GRAYDEN: That is so. Our troops were withdrawn from the Middle East and, even though they had been trained and equipped for desert warfare, they were thrown into New Guinea without any training in jungle fighting.

Mr. Graham: Largely because they brought their equipment with them.

Mr. GRAYDEN: The consequence of it was that some battalions, such as the 2/16th, lost as much as 50 per cent. casualties in one day, simply because they were not trained for the work in hand. They were trained in desert tactics; they were going in in arrowhead formation which, as they very soon found, was a fatal mistake in jungle warfare. But perhaps the hon. member is unaware that the infantryman of today has to do a little more than be able to slope arms. The infantryman of today takes many months of solid training.

Mr. Graham: My point is that he must have something to slope.

Mr. GRAYDEN: He certainly has to have something to slope, but the hon. member should not forget that he was saying we should not be worried about war fears. He said, "Why worry about building up our armament reserves? Why build 'planes today when they will be obsolete tomorrow?" I would remind the hon. member, if he is not already aware of the fact, that it takes two, three or even four years to design an aeroplane and re-tool a factory to produce it. Who would wait for four years to invade Australia if a war commenced?

Mr. Graham: Putting boys into army camps does not produce aeroplanes.

Mr. GRAYDEN: No, but it gives them a chance of survival in time of war. If anybody gets shot in a war, it is the untrained man.

Mr. Manning: Hear, hear!

Mr. GRAYDEN: The first thing for a soldier to learn is to keep his head down. The infantryman of today has to learn details of many weapons, including the Owen gun, the Bren gun and the P.I.T.A. gun. He must have a knowledge of the tank attack gun and he must know the rifle which he carries. The type of rifle is being changed now but the present-day infantryman must know all these things, and I would remind members that these weapons are most complicated. For instance, the flamethrower is a common part of army equipment and the soldier of today must learn to use it. All this involves considerable training, and we cannot throw

a man into battle if he has had only one day's training and expect him to use a flamethrower.

Mr. Ackland: You would be a murderer if you did.

Mr. GRAYDEN: That is quite correct. Soldiers must be trained in all phases of warfare and it is murder to send them into battle unless they have had the necessary training. So, to give Australia a decent chance of survival in case of war, we must train our men; that is the first essential. We must equip them and we must equip them now, because in modern warfare there is no time to equip them after it commences. If war started, there would be somebody knocking at our gates within a month, or two months at the outside. Surely nobody would imagine that a country would enter into a war without having some plan laid out to attack the country upon which it waged that war; that it would not have plans prepared and a fleet ready to carry the troops to that country to make an immediate attack upon it! What nation would declare war upon another and then sit back for months until the other nation prepared itself to meet that threat? The suggestion is ridiculous!

To meet any threat to Australia's security today, we must have a well-trained force ready for immediate use and equipped with the latest weapons. Even if those weapons are becoming obsolete every year, our troops must still be equipped with them and those weapons must be changed every year so that our equipment can be kept up to date; otherwise we are not safe. It is no use the member for East Perth coming here and saying, "Why worry about training soldiers? Why worry about manufacturing things that will be obsolete in a year or two?"

Mr. Graham: Of course, he did not say that.

Mr. GRAYDEN: Then he said something very similar. We must prepare ourselves for the threat that is facing Australia today, and it is a very real threat. At the present time, Australians are losing their lives in Korea because of this threat to Australia, and when Australians are losing their lives to save our country and our freedom, I feel that we are only doing our duty if we say to them, "Your efforts will not be in vain. We will use the advantage you are giving us in order to prepare, and we shall prepare." If we are not going to use this breathing space to prepare against the threat of war, what is the use of combating aggression? If we do not do that, aggression will continue piecemeal all over the world until world war is inevitable.

I have dealt with some of the problems, or some of the causes of inflation in Australia today. Now we must look for remedies, and our friends on the Opposition side of the House have suggested some. I have a statement issued by one of their spokesmen, and printed in to-day's issue of "The

West Australian," which concerns the anti-inflation conference now taking place in the Eastern States. That spokesman is the Premier of New South Wales, Mr. McGirr, and we find out what he thinks should be done to combat this inflationary spiral, or rather we will find out what he says should not be done to combat it. The article states—

“Mr. McGirr plans to attack any proposal for higher taxation.

