

Legislative Assembly,

Tuesday, 3rd September, 1929.

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BILL—UNIVERSITY OF WESTERN AUSTRALIA ACT AMENDMENT.

Second Reading.

THE PREMIER (Hon. P. Collier—Boulder) [4.40] in moving the second reading said: The object of this small Bill is to enable the Senate of the University, with, of course, the approval of the Governor-in-Council, to make by-laws for the purpose of managing, preserving and protecting the lands of the University; that is to say the lands at Crawley only; it does not refer to endowment lands or other lands outside the lands and buildings at Crawley. At the present time those lands are in the nature of a public park. They are open to the public, and it is the desire of the University authorities that they should continue in that character. But there is no power whatever vested in the controlling body to take any action against any persons that might commit offences such as nuisances, indecencies or vandalism, except by way of an action for damages. The Bill merely seeks to give the University Senate power to make regulations covering all those things that may be regarded as necessary for the proper control and preservation of the University grounds. It proposes to give power to make regulations regarding the admission of persons, vehicles or animals to the grounds, to prescribe the time during which the grounds may be used, and to prescribe the fees which on particular occasions it may be deemed necessary to charge for admission. There will be seen by reference to the Bill the many purposes for which it is proposed to make regulations regarding the conduct of persons using the land or being on the land, persons who might commit any offences, or in any way misbehave themselves. The power is required by the Senate to enable them to control the grounds in a proper and efficient manner. Of course the University could fence in the grounds and entirely prohibit the public from trespassing thereon. But it is not desired that that should be done. It is the wish of the authorities that those grounds should be something in the nature of a public park. No doubt they will become a very popular resort, particularly when the buildings are completed and the grounds fully improved.

Hon. Sir James Mitchell: What is to become of the fines collected?

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

QUESTION—SEWERAGE, SEPTIC TANKS.

MR. J. H. SMITH (for Mr. North) asked the Minister for Health: 1, Is he aware that when a local authority advances funds to enable a householder to instal a septic tank, there is no power provided to enable such authority to take security over the land for the money advanced? 2, If so, will he introduce an amendment to the Health Act to remedy the position?

The MINISTER FOR AGRICULTURE (for the Minister for Health) replied: 1, Yes. 2, The amending Health Bill which was dealt with in the Assembly last year contains the necessary provision.

MAIN ROADS ACT AMENDMENT BILL—SELECT COMMITTEE.

Extension of Time.

On motion by the Minister for Works, the time for bringing up the select committee's report was extended to the 10th September.

BILLS (3)—THIRD READING.

- 1, Mines Regulation Act Amendment.
 - 2, Inspection of Scaffolding Act Amendment.
 - 3, Vermin Act Amendment.
- Transmitted to the Council.

The PREMIER: Of course the courts of the land will, when necessary, impose penalties, as they do in all other similar cases carrying offences against our laws. However the fines, it is expected, will be so small that there can be no valid objection to their going to the University. That is not an unusual thing.

Hon. Sir James Mitchell: Yes, it is.

The PREMIER: No, it is not. The Bill will merely enable the controlling body to preserve the grounds and lands for the use of the public, as in the case of a public park. It is very necessary that this power to make by-laws should be granted. It would be altogether wrong that without this power those grounds should be laid open to the public, grounds where thousands of young trees have been planted. At present there is no power vested in the University authorities under which they could take action against vandals.

Hon. Sir James Mitchell: Yes, it is very necessary that the power should be given.

The PREMIER: I move—

That the Bill be now read a second time.

On motion by Hon. Sir James Mitchell, debate adjourned.

BILL—ELECTORAL PROVINCES.

Second Reading.

THE PREMIER (Hon. P. Collier—Boulder) [4.45] in moving the second reading said: There are two main features in this Bill, each of which is short and very easily understood. The measure is brought forward in accordance with the promise given to the House when the Bill dealing with the boundaries of the electoral districts of this Chamber was under consideration.

Hon. Sir James Mitchell: We do not want the two principles in the one Bill.

The PREMIER: It is necessary to have the two main principles in the one Bill. In this case they go together.

Hon. Sir James Mitchell: Do they?

Mr. Latham: We hope they will not eventually come together.

The PREMIER: They may come in together, and they may perhaps go out together. In any case, they hang together now. The first has to do with the boundaries of the electoral provinces. The principle involved is precisely similar to

that which governed the boundaries for the Assembly. It follows the provisions of the Electoral Districts Act Amendment Act of last year. These principles were found to be satisfactory by a large majority of members in both Houses.

Hon. Sir James Mitchell