

Mr. Hughes: If you take the provision out of the Act, that will not be so.

Hon. C. G. LATHAM: It was not intended to extend leases in such a manner.

Mr. Hughes: Of course it was.

Hon. C. G. LATHAM: Evidently the member for East Perth knew the position when I drew attention to the point, but he had nothing to say about the matter. I have looked up the "Hansard" report of the debate, and have ascertained that the hon. member had nothing to say at the time. In the meantime the hotel business has become very profitable.

Mr. Hughes: The member for East Perth is not in favour of increasing rentals.

Hon. C. G. LATHAM: Nor am I, and that is why I supported the legislation, but I do not think that leases should be extended beyond the period of the contract, unless there were good reasons for that course. In some instances the leases were sold before we passed the measure, but the tenants will not hand over.

Mr. Hughes: The Supreme Court could compel them to do so.

Hon. C. G. LATHAM: I do not intend to argue the matter further. One case was decided in Bunbury and the probability is that the fair rents Act was pleaded as a statute bar, but that was overridden by the judge. Other States, in framing their legislation, excluded certain leases, and we should have done likewise. As regards the extension of the leases, we could have left the rental part as it was before.

The Minister for Labour: When the lease expires, the landlord takes possession.

Hon. C. G. LATHAM: But some lawyers say otherwise. If the Minister consulted some of the Crown Law officers, I think they would give a similar opinion.

I hope the Government will accept the offer I have made. We on this side of the House desire to help in every way possible. Our first thought is to do all we can in an honorary or other capacity to assist the war effort. We shall assist the Government to the fullest extent to cut down expenditure by preventing waste, so that we shall have the full benefit of the money raised by taxation. We desire to help the primary producers, who probably find themselves in a worse plight than ever before. Anything we can do to assist in

matters of post-war rehabilitation will be done. I hope the Government will accept my offer on behalf of this side of the House.

On motion by Mr. Needham, debate adjourned.

House adjourned at 9.12 p.m.

Legislative Council,

Wednesday, 6th August, 1911.

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

QUESTION—DEFENCE, INTERNEES.

Harvey, Land Clearing, Potato Growing.

Hon. H. V. PIESSE asked the Chief Secretary: 1, What area of land has been cleared by internees in the Harvey district? 2, How much of this cleared land has been planted with potatoes for the spring crop? 3, What action has been taken by the Government to assist in the planting of these crops? 4, Has the Government full knowledge of the situation regarding the planting of these crops?

The CHIEF SECRETARY replied: 1, We have no authentic information but understand about 55 acres have been cleared. 2, It was intended to plant 46 acres but our last information was to the effect that 22 acres have been planted. 3, The Department of Agriculture was asked for and gave advice in respect to the suitability of soil, preparation of seed and methods of planting. 4, Yes. A protest was lodged when it was considered that the area to be planted would produce crops exceeding the likely requirements for the internees' camp.

QUESTION—PRICE FIXING COMMISSIONER.

Hon. J. A. DIMMITT asked the Chief Secretary: Has the officer recently appointed by this Government as Price Fixing Commissioner under the Profiteering Prevention Act, 1939, been appointed by the Commonwealth Government as Deputy Price Fixing Commissioner under the National Security (Prices) Regulations?

The CHIEF SECRETARY replied: Not yet.

QUESTION—MARGINAL AREAS.

Hon. E. H. H. HALL asked the Chief Secretary: 1, Does the Government intend to make available to those concerned particulars regarding marginal areas? 2, If so, when?

The CHIEF SECRETARY replied: 1, Yes. 2, Values on the new basis are in course of preparation and will be made available to individual settlers as soon as the work is completed.

MOTION—COMMITTEES FOR THE SESSION.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [4.37]: I move—

That the following members be appointed to serve on the Sessional Committees during the present sessions:—

Standing Orders: The President, the Chief Secretary, Hon. J. Cornell, Hon. C. F. Baxter, and Hon. J. Nicholson.

Library: The President, Hon. C. F. Baxter, and Hon. G. Fraser.

Printing: The President, Hon. E. H. Gray, and Hon. W. J. Mann.

House: The President, Hon. J. Cornell, Hon. E. H. Gray, Hon. V. Hamersley, and Hon. G. W. Miles.

Hon. E. H. H. HALL: It has often occurred to me that when the House is asked to agree to a motion of this kind members so desiring might be afforded an opportunity to gain further interest and wider education in connection with the Chamber. Unfortunately, living in the country as I do, I should not be justified in accepting a seat on one of these committees, seeing that I am absent from Perth during week-ends, when perhaps it is more convenient for committees to meet than on

sitting days. But it did occur to me that when the motion was moved this year I would suggest, with all due deference to the powers that be, the advisableness of endeavouring to obtain the appointment of other members to the various committees, so that any experience or education to be gained by service on them might be distributed more evenly around the Chamber than has been the case for years past. I am conscious that I tread possibly on dangerous ground in seeking to intervene in an old-established custom; but I do consider that the wider distribution of insight into the business and affairs of the Chamber would be all to the good. The example set by the present Federal Government in this connection is, to my mind, a good example. That Government has appointed a number of committees to make investigations and inquiries relative to various subjects, and I hold it to be more in common with the democratic ideal, for which we all stand, that such work should be widely distributed. It has been said in the Imperial Parliament that to-day we are governed more or less by Cabinet dictatorship, and I think the same state of affairs exists here. One result is that we do not obtain from democracy anything like the results that might be obtained. The matter now under consideration is relatively a small one. I do not speak for myself personally when saying that I should like to see some variation introduced. Certainly I do not desire to reflect in any way on members who have constituted these committees for so many years. I have risen merely because I consider the idea which I have voiced to be worth giving attention to. We should ask other members whether they are prepared to take seats on these committees instead of the same members being requested to act year after year.

Hon. J. Cornell: Mr. President,—

The PRESIDENT: Order! I am afraid this discussion is somewhat out of order because, prior to the Address-in-reply, only business of a formal nature is supposed to be taken. On previous occasions motions of this sort have always been regarded as being purely formal business. Consequently, I had no objection to the motion being moved. If there is to be any controversy about it, however, according to the Standing Orders it will have to be postponed until after the Address-in-reply has been dealt with.