So that is one weapon washed out which could be used against inflation. It goes on—

He will also challenge the Prime Minister (Mr. Menzies) to reveal what proposals he has in mind to restore value to the £1—

I should imagine that is a very courageous thing to do.

Mr. Graham: A very proper thing to do.

Mr. GRAYDEN: It continues—

—oppose any increase in interest rates from the present level of 3½ per cent.

So that is another weapon that could be used against inflation but which is ruled out. He goes on to state that he will oppose any pruning of State public works. There is another weapon against inflation which is wiped out.

Hon. J. T. Tonkin: I thought your Premier was doing that, too.

Mr. GRAYDEN: I am not saying that he is not doing so. What I am saying is that our friends on the Opposition side will agree that this is another weapon that could be used. That is the only claim I make. Mr. McGirr goes on to state that he will press for a fair share of Commonwealth indirect taxation. Those are all things that he rules out. How many proposals are left, with the exception of price control, to decrease or hold prices at their levels?

Mr. Graham: Dozens of other things.

Mr. GRAYDEN: Yes, but those I have mentioned, as I hope to show, are quite important ones. We will deal firstly with the plans for higher taxation. It is an accepted economic principle that Governments, in times of boom, should tax heavily and should tax lightly in times of depression. They should try to curb superfluous spending power in boom times.

Hon. A. R. G. Hawke: That was not the Liberal Party policy at the Federal election in 1949.

Mr. Marshall: And it was not that of the member for Nedlands a few years ago, when he was up for election.

Mr. GRAYDEN: If the member for Murchison can ever show me where I have opposed higher taxation, I shall be glad

to see it because I am sure that nowhere can he show me any statement made by me—anywhere or at any time—to the effect that I opposed higher taxation. I say this because as a plain and simple fact I have never stated it, and I challenge him to produce anything showing that I have ever said that.

Mr. Marshall: I said that you did not advocate higher taxation when you were up for election at Nedlands, so you cannot advocate an increase in taxation.

Mr. GRAYDEN: Ah!

Mr. Marshall: That is different, is it not?

Mr. GRAYDEN: Now the hon. member is on a different track.

Mr. Marshall: You are going to advocate it in this case!

Mr. GRAYDEN: I am saying that one of the generally accepted economic principles, one of the economic ways of curbing an inflationary spiral, is to tax heavily in order to remove surplus spending power and reduce investment. That is a proper statement to make. It is quite an accepted economic fact, as the member for Murchison will find if he checks with Mr. Oxnam, who was named by the member for Warren, or any other economist at the University.

Mr. Marshall: I think you have been a disciple of a fellow named Copland, have you not? That is the chap in the mythical university in Canberra who told us in 1930 that the less money we had the richer we were, and the less food we had to eat the fatter we would get.

Mr. SPEAKER: Order!

Mr. GRAYDEN: A mythical university created by the Labour movement!

Mr. SPEAKER: Order! The hon. member will address the Chair.

Mr. GRAYDEN: Surely one of the classical ways of reducing investment is to increase the interest rate; because, if the interest rate is increased, it means that the percentage of profit for the speculator is cut down. He cannot borrow money at 3 per cent. and invest at 5 per cent.

Mr. Graham: He loads the increased interest charge on to the price of his goods.

Mr. GRAYDEN: I said invest, not sell. There is a bit of a difference.

Hon. A. R. G. Hawke: Surely the member for Nedlands is not advocating increased interest rates!

Mr. Marshall: Yes, he is.

Mr. GRAYDEN: I am saying that increased interest rates should be used to curb any speculative investment; and I do not see why they should not be used to encourage investment in Commonwealth

bonds, because the more money we can bring into Commonwealth bonds the less there is for investment in non-essential industries, and thus it means a decrease in the purchasing power in the hands of the community.

Mr. Rodoreda: What does the Commonwealth Government do with the money it gets from bonds?

Mr. GRAYDEN: I come back to the question of profits, a subject dear to the hearts of my friends of the Opposition. They have dealt with it almost exclusively all night, so I am sure it interests them greatly. They have been saying all night how the profits of the companies have increased tremendously over the years.

Mr. Hoar: So they have.

Mr. GRAYDEN: They have been weeping tears all night about the sad and sorry fact that the profits of the companies have greatly increased. I would like to give some statistics.

Mr. Marshall: What was Winterbottom's profit last year? Can you tell me?

Mr. GRAYDEN: I do not divulge confidential information. I would like to give some statistics drawn from figures presented by the Commonwealth Statistician. These figures give the division of the proceeds of trading enterprises before payment of income tax. They deal with the figures of employees, farmers and unincorporated businesses, Governments, companies, property holders, depreciation funds and Government undertakings. I propose to deal with only two of those because they are the two vitally concerned. I do not think we are worried about money accruing to farmers, or Governments, or depreciation funds or Government undertakings; but any member can see these figures for himself afterwards if he likes. I propose to deal with those applying to the employees and the companies. The figures for respective years are as follows:—

	1945-6	1948-9	1949-50
	£m.	£m.	£m.
Employees	537	867	965
Companies	134	215	230

Hon. A. R. G. Hawke: What was the average per person?

Mr. GRAYDEN: I will give some more figures. These indicate the increase from 1945-46 to 1949-50 in millions of pounds and then as a percentage. They are as follows:—

	Increase 1945-6 to 1949-50	
	£	%
Employees	428	80
Companies	96	72

Mr. W. Hegney: Does that £96,000,000 represent profits distributed?

Mr. GRAYDEN: It represents profits accruing before the payment of income tax. It does not matter whether they were distributed or undistributed.

Hon. J. T. Tonkin: Is the hon. member denying that profits for this year have reached an all-time record?

Mr. GRAYDEN: Is the hon. member denying that wages have reached an all-time record?

Hon. J. T. Tonkin: Of course they must have done, but they are still on the same basic wage formula. It is because of the inflation your Government has failed to recognise that wages are up.

Mr. GRAYDEN: I think I can ignore that one.

Mr. Marshall: You had better go over to Copland for a week or two and come back refreshed.

Mr. GRAYDEN: I think the hon. member is the one that needs to go. I have shown that wage-earners have received an 80 per cent. increase compared with the companies' 72 per cent. I would point out that these figures represent the companies' profits before taxation, which is a very important point to consider.

Hon. J. T. Tonkin: If you keep going you will show that they made a loss.

Mr. GRAYDEN: I intend to deal with some figures supplied by the Commissioner of Taxation in his 28th report. He was apparently a little bit slow, because he has only recently made up the taxable incomes of companies for 1945-46. These are split up to include all trades, and the figures relate to 306 companies surveyed by the Commissioner, including engineering and metals; textiles and clothing; food, drink and tobacco; paper and printing; rubber, leather, timber, furniture; and gas and electricity. He has taken a fair cross-section of all industrial firms and has given these figures for 1945-46. I will give later figures in a minute.

The total value of the output for the years mentioned was £867,000,000 and the total of wages and salaries was £206,000,000. The figure for materials, power and repairs of the various concerns was £515,000,000 and company taxes accounted for £20,800,000. The profits of all companies after taxation amounted to £42,200,000. I think members will agree that it would not be an excessive profit if people in a public company were to make 5 per cent. upon shareholders' funds. I think that 5 per cent. on shareholders' funds would be a very reasonable rate of profit.

Hon. J. T. Tonkin: What about explaining what you mean by shareholders' funds?

Mr. GRAYDEN: All money actually employed in the business; not the nominal capital of the firm or the actual subscribed capital, but all the money accumulated through reserves.

Hon. J. T. Tonkin: Including reserve profits distributed in the form of bonus shares?

Mr. GRAYDEN: Including all money.

Hon. J. T. Tonkin: You believe in paying 5 per cent. on watered stock?

Mr. GRAYDEN: It does not alter the argument whether there is a watering down by bonus shares or not. The fact is that so much money has been drawn together in the company for use in its industrial undertakings, and that is the money actually employed. No matter how many shares are issued, there is that actual amount of money.

Hon. J. T. Tonkin: Surely the hon. member can see that if a company deliberately issued one share free for every share held and paid 5 per cent. on the new capital, that is equivalent to 10 per cent. on the original capital.