Hon. J. Cornell: There has been controversy concerning it.

The PRESIDENT: I thought there would be just a few words of an informal character, but if there is to be a debate the matter will have to be postponed.

Hon. H. Seddon: I think it might be desirable, in the circumstances, to consider the motion from that point of view.

The PRESIDENT: In that case the motion might be postponed. However, I point out that there is a slight difficulty. Some of the committees may be meeting before the Address-in-reply is dealt with. Accordingly, if the motion could be accepted by members as merely formal, the work of the committees would be facilitated.

Hon. J. CORNELL: There is another point. Suppose the Address-in-reply extends over next week! A meeting of the House Committee has been called for Tuesday. The custom has been for these committees to be reconstituted every session, and the Chief Secretary has followed the usual practice. What I desire to know is whether the existing committees are to continue to act until they are re-appointed or fresh members are chosen, or whether there are to be no committees until a reconstitution has been effected?

The PRESIDENT: Perhaps the House will allow the motion to be carried as a formal matter, unless Mr. Seddon desires to press his objection.

Hon. H. Seddon: No.

The PRESIDENT: In that case I will put the question.

Question put and passed.

BILL—SUPPLY (No. 1), £2,500,000.

First Reading.

Bill received from the Assembly and read a first time.

Standing Orders Suspension.

On motion by the Chief Secretary, resolved—

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

Second Reading.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [4.44] in moving the second reading said: This is the usual Bill for providing supply necessary for carrying out the State's requirements pending the passing of the Estimates. The Estimates are being prepared, and will be placed before Parliament at an early date. The Government is watching expenditure very closely and, wherever possible, savings are being effected. Members are aware that, owing to war conditions, increased expenditure in some directions cannot possibly be avoided. Such things as basic wage increases must be provided for. In addition, there is an increase in the cost of materials required by all departments. Furthermore, a considerable sum of money is involved in concessions in railway fares to soldiers. There is also the pay-roll tax under the Commonwealth Child Endowment scheme, and matters such as the protection of public property to be attended to. All these are items involving the Government in a considerably increased expenditure. The amount of supply required is the same as last year, namely £2,500,000, allocated as follows:—

Consolidated Revenue Fund ..	£1,850,000
General Loan Fund	350,000
Advance to Treasurer.. ..	300,000
	<hr/>
	£2,500,000

The expenditure for the first three months of last year was £1,740,719, which did not include expenditure under Special Acts amounting to £1,133,333. The expenditure under Special Acts includes payments for interest, sinking fund, etc., and the amount required from General Loan Fund is to meet expenditure on essential services in conformity with the arrangement which the Government has with the Commonwealth. The advance to Treasurer is to provide funds to meet expenditure for immediate requirements, which for the time being cannot be cleared or charged to rates.

Last year it was estimated that there would be a deficit of £166,697, but the actual result of the year's operations showed a surplus of £11,111. The actual revenue last year was £11,432,068. The estimated revenue was £11,217,152, the increase on the estimate

being £214,916. That amount is made up as follows:—

Taxation	£133,904
Territorial	13,828
Business undertakings	121,673
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	£269,405
Less decrease all other revenue	54,489
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Net increase	£214,916

The actual expenditure last year was £11,420,957, and the estimated expenditure was £11,383,849, an increase on the estimate of £37,108. Details are as follows:—

	Over estimate	Under estimate
	£	£
Interest	—	18,060
Sinking fund	—	1,115
Exchange	10,482	—
Social services	—	55,560
Pensions	3,992	—
Other public works	—	4,954
Business under-		
takings	—	8,421
Other expenditure	110,744	—
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	£125,218	£88,110

Net increase £37,108.

Every endeavour is being made carefully to scrutinise the finances and carry on the affairs of the State with as little dislocation as possible; and at the same time to effect whatever economies may be necessary to meet increased expenditure in keeping with the conditions brought about by the war. I move—

That the Bill be now read a second time.

HON. J. J. HOLMES (North) [4.52]: This is a Bill that we must pass, and any remarks I make will be brief, but they are made in the hope that when the Estimates are being prepared, some notice will be taken of them. The State's first duty is to assist the Commonwealth and the Empire to carry the war to a successful conclusion. That the State has done well, no one can deny. I give credit to the workers, the general public and the Government for what has been done, and for the maintenance of law and order and the continuity of work on a basis much different from what has existed in the Eastern States. The financing of the war is a matter for the Commonwealth, and the duty of the State is to make provision now to meet post-war problems. Last session I prophesied that war expenditure in Western Australia would go a long way to-

wards assisting the financing of the State. The Commonwealth money spent here would naturally relieve the State Government of many of the difficulties arising from unemployment. I find justification for my prophecy, not from the Speech—we do not get much from that—but from the Press, which has announced a saving of £32,200 on the estimated expenditure owing to the unemployment problem having been minimised.

The Speech contains very little reference to finance. Yet we are led to believe that finance is government and government is finance. This afternoon the Minister has presented a set of figures which he delivered very well and which reads very well, but there is another side to the picture. An analysis of the figures shows that the revenue for last year exceeded that of the previous year by £312,000, and the Treasurer spent £300,000 of that money. In other words, with £6,000 a week extra revenue, the additional expenditure was £5,750 a week. On these figures, the Government showed a surplus of £11,111. The Speech states—

The financial operations of the State for the last budgetary period resulted in a surplus of £11,111. This is in conformity with the undertaking given by Ministers that the Government would, as a first step, endeavour to preserve the financial stability essential for the conduct of the war. The policy of economy which made this result possible will not be relaxed.

Members will appreciate the irony of the position. Comparing the revenue of 1935-36 with that of last year, we find that there has been an increase of £1,500,000; in other words, a million and a half of additional money has been extracted from the people. Sooner or later this must affect the individual because the greater the charges imposed upon those responsible for the conduct of business in this State the less money there will be for industry.