Mr. GRAYDEN: Yes; but I am not discussing share capital, but shareholders' funds, which is a totally different thing. The number of shares in a company might be only 100, but there might be £100,000 worth of money used in that firm which had been accumulated over the years, or there might be only £1,000 used in that firm with perhaps 100,000 shares.

Mr. W. Hegney: Undistributed profits.

Mr. GRAYDEN: They might be undistributed, but all that money is in the firm. Five per cent. would be a reasonable profit for a firm to earn in conducting its business. The companies' profits over 5 per cent. on shareholders' funds after payment of tax reached the grand total of £4,000,000. Members should note that that amount was made out of a total value of output of £867,000,000. That would mean that less than 2 per cent. of the profits of those companies could be termed in any way excess profits. Even if those profits were taken away from the firms, what appreciable saving to the public would there be?

Mr. J. Hegney: What year was that?

Mr. GRAYDEN: These figures relate to 1945-46. Continuing to quote—

Up-to-date statistics on the profits of public companies engaged in manufacturing are published periodically in the Commonwealth Bank Statistical Bulletin. According to this source, profits in manufacturing industries as a percentage of shareholders' funds increased from 6.3 per cent. in 1946 to 7.8 per cent. in 1949 (for 218 companies compared with 306 companies surveyed by the Taxation Commissioner in 1945-46). Preliminary figures suggest that the final figure for 1950 will be about the same as 1949.

That means, despite what members of the Opposition have been saying, that on the amount of capital actually used in their businesses, no matter from what source it was obtained and on which any excess profits tax is based—which is an important

thing, because it cannot be based on anything else—the highest percentage that has been made is 7.8.

Mr. Brady: Which is three times more than that made in 1945-46, on their own statement.

Mr. GRAYDEN: And how does the basic wage compare on those figures?

Mr. Brady: One hundred per cent.

Mr. GRAYDEN: And the point is the member for Guildford-Midland is quoting not from figures but from supposition.

Mr. Brady: I am quoting your figures. The hon. member told us that the profits in 1945-46 were 2 per cent. and they are now 7.8 per cent.

Mr. GRAYDEN: I said that the profits over 5 per cent. amounted to a mere 2 per cent. of the output, which means 2.8 per cent. over what obtained in 1949. I feel they are quite reasonable and destroy to a large extent the case presented by the members of the Opposition. Nobody is denying that profits are high now, and so they should be. It would be strange if everything reached record levels of output and profits did not keep somewhere in step with them. In actual fact wages have increased, on a percentage basis, more since the end of the war than company profits, and no statistics can be quoted to deny that.

MR. W. HEGNEY (Mt. Hawthorn—on amendment) [10.25]: I desire to make a few brief comments on the amendment and first of all I would like to let the member for Nedlands know that we on this side of the House are not all ivory from the shoulders up!

Mr. Grayden: That is no argument.

Mr. W. HEGNEY: I think the hon. member made a very feeble endeavour to camouflage the whole position as outlined in the amendment. I do not know whether he was acting under instructions from the acting Leader of the Liberal Party or the Acting Premier, but he certainly tried to get the minds of members away from the real issue.

Mr. Grayden: And got them on to the basic causes.

Mr. W. HEGNEY: I am not going to be sidetracked by the figures which he has quoted. Suffice to say that 5 per cent. on shareholders' funds is, according to him, a reasonable profit. He indicated what shareholders' funds meant but they, in actual fact, could represent a profit of 20 or 30 per cent. on paid up capital. I am not going to become involved tonight in the question of how companies and firms can camouflage and hide their profits by creating secret reserves and allowing for excessive depreciation by various methods of accounting because that has nothing to do with the terms of the amendment as such.

There is a moral aspect behind the amendment and to draw the attention of members opposite to the fact that they practised duplicity, lying and misrepresentation in 1948 and 1949 and now they are trying to get out of the morass in which they have been placed by the march of events. For example, we have the member for Nedlands quoting different figures, making different statements and putting up specious arguments to try and justify the lies and the "impropaganda" that the Liberal Party and Country Party indulged in two years ago, three years ago and three months ago.

Let me, at the outset, indicate that there is indeed a moral aspect to this question and that the members of the Government and of the Commonwealth Government have an extremely hard job to justify the attitude they adopted in past years, and the member for Nedlands, in an effort to back up the Acting Premier, made some references to defence which were entirely extraneous to the amendment.