During the period in which we extracted a million and a half more revenue than previously, our population increased by only 15,000, while our loan indebtedness increased from £87,000,000 in 1935-36 to £97,000,000 in 1939-40. I have been unable to get the figures for the last financial year. In 1931 the per capita indebtedness was £174 and in 1940 it was £205. We hear much talk about vicious circles. This vicious circle is continuing, and, in view of the figures I have quoted, I consider that the most vicious circle we in this State have to deal with is that to be found in the

Treasury. In these days of economy I do not wish to occupy too much space in "Hansard," but it is my duty to point out what is happening. If this sort of thing is permitted to continue during what might be described as good times, in view of Commonwealth expenditure in this State, I feel concerned at thinking what may happen when we return to post-war conditions. We shall not be in a position to deal with the difficulties that will then arise.

Hon. A. Thomson: There will be many difficulties.

Hon. J. J. HOLMES: That is so. It is the Treasurer's duty to watch the finances more than ever before in order that we may be in a position to deal effectively with post-war problems. All the post-war problems that will arise will be governed by finance, and we should be in a position to play our part and make preparation in that direction. I hope that what I have said will not fall on barren ground. There is room for investigation. I admit the Government deserves credit for what it has accomplished, particularly in the handling of the labour section of the community and keeping the wheels of industry moving. They have done that well; but my concern is the future, when the real problem of unemployment will arise and when we shall have to place our returned soldiers in positions and give them a fresh start in life. I do not think preparation is being made in that direction. I hope that when the figures for the year are presented by the Treasurer, we shall find a far greater attempt at economy than has been made in past years. The Government received this year over £300,000 more revenue than it received in the previous year, and it has spent it all, less £11,000. I support the second reading.

HON. H. SEDDON (North-East) [5.2]: The previous speaker touched on one or two aspects of the State's finances that are important, particularly the aspect of post-war finance and readjustment. No doubt the Chief Secretary, when replying, will give the House some indication of the steps that this Government, together with the Federal Government, proposes to take. Certain investigatory work is being carried out now and therefore the Chief Secretary might give us an indication of the trend of

thought of the Government. The Government is to be congratulated upon having a surplus this year, especially when one takes into consideration our disorganised conditions owing to the war. Doubtless Federal Government expenditure has had an influence on our revenue, but our Government must take to itself some credit for the way in which it planned for the revenue obtained last year. It is the highest revenue the State has had.

Hon. W. J. Mann: And we have had the highest taxation, too.

Hon. H. SEDDON: It will be interesting to ascertain how that additional revenue was obtained. The reflection of Commonwealth spending is to be seen in the returns of the Railway Department and other Government departments due to Commonwealth expenditure. The main factor, however, was the enormous increase in revenue from taxation, as to which I propose to deal with two aspects. The first, and one which has been causing much public comment and grave concern to the average man, is increased taxation. Many salary and wages earners have approached me, and this is what they have said: "Last year we paid income tax and financial emergency tax. Previously, we received each year a credit for the amount of the financial emergency tax that we paid, but this year we did not get such credit, and we find we are assessed for income tax at a much higher rate than we were assessed in previous years." I pointed out that that was owing to the abolition of the financial emergency tax and the new rates for income tax, which were fixed with the idea of combining the two taxes. Their contention was that the Government collected not only more tax from them by disallowing the credit which they had previously received, but that the Government put a kind of double tax over them. I have had some correspondence with the Taxation Department on the matter, and it was kind enough to send me a letter explaining the position. I ask the Chief Secretary to make a note of this point, because many people, after they had read that letter, said to me, "It seems to be a good letter, but we are in a fog just as much as we were before." Perhaps a clearer explanation will be given to the House by the Minister in his reply.

Hon. A. Thomson: Have you got the letter?

Hon. H. SEDDON: No, but it sets out what I have said. The other aspect is the effect of Federal taxation. I find that many taxpayers are beginning now to wear a thoughtful look. Notwithstanding that their attention had been directed to the fact that the income tax was steadily rising, not much comment was made until this year. Then, when the taxpayers received their assessments—and especially when the Federal deductions for income tax became operative in January of this year—this is what one heard: "Well, I realise that we have to pay for the war and that the Federal Government must tax us for that purpose, but we cannot understand why the State Government wants so much." When I told them that the State Government had been taxing people heavily year by year and that the people had been paying it without much protest, they said, "It is about time we had an alteration, because we feel that all the money we can get should be made available to the Federal Government for war purposes, and this State tax is a little over the odds." Other members no doubt have had experiences similar to mine, but the following question seems to have been asked for the first time, "Why does the State Government want all that money?" I told them that the greater part of it is used to make up losses incurred by the Government on its loan works, and then they began to open their eyes. For instance, we find that last year the Government made a loss of $2\frac{1}{4}$ million pounds on its loan works, and that it took all the increase in taxation to meet the loss, without meeting other expenditure which is the natural accompaniment of Government administration.

The Chief Secretary: What do you mean by $2\frac{1}{4}$ million pounds?

Hon. H. SEDDON: That is the sum set out in the statement of revenue submitted to Parliament. The statement shows that the deficit on earnings by our loan works amounted to $2\frac{1}{4}$ million pounds. The taxation received for the financial year just ended amounted, in round figures, to £3,128,000. The figures for July this year show an increase of £65,000 over the figures for July of last year. In spite of the fact that most taxpayers' assessments fell due in June, and that we had a tremendous con-

gestion in the Taxation Office in that month, it is quite obvious that a large part of the income tax was not collected during June, but has been paid since.

Hon. J. Cornell: A lot of that should have been paid in June.

Hon. H. SEDDON: I take it that a considerable amount of deferred taxation is still being paid.

The Chief Secretary: You cannot make a safe comparison with any month.

Hon. H. SEDDON: But this is an outstanding example. The increase in July was so significant that the Premier referred to it.

Hon. J. Cornell: I meant to convey that a great number of assessments for the year 1940 have not yet been paid.

Hon. H. SEDDON: Quite so! That is obvious. It would be interesting to know just what surplus the Government might have achieved last year if all the taxation due in that year had been collected before the close of the year.

The Chief Secretary: But that is always the case.

Hon. H. SEDDON: There is the lag, but £65,000 is a large sum. I shall make some comparisons of taxation collections, because they are interesting. I have a table dealing with the last four years, in which I have set out income tax, plus dividend duty and financial emergency tax, also the proportion of these taxes to the national income. The figures are:—

Year.	Income Tax, Dividend Duty and F.E. Taxes.	National Income on Hospital Fund Tax Basis.	
	£	£	Per cent. of Nat. Income.
1938	1,840,684	30,305,622	4·6
1939	2,006,909	42,251,520	4·9
1940	2,123,524	43,470,400	4·8
1941	2,356,258	45,575,600	5·1

Those figures are rather significant, especially in the trend they indicate. When it is considered that we take that amount out of the national income, and add the amount taken by the Commonwealth Government to meet war expenditure, it appears to me that we are making very heavy charges upon our national income. One begins to wonder at what point it will commence adversely to affect Western Australia. That involves the problem of at what point the drain will begin to affect industry and there-

fore employment, particularly when we realise how much our apparent prosperity to-day is due to war expenditure, and is therefore temporary. Much of our war expenditure is obtained from loan funds; some has been largely obtained from the expansion of credits and is really a form of liquidation. This method of finance represents mortgaging our assets, and when we appreciate how those assets have been traded on during past years, we wonder exactly what the future trend will be during the years of war. The least harmful form of war finance is to take back by way of taxation the expansion of credits that have been made. If our taxation is designed with that object in view, it will prove to be perhaps the least harmful of any method. On the other hand, when we find the Federal Government devising its finance from that angle, and the State Government still carrying on with its higher expenditure and endeavouring to meet the added losses by increasing taxation, one realises that what will possibly happen will be that employment will suffer and most decidedly the standard of living will deteriorate. It will be admitted that the trend of taxation in recent years has been more particularly at the expense of middle class incomes. People in receipt of those incomes have to bear the highest increases in the graduation of taxation, and they are those who have always been regarded as the reservoir upon which Governments rely for their revenue. There comes a point at which the attack on middle-class incomes attains a degree that will interfere with the spending power of those concerned, which in turn will be reflected in the volume of employment available throughout the Commonwealth.

The second part of the policy that has been adopted is the attack upon those industries that have been most successful in developing our production of wealth and in providing employment. To quote an outstanding instance in that respect, I shall cite the Broken Hill Proprietary Company, which has a great reputation in Australia. Not until the war is ended and the full facts become available, shall we be able to appreciate the important part the Broken Hill Proprietary Company has played in Australia's war effort and in the manufacture of munitions.

Hon. L. B. Bolton: Our war effort would

not be one-tenth of what it is were it not for that concern.

Hon. H. SEDDON: I will go further than that. Had it not been for the equipment and the organisation of the Broken Hill Proprietary Company, Australia would have been in a pitiable position, and its war effort could only have been described as puerile. It was only because of the organisation that had been built up as well as the equipment provided, but more particularly the skilled organisation which naturally takes years to reach a standard of efficiency, that Australia was able to tackle the problem that suddenly confronted it in the demand for munitions of war of all descriptions. However, the response was simply magnificent. In Australia to-day—and this has obtained for over 12 months now—we have been making types of steel that formerly were never dreamt of in Australia, but were regarded as the very precious perquisites of certain outstanding steel plants in other parts of the world.

Hon. J. Cornell: And what about the costs?

Hon. H. SEDDON: I shall deal with the question of costs presently. The fact is, and it must be apparent to everyone, that the Broken Hill Proprietary Company was the only organisation in Australia that could, and would, undertake the establishment of a steel works on the scale necessary to permit it to be operated efficiently and—this is equally important—its organisation was the only one that commanded the confidence of the investors of Australia, thus enabling it to raise the enormous amount of capital required to provide that plant. In addition to all that, the company has a very proud record in that it is regarded as the best employer in the Commonwealth. That applies not only to wages and conditions, but above all to the encouragement extended to young men employed in its operations. I claim that the Broken Hill Proprietary Company's record is outstanding, not only from the point of view of the advancement of Australia's interests, and its contribution to the material wealth of the Commonwealth, but also from the standpoint of encouragement given to native talent that otherwise would be wasted because of lack of opportunity of employment.

Much of the adverse criticism of the company seems to have arisen from the fact

that when hostilities commenced there was a sensational distribution of its shares. The distribution was truly sensational. For every 100 shares held in the Broken Hill Proprietary Company, 64 free shares were made available. That action has been referred to as a watering down of the company's capital, the effect of which was to provide enormous benefits for the shareholders affected. As a matter of fact, those additional shares represented funds that had been contributed over a period of years by the shareholders themselves in the form of premiums upon new shares, for which they had an opportunity to subscribe. The funds involved were quite apart from any profits made as a result of the company's operations. When that distribution of free shares was made, it meant that the company was giving back to the shareholders concerned value for the money that they themselves had subscribed. Thus the business was placed on a basis that the money employed in the company was represented by the shares in the hands of the shareholders. In support of that statement I shall quote the Sydney "Bulletin," which pointed out that as regards the profits of the company, 100 shares prior to the distribution produced £12 10s. per annum in the form of dividends, and the 164 shares after the distribution produced £12 16s. That indicates a difference of 6s. in the total sum received by the holders of the 100 shares and of the 164 shares subsequent to the distribution. The company's records show that last year more money was set aside to meet taxation than was distributed to shareholders in the form of dividends. Mr. Cornell referred to a comparison of prices. A table was published showing the steel prices in Great Britain and in Australia respectively. Australian prices have not varied from 1938 to 1941. Whereas the British price to-day for pig iron is £8 7s. 6d. per ton, the Australian price is £4 10s. The price for merchant bars in Britain is £21 2s. 11d., and in Australia is £10 2s. 8d.

Hon. J. Nicholson: Are those figures in terms of Australian currency?

Hon. H. SEDDON: Yes. For structural steel the British price is £18 7s. 9d. and the Australian price is £10 2s. 8d. For steel plates the British price is £19 6s. 7d., and the Australian price £10 12s. 4d. Those are very significant figures. The claim is made

by the management of the Broken Hill Proprietary Company that the Australian prices are entirely due to the fact that efficiency has been made the prime objective of the organisation since its inception. In addition to that, the company has spent £2,000,000 on the establishment of munitions plants, and all steel for munitions is supplied at a price that, if applied to all steel that is produced, would mean there would be no profit from steel making at all. That is a record of which any organisation might well be proud. I quote this instance because the facts I have mentioned constitute a very effective answer to the proposal made in certain quarters that the Commonwealth Government should take over the Broken Hill Proprietary Company and other similar organisations. It will be admitted that our experience of Government activities is that in no sense can we point to any concern in that category that could even approach the record of the Broken Hill Proprietary Company from the standpoint of efficiency or of any real contribution to the wealth of the Commonwealth.

The record of that company is in marked contrast to that of Government instrumentalities, which brings me to another point I wish to stress this afternoon. Mr. Holmes referred to the problems of post-war readjustment. The policy which Governments for the past 40 years in their activities connected with employment questions have adopted has been the undertaking of large loan works. Although from time to time searching inquiries have been made as to where we were getting in that loan expenditure, particularly when the figures showing the results were tabulated and made plain to the taxpayers, the fact remains that Governments have up to the present not been able to find any other course of action they could adopt and foster, apart from the policy of loan expenditure on large works. Unless there is going to be an attempt to make a readjustment from that angle, all we can expect to see is a period of disorganisation and disaster. If, on the other hand, we are going to profit from some of the lessons which have been made plain to us since the last war, there is a course of action to which Governments can commit themselves, and can adopt, that will enable us to tide over the period of reorganisation, and en-

able this and other countries to establish a standard that will be infinitely higher and sounder than the one under which we are living to-day. For that reason I advise that we should approach the subject from a different angle and realise that, rather than provide a system whereby there is an increasingly crushing burden of debt left upon the shoulders of citizens, we should endeavour to devise a policy that will enable citizens to develop not a debit but a credit. I leave the matter at that point at present, but would like to add that it is time the people of Australia woke up.

Hon. A. Thomson: Hear, hear!

Hon. H. SEDDON: They have awakened in many respects, but there is one aspect in which they have not thoroughly awakened. Every sensational proposal put forward should be examined as to whether it is going to assist the country to put forth its extreme effort towards winning the war in which we are fighting to-day, or whether these proposals are not really going to have the effect of hamstringing the wonderful work that has been achieved in the past. I have pleasure in supporting the second reading.

Question put and passed.

Bill read a second time.

In Committee, etc.

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

Bill read a third time, and *passed*.

ADDRESS-IN-REPLY.

Third Day.

Debate resumed from the previous day.

HON. SIR HAL COLEBATCH (Metropolitan [5.35]: When concluding his speech in moving the motion for the adoption of the Address-in-reply, Mr. Fraser intimated that he might shortly be called away on national service. If that should prove to be the case, I am sure that everyone of us will wish him a speedy and safe return. Meanwhile, I give him my assurance that if he or anyone acting on his behalf—preferably the Government—should introduce legislation to carry out the suggestions he made for amending the Hire Purchase

Agreements Act, I shall give such legislation my warmest support. I have not the slightest doubt but that what is popularly called the consumer credit policy is expanding in this country to a very dangerous extent, to an extent that would be dangerous even in times of peace, but is open to the strongest condemnation in this period of war. The original purpose of the hire-purchase system was to enable people of small means to acquire on easy terms capital goods, such as sewing machines, that would aid them in increasing their incomes. It was also intended to enable people to reduce their current expenditure by the substitution of the time-payment system on the purchase of a house, for instance, instead of paying rent. That system has so developed that it is now extensively used in connection with the purchase of luxury articles and articles required for immediate consumption. The result is that it has become a risky business and the persons engaged in it are bound to charge excessive prices. They find it necessary at times to take extreme action against purchasers, and this not infrequently means the forfeiture of all that the purchaser has paid.

In this connection I would like to draw attention to a report in the Press that appeared some months ago of evidence given in Sydney before a board appointed to inquire into cash orders. I am rather curious to understand why it is that we have heard so little of the subsequent proceedings. There were three retailer witnesses, one of whom said, "We are afraid to squeal to the companies." The evidence of another was to the effect that he was called upon to pay 12½ per cent. discount when he cashed a cash order. The evidence of another was to the effect that the cash buyer helped to carry the purchaser who was using cash orders. To my mind it is essential that some steps should be taken that will bring the consumer credit policy back to what at its inception it was intended to be, and thus prevent people from buying luxuries they do not want unless they have the money to spare for them. That would also prevent the ordinary cash customer from being compelled to pay excessive prices to make up the losses resulting from sales to cash order clients, whilst relieving the business man from the necessity of paying discount when he cashes the cash order, and in a general

way eliminating what I regard as simple usury. I do not know what interest cash order companies in this State charge to consumers, but I had an opportunity in Sydney of going into the matter. I found that the charge to the customer was something over 30 per cent. On top of that the storekeeper was paying up to 12½ per cent. on discounting cash orders, so that the two charges added together would make a total of about 40 per cent., which is simple usury. A Bill introduced in another place last session provided for a limitation of interest. Something, however, happened, and the Bill reached us in a form that this Chamber regarded as objectionable. It provided for interest rates as high as 60 per cent., and charged only to the poorer section of the community that could least afford to pay such rates. Whilst such a system is bad in peace time it is absolutely dangerous in a time of war.

Reference has been made this afternoon to the difficulty of the Commonwealth Government in financing the war. We know these difficulties are great. Money for war purposes can be obtained only through three channels. One is the accumulated wealth of the community no matter in whose hand it may be; another is the present surplus between consumption and production; and the third is to pass the cost on as a burden upon the future, the most undesirable method of all. If we are to have any comprehensive increase in the surplus between present consumption and present production it can only be obtained by the general community restricting expenditure. At present we find every inducement held out to people to spend, not only to spend their savings but to spend under the consumer credit system money they hope to earn by and bye.

Hon. G. Fraser: Thus mortgaging their future.

Hon. Sir HAL COLEBATCH: Yes. It is inevitable that if the policy is persisted in we shall have a shortage in many requirements. That will mean higher prices and higher wages that will never catch up to the higher prices. In the long run it will mean uncontrolled inflation. Members who have studied the paragraph appearing in this evening's paper will see that alarm is being shown in the United States over the generous spending that is bumping up prices, which in turn has necessitated an in-

crease in wages and a further increase in prices, and is leading the economy of the country into danger. One method of correcting that is to induce people to put their savings into war savings certificates. The purpose of these is to provide support to the war effort and to assist in helping people to face their difficulties after the war is over. Taking a deep interest as I do in war savings certificates, I know the extent to which our efforts are hampered by the constant urgings upon people to spend their money. It is a common thing in many shops where all the employees are contributing to war savings groups for some of them at the end of the week or month to wish to cash in on their certificates, and to spend the money on things they could well do without.

Turning to matters touched upon in the Speech, I notice a reference to our industries. That reference is altogether too optimistic. What is the position of our industries? Our primary industries are in a position of acute embarrassment. Whilst I have every sympathy with the desires expressed by direct representatives of the farming community, and recognise that some immediate relief is essential, I think we have to look further afield. There is not much sense in just keeping a man on the land. A policy must be devised which will enable him to prosper, and will restore confidence and hope to the people on the land, not only in their own interests but in the interests of the State generally.

Members: Hear, hear!

Hon. Sir HAL COLEBATCH: There never has been a case where a country has maintained either political or economic stability unless it was accompanied by the well-being of the man on the land. We have now drifted into a position when all our primary producers are dependent on some form of Government assistance. That cannot be good. I am aware that most of the disabilities imposed upon our primary industries are of a Federal character, but that is no reason why this Parliament should not use its best endeavours to have them removed.

As to the manufacturing industries, there are members of this Chamber much more competent to state the position so far as those industries are concerned than I am; but I feel confident that this State is well

adapted for the establishment of a great many secondary industries. Whilst it is highly creditable on the part of the Government to do all it can to get this new industry going here and that new industry going there, I am sure it is of far greater importance that the industries we already have should be placed on a sound footing. Take the mining industry! The fall in gold production is little short of alarming. For the first seven months of this year it has decreased to the extent of £100,000 per month—a decrease for the seven months of three-quarters of a million of money; and that decrease is largely due to ill-considered and unjust taxation which is defeating its own purpose. Let me remind the House what happened during the last war. At that time there was a system of secret taxation that contributed to a tragic decline in our gold industry; but we all know that from 1929 onwards, right through the years of depression, it was the increase in the production of gold, the activity of the gold industry, that helped Western Australia through its troubles. Half the prosperity that came to the city of Perth was due to the expansion of the goldmining industry. Therefore I would urge that while it is a good thing to try to establish new industries, there is a great deal that ought to be done to restore our existing industries to a condition of prosperity.

I am entirely in sympathy with the suggestions of the Government in regard to technical education. I have long maintained that there are three directions in which our educational system is hopelessly behind requirements. One is the insufficient opportunities for technical education. Another is the lack of sufficient high schools in the country. The third is the failure to raise the compulsory school age. We boast of our educational system, but we lag lamentably behind many countries. Our compulsory age of 14 was established by the Education Act passed in Western Australia nearly 70 years ago. During the time when I was Minister for Education I had the privilege of initiating two important reforms. One was the correspondence classes; the other was the country high schools. I opened the Northam High School and laid the foundation of the Bunbury High School, and approved the site selected for the Albany High School. I also approved of the system of a temporary arrangement for

treating the Geraldton State School as a high school. That was 20 years ago, and nothing has been done in the meantime to extend the system excepting that a high school has now been built at Geraldton. There are many country places where the establishment of these schools would be of great advantage not only to the immediate district but to the State as a whole. I am quite aware of the financial difficulties that stand in the way. Those difficulties are largely due to the Federal system, under which the Commonwealth Government has unlimited resources of revenue and, except in time of war, comparatively limited necessities of expenditure.

I do not need to dilate on the danger that a democracy is always in unless its people are reasonably educated. The best-governed countries in the world, I am able to affirm, are Sweden and the other Scandinavian States and Switzerland—best governed because there is a generally higher standard of education among their people, best-governed because there is less discrepancy between the wealthy and the poor than there is in Australia and in most democratic countries. In the case of Sweden we find a socialist majority in both Houses of Parliament, and a socialist Government wisely governing because all the members are men of very considerable attainments and because all the electors are men and women—it is a generous franchise—far better educated than is the case with the ordinary people in the Commonwealth of Australia.

As regards the lack of physical training of our children, the fault lies not with the people but with the Parliaments and the Governments, principally the Commonwealth Government, that neglect to give the people a chance. While Commonwealth financial powers are responsible for the impoverishing of our Education Vote, it is a fact that the physical training of children, the one Commonwealth responsibility, as provided in the Defence Act of 1904, is entirely neglected. It is a calamity that that system of training was ever allowed to pass out of practice. A still greater calamity is that in these threatening days no steps are taken to restore it. We cannot release the child of 14 from the discipline of the school and then pick him up at 18 or 19 and start training him again. According to the report of the Commissioner of Police, the greater portion of crime in the metropolitan area is

juvenile. That is because of lack of training and discipline. I have always advocated training, not for military purposes, but for civil life. At present I think it is wise for us to reflect that the menace of Japan is not a menace of the moment, but is a menace that may well be intensified long after we have passed away. It is our duty to do what we can to equip children to meet any emergency that may arise.

As regards the legislative proposals mentioned in the Speech, I shall touch, and only briefly, on one of them. That is the proposed company legislation. In connection with that we shall have the advantage of a report by a joint select committee. This legislation should have been passed many years ago. Thirteen years ago I was a member of a Royal Commission on the Constitution of Australia. There were seven members. Three came from the State of Victoria and three from New South Wales. I was the only member from the small States. One important point we had to consider was whether company legislation should be a Federal or a State activity. In many quarters it was thought placitum XX of Section 51 of the Constitution, reading "Foreign corporations and trading or finance corporations formed within the limits of the Commonwealth," gave to the Commonwealth Parliament power to pass a company law for the whole of Australia as the term "company law" is generally understood. But in the comparatively early days of the Commonwealth all five judges of the High Court held that this gave the Commonwealth Parliament no power to make laws with respect to the creation of companies. Since that time several attempts have been made by referendum to extend the powers of the Commonwealth Parliament in that direction, but all have been rejected by the people. The Royal Commission took exhaustive evidence in all the States on this matter, and found much conflict of opinion. Finally, three of the members, who frankly pronounced for a unified form of government in all respects, quite naturally recommended the bestowal of a complete power upon the Commonwealth Government. Three others advocated a limited Commonwealth power. Rightly or wrongly, I alone stood out for State authority, holding that the power of defining the sort of companies that may operate should

lie with the authority that controls the trade and commerce in which they engage. In expressing this opinion I was fortified by the evidence of Mr. Owen Dixon, now a judge of the High Court, the present Prime Minister of the Commonwealth, Mr. Menzies, who with Mr. Owen Dixon gave evidence on behalf of the Victorian bar, and several other eminent judicial authorities in all States of the Commonwealth, particularly in those smaller States that share with Western Australia many Federal disabilities. They all stood stiffly for State exercise of this power.

But the position is that nothing has been done either in this State or other States to bring the Companies Acts up to date. Why? Is it because Parliament has had no time to enact legislation necessary in the interests of the country? We hear a lot of talk about what should be done to improve the conditions of life after the war. I am not one of those who believe in a new world. I do not believe that there will be a new world. It is the people who make the world, as they have been from the beginning of time, and the people will be the same. I think improvement will be accomplished chiefly by the correction of abuses—abuses which are well understood but which Governments and Parliaments are unable or unwilling to tackle. I think our State Parliaments could and should be got closer and made more useful to the people. They should sit more frequently. I do not consider that the length of the sessions, or the number of sessions in a year, should be governed by the necessity to obtain supply to enable the Government to carry on, but that both the length of sessions and the frequency of sessions should be governed by public requirements and the need that undoubtedly exists for putting our legislation in order. In that way much might be accomplished. If the season of the year at which Parliaments sits is not quite convenient, it should sit again at an early opportunity if there is anything useful for the country to be done. That applies particularly to State Parliaments. It should always be remembered that Hitler's first act essential to the establishment of totalitarian rule was the abolition of the State Parliaments. They were the first and greatest obstacle to his totalitarian designs. His second step was to make the only remaining Parliament a

creature of his will. We are drifting into a condition in which the sittings of our Parliament are regulated as to length and frequency by the necessity for voting supplies to enable the Government to carry on. It would be idle to pretend that this Parliament, and particularly this Chamber, has not lost control of public finance.

We are drifting into a position where governmental regulation takes the place of legislation. I know that regulations are subject to disallowance; but this disallowance is subject to at least two disabilities. One is that a regulation may have been in force for a long time, with the result that customs and vested interests become established before Parliament has an opportunity to consider the regulation. The other disability is that a regulation may be disallowed or accepted, but that there is no possibility of the Chamber amending it. A homely instance recurs to me, as regards the candling of eggs, no doubt a proper practice. A motion for disallowance of regulations on this matter last session was not persisted in, having regard to explanations given by Ministers and others who were familiar with the industry. Personally I expressed fears that small producers would be penalised and that the price to consumers would be increased. Both fears have been realised. Moreover, the candling affords no real protection to consumers. I have bought eggs in the best shops in Perth and found them at least three weeks old. In other States the dates are stamped on the eggs candled, and that gives some guarantee. If eggs are to be branded for local consumption, some protection should be afforded to the consumer, and I would appeal to the Government to amend the regulations so as to afford relief to the small country producer, and so as to give some compensation to the city consumer for the extra price by guaranteeing freshness through the inclusion in the brand of the date of candling. That is only one of many instances in which Government by regulation does affect the public interest. I repeat that the people are entitled to expect, in the future at all events, and especially in the difficult times of reconstruction, more of their Parliament than they have had in the past. Some misguided individuals speak of doing away with State Parliaments and concentrating all power in the Commonwealth. People who talk along those lines

nearly always do it under some name other than their own. Without indulging in criticism of the Commonwealth Parliament, I would say that from my own experience I am absolutely satisfied that Canberra is an impossible place either as a seat of government or a meeting place for Parliament.

There is another matter about which I would like to say a few words. I refer to the industrial troubles that are at present hampering our war effort. It is a mistake to blame only the workmen and the trade unions. Our troubles are the fruits of the policy we have built up over a long period of years. Our economy has been founded on three monstrous fallacies. The first is excessive borrowing without a proper regard for the manner in which the money is to be spent, and with very little consideration as to how it is to be repaid. The second is the arbitrary fixing of wages and conditions in sheltered and protected industries without the slightest regard to the effect upon industries that have to compete with the outside world. The third is the elimination of competition by excessive tariffs and prohibitions, in order that favoured industries might be able to prey upon the unprotected producers of the country's wealth. All this has led us to a deplorable condition. It has led us to the position in which practically every industry in the country depends on some form or other of Government subsidy or assistance. It has led us to a condition in which the countryside is impoverished, and wealth is concentrated in the cities to a dangerous extent. We reached the stage—I am speaking of the pre-war period—when we failed to attract population from outside, and our birth rate fell to such an extent that it no longer reached the standard required for the maintenance of even our present population. The fall in the birth rate has been largely due to the impoverishment of the countryside, because in every land it has always been the country that has not only fed but has also renewed the nation. So far as industrial disturbances are concerned, is it not a fact that they have occurred chiefly in those States where the largest amount of Federal expenditure for war purposes has occurred? Those disturbances have taken place where men are well paid. They have occurred in industries in which the employers have already accumu-

lated large profits. Those large profits and that big pay have resulted from our crooked Australian policy. Men have been given the idea that it is possible to receive something in excess of the value of what they produce. Because of that, we find constant unrest prevailing at the present time. A distinguished visitor from the Old Country, the pleasure of whose presence we had when the session opened, has spoken of the much better conditions that the farm labourer in England enjoys in comparison with farm labourers here. The reason is that the majority of farmers in this country do not enjoy conditions as good as the farm labourers enjoy in the Old Country. We are in the position, to use a hackneyed phrase, of being ground between the upper millstone of greedy big business and the nether millstone of trade union dominance. I do not think that one is any more to blame than the other.

Hon. A. Thomson: Hear, hear!

Hon. Sir HAL COLEBATCH: I consider that many of these things might be remedied to some extent if our Parliaments were prepared to sit more frequently, and were able to say "We have left nothing undone. We know of nothing we can do to help the State that we have not done. We have not adjourned Parliament because we thought it was time we went home." I do not suggest that in the past I have ever taken any different view from that taken by the Government at the present time. I am speaking of the necessities that will arise after this war is over, of the great difficulties that will confront us, and I hope there will be a disposition to meet some of those difficulties, and that Parliament will give even greater service to the public than has been the case in the past.

There are three small matters concerning which I would like to say a few words direct to the Government. The first is this: I am disappointed that no action has been taken to relieve the condition of those retired railway employees who have been deprived of their pension rights. I am not asking—nor have I ever asked—that the Government should do more than afford sympathetic relief. I am fully aware that the difficulty is one the Government has inherited, and is not one of its own making. I would, however, ask the Government to remember that both Houses of Parliament—and this Gov-

ernment has always expressed observance of parliamentary decisions as the very basis and bedrock of democratic government—have condemned the present practice under which several employees are in receipt of pensions, whereas in some cases the Government has rejected recommendations of the Appeal Board—whose decisions are supposed to be final—concerning the rights of other employees. The Government will be well advised to give consideration to the undoubted rights and needs of these men.

Secondly, without indulging in any extravagant language or any unfriendly suggestions, I would urge the Government to remove the taint that attaches to it, and through it to this State, by its failure to enforce the observance of anti-gambling laws, particularly as applied to starting-price bookmakers. I am no purist. I know the danger of extreme legislation as was illustrated during the prohibition period in the United States. Troubles provoked by such extreme legislation are likely to occur in every country that indulges in it. Nevertheless, I confess I have been amazed at the extent to which gambling has developed in this State in the last few years. Many years ago some foolish person said, "You cannot make people moral by Act of Parliament." That saying has been used as a catchword by every adventurer who has wished to prey upon the simple-minded, or exploit the major or minor vices of the populace. When consideration is given to the large amounts paid in the fines by starting-price bookmakers, and it is realised that, relying on the indifference of the Government, these people, carrying on an illegal business, have actually formed an association and advertise publicly the gifts they make to charitable and war institutions, the only conclusion that can be reached is that their profits must be enormous. Speaking on the matter from an economic rather than from a moral point of view I would ask the Government to remember that all that money, or practically all of it, comes out of the homes of comparatively poor people. That means a sacrifice, probably not on the part of the person who risks the money but of the interests of the children of such folk. I would further remind the Government that at present all that money is required for war purposes. The worst feature of all is the pernicious

influence this practice has on the rising generation which sees the freedom with which laws—and good laws, too—can be infringed without any serious attempt on the part of the Government to check such infringement. As for the viewpoint of those who say that a community cannot be made moral by Act of Parliament, I would ask members to consider where we should be in regard to our personal safety, or any of the things we prize, if there were not in existence Acts of Parliament to protect us and to prevent people from doing wrong.

Finally, I would ask the Government to consider whether it is worth while to continue Charities Consultations during the war period. The amount of money obtained from this source last year was less than £60,000. The expenses amounted to approximately 20 per cent. and the prizes to about 30 per cent. It is an entirely anti-social proceeding, opposed to all the principles of a Socialist Labour Party. The idea that a great number of people should be induced to put their savings into a pool so that one or two may become rich! The patronage of these sweeps is steadily declining. A considerable amount of money used to come from the Eastern States. The sum so received has decreased and is well below the quota guaranteed by the appointed agents. Taking it all in all, I am sure the community generally would welcome a discontinuance of the Consultations. It is a thoroughly uneconomic and expensive method of raising money, and one that has harmful effects on the community as a whole.

I hope I have not detained members too long but there were those two or three things I wished to say without voicing any undue criticism of what has happened in the past. I ask members to consider whether the status of this Parliament and its usefulness to the community, particularly in the difficult times which will face us after the war, would not be increased by more frequent rather than protracted sittings. We have a duty to perform which I am sure every one of us is anxious to do. We have endeavoured to perform that duty in the past. Let us recognise that the obligations cast upon us will be much greater in the future than they have been formerly. I do not believe there will be any material improvement in conditions after the war except by the removal of abuses that are fairly

well known to us all. It has been well said that "In human society there can be no progress, no development, no uplifting, unless there is discipline, unless there is work, unless there is order, and unless there is disinterestedness in those who rule."

On motion by Hon. A. Thomson, debate adjourned.

ADJOURNMENT—SPECIAL.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [6.12]: I move—

That the House at its rising adjourn till Tuesday, the 12th August.

Question put and passed.

House adjourned at 6.11 p.m.

Legislative Assembly,

Wednesday, 6th August, 1911.

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

QUESTION—MEAT CANNING.

As to Erection of Works.

Mr. SEWARD asked the Minister for Agriculture: 1, Was any financial assistance offered by the Commonwealth Government to this State, or did this Government make any application to the Commonwealth Government for such financial assistance, to enable canning works to be erected in Western Australia? 2, Have