Mr. Grayden: They were introduced by the member for East Perth.

Mr. W. HEGNEY: To show how improper they are, I have here a copy of the advertisement issued by Mr. Menzies less than two years ago and among the assurances that he gave the people of the Commonwealth at that time are these:—

Reduce Taxation.

That is a statement made by Mr. Menzies and issued to the people of Australia at a recent election. Continuing—

This is our policy.

And he is speaking for the Liberal Party of Australia as Prime Minister of Australia. Continuing—

Steadily reduce the rate of taxes on the people.

And underneath—

Reduce living costs and increase living standards.

And with a final appeal to the electors, further down—

Put the shillings back back into the pound.

That is the question to which members opposite should address themselves. I am not going to be sidetracked into talking on questions of defence or what is a reasonable rate of profit for companies or other international aspects that have been introduced by the member for Nedlands and the Acting Premier.

I direct the attention of members again to the "impropaganda" that they and their colleagues indulged in, and find that because the Governments of the State and the Commonwealth adopted such very

specious and doubtful methods during the last two elections for the purposes temporarily of gaining access to the respective Treasury benches, now they are in a mess, they are trying to make all sorts of excuses to justify the present position and have not the courage or principle to admit their mistakes. There was no qualification about the propaganda and the assurances that the Government and the members of the Liberal and Country Parties gave to the people in 1948, when they said that they would keep prices and costs down. There is no qualification in the advertisement of Mr. Menzies in 1949 that I have quoted, nor in the one of only a few months ago. The present State Liberal Government pointed out that if it were returned, as it was, it would reduce living costs and put value back into the £.

It is not my intention to quote extensively from figures. The member for East Perth made certain references to the increase in the basic wage, and it is true that for some years from 1940, to roughly about 1945, the basic wage increased by only, approximately, 20 per cent. during the whole of the war period, because of the policy that was adopted at a time of crisis, and from 1947 until the present the basic wage has climbed from £5 15s. 5d. to £9 16s. 8d. I venture the opinion that members opposite will agree that as the basic wage goes up, the purchasing power of the £ goes down. There is no question about that.

This Government talked about prices and the protection of the people, as Mr. Menzies has done. He misled the people of the Commonwealth for the purpose of gaining a temporary advantage and retaining control of the Treasury bench. He assured the people of the Commonwealth that his Government would reduce taxation—and he had been overseas and knew the international position, just as he apparently does now! Despite that, he said he would reduce taxation and would reduce living costs and put value into the £.

During the period of the war I was one of those who believed the postwar economy of Australia demanded that the removal of controls should be very gradual. But what did members of the present Government say? They said, "Get rid of controls; we do not want any more Chifley controls; we do not want regimentation; we want to allow private enterprise to act as it should, and we want all controls removed from the Commonwealth and the State."

They have removed controls to a certain extent, and Mr. Menzies has seen fit to call a special conference of representatives of different interests in Australia for the purpose of combating inflation. As far as I am concerned, Mr. Menzies

got himself into the mess and he can get himself out of it. His Government has a majority in both Houses and he and his supporters told the people of the Commonwealth that they would govern and put value back into the £. It is their job to do it.

Mr. Totterdell: They will do it.

Mr. W. HEGNEY: The Liberal Party members pointed out that they would have all controls removed. They did remove some controls but there is on the statute book of the Commonwealth today an Act of Parliament which will remove from the people of the Commonwealth the right to legislate through their representatives and will set up a petty dictatorship in this country. I refer to the very Act the member for Nedlands mentioned, the Defence Preparations Act, under which the Commonwealth will have the right, or I should say the Governor General will have the right, to make regulations for the purpose of doing anything for the defence of the country—and we are supposed to be living in a time of peace. There is also provision for the controlling of goods and services and facilities and money.

Mr. Marshall: And labour.

Mr. W. HEGNEY: And indirectly it will control labour, because if capital is diverted from certain industries to others labour must necessarily follow capital. In 1948 and 1949 we had representatives of the Government and their counterparts in the Commonwealth telling the people of this country that the Labour Party believe in regimentation and controls; that the purchasing power of the £ was being reduced, and that if the Liberals got the opportunity they would save the country. They have had the opportunity. The Government has had the opportunity for the last four years and there has been a continual spiral of prices.

The Menzies Government has had the opportunity since 1949, and Mr. Menzies now finds himself in such a tangle that he has got to ask varied interests in Australia to help him out of it. While the present position persists, I have no doubt that prices will continue to increase. When those associated with the Menzies Government were before the people some two years ago, they criticised, and criticised very strongly, the Chifley Government because it regimented to a certain extent the flow of capital to industry. The Liberal Government of Australia put the soft pedal on capital investment, but finds now that it has to reintroduce controls and has to regiment capital to a certain extent, or I should say to a great extent.

We find therefore that both the present State and Federal Governments have failed, and failed miserably, to control

prices and to prevent inflation. The Acting Premier in his remarks continued to endeavour, and no doubt his example was followed by the youthful member for Nedlands, to camouflage the position and to sidetrack the House from the real purport of the amendment.

Mr. Grayden: What, to throw us out?

Mr. W. HEGNEY: I do not propose to make an Address-in-reply speech on this issue, but before I resume my seat, now that the matter of price control is before the House and due to the neglect of the Government to control prices adequately, I wish to repeat that one of the staple commodities which the people must use is meat. I asked the Minister for Prices certain questions about this two years ago. I still contend that the workers of this country are being deprived of from 5s. to 7s. a week in the basic wage and as the evidence before the Select Committee that dealt with the subject indicated—I defy contradiction on the point—the sale of meat by retailers to consumers was on a practically 100 per cent. black market basis.

It was further indicated that the figures supplied by retailers to the representatives of the Statistician's Department were the fixed prices. We have also a reply from the Attorney General that the increase of 1d. per lb. in the price of meat means approximately 1s. 2d. in the basic wage. Therefore, where retailers charge 5d. a lb. over the fixed price, and they are doing it, the basic wage should be approximately 6s. more than it actually is.

Mr. Yates: That is an exaggeration.

Mr. W. HEGNEY: It is not an exaggeration; it is a fact, and I can prove it. The hon. member might care to ask the member for Cottesloe who is sitting alongside him as to whether it is an exaggeration or not. I am not blaming the retailers regarding the meat position. They have declared that they are unable to sell meat at the fixed price, because, to obtain meat from the wholesalers, they must pay more than that price. This Government has failed lamentably to check the position in regard to meat or to ensure that all sections of the community are put on an equitable basis and all interests are protected. So innocuous was the price-fixing administration in regard to the supply of meat—I shall not deal with other commodities—that the State executive of the Australian Labour Party requested the Government to remove controls from its sale and distribution if the price could not be adequately controlled, but the Government, now that it has been put on the spot, is still nominally controlling the price of meat because that is helping to keep down the basic wage by about 7s. per week.

As a representative of the people, I appreciate the difficulties that confront Australia and any Government in office at the moment. The Commonwealth Government refused to take over the control of prices. I consider that this is a Commonwealth matter. I believe that many of those who voted "No" at the referendum in 1948, if they were given another opportunity, would vote in favour of transferring price control to the Commonwealth, and I am sure that members of this Government would like to see controls transferred from the State to the Commonwealth.

The position that has arisen, both in this State and in the Commonwealth, should be a lesson to the Liberal and Country Parties, if they are prepared to learn, not to make wild and woolly promises for the purpose of misrepresenting the position and deluding the electors in order to gain a temporary advantage and bask in the sunshine of the Treasury bench for a year or two. They should remember that there always comes a day of reckoning. Members sitting on the Government side, and particularly the younger ones, must hang their heads in shame when they consider the number of times the people were assured by their respective parties that they would control prices, reduce living costs and remove all controls and when they compare those assurances with what has actually happened over the past few years. That sort of thing does not pay. A lie has short legs and is soon overtaken. The time may extend to a few years, but I shall not repeat the old saying of an American President, apt though it is in relation to the economic position of Australia at present.

My final word is that the Government has been weighed in the balance and found wanting. It is idle to talk of Commonwealth responsibility. Members on the Government side told the people that, if given the control of prices, they would protect the interests of the general public. This they have failed to do. They have allowed the inflationary trend to continue unabated, and because of the interests represented by the Liberal Party, they will continue to put the soft pedal on price control out of consideration for those who provide the party funds and whom the Commonwealth and State Governments are out to protect. I hope that the amendment will be carried as it will be an indication to the Government that it is time to awake to a sense of its responsibilities and do something to protect the people of the State.

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

Ayes	.....	17
Noes	.....	19
Majority against		2

Ayes.

Mr. Brady	Mr. Panton
Mr. Graham	Mr. Read
Mr. Guthrie	Mr. Rodoreda
Mr. J. Horney	Mr. Sewell
Mr. W. Hegney	Mr. Sleeman
Mr. Hoar	Mr. Stvants
Mr. Marshall	Mr. Tonkin
Mr. McCulloch	Mr. May
Mr. Nulsen	

(Teller.)

Noes.

Mr. Ackland	Mr. Nalder
Mr. Brand	Mr. Oldfield
Dame F. Cardell-Oliver	Mr. Owen
Mr. Cornell	Mr. Thorn
Mr. Doney	Mr. Totterdell
Mr. Griffith	Mr. Watts
Mr. Hearman	Mr. Wild
Mr. Hill	Mr. Yates
Mr. Hutchinson	Mr. Boveil
Mr. Manning	

(Teller.)

Pairs.

Ayes.	Noes.
Mr. Hawke	Mr. McLarty
Mr. Kelly	Mr. Abbott
Mr. Needham	Mr. Grayden
Mr. Coverley	Mr. Perkins
Mr. Oliver	Mr. Nimmo
Mr. Lawrence	Mr. Mann

Amendment thus negatived.

On motion by Hon. E. Nulsen, debate adjourned.

House adjourned at 10.49 p.m.

Legislative Council

Wednesday, 15th August, 1951.

CONTENTS.

	Page
Questions : Housing, as to spec-building scheme safeguards	145
Roads, as to Great Eastern-highway	145
Native affairs, as to Moore River settlement control	146
Railway Commission, as to members' attendance at deputations	146
Water supplies, as to Goldfields scheme main	146
Myxomatosis, as to release of virus	146
North-West, as to development committee's recommendations	146
Ministerial statement, questions to Ministers	147
Address-in-reply, fourth day	147
Speaker on Address—	
Hon. H. K. Watson	147
Adjournment, special	155

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

QUESTIONS.

HOUSING.

As to Spec-building Scheme Safeguards.

Hon. G. FRASER asked the Minister for Transport:

(1) Further to my questions of the 7th August, re spec-building, and the Minister's answers thereto, will the Minister

agree to insert a clause in permits that the properties must be sold only to purchasers approved by the Housing Commission?

(2) Have there been any instances—if so, how many—of materials being refused to builders because of excessive charges for properties built under this scheme?

The MINISTER replied:

(1) No permits are required for building of dwellings up to 15 squares, provided such dwellings are required for permanent occupation; but before releases for controlled materials are given for the building of ready-made homes, a builder is required to give an undertaking that he will inform the commission of the name of the purchaser and the price received. If, after investigation, the price is considered excessive, the commission withholds the release of controlled materials for further building under this scheme.

As a further precaution against the building and selling of homes at excessive prices, the Commission requires from persons, other than approved builders under the ready-made house scheme, a certificate that the applicant for releases has not received a permit and/or releases for the erection of a dwelling within the past two years.

(2) Yes. Three instances.

ROADS.

As to Great Eastern-highway.

Hon. G. BENNETTS asked the Minister for Transport:

(1) Is the Minister aware of the damage being caused to the main road between Norseman and Coolgardie owing to the heavy vehicular traffic to and from the Eastern States?

(2) Will the department give consideration to having this road reconstructed to take this heavy traffic?

(3) Will the Minister inform this House when the department intends to do any more bituminising on this section?

The MINISTER replied:

(1) Maintenance of this road has been provided for. Traffic to and from the Eastern States averages less than 10 vehicles a day and the construction is adequate to carry this. Overloading is being policed.

(2) The road is being constantly improved on the stage construction principle.

(3) Consideration will be given to extending the surfacing when the road from Perth to Coolgardie has been completed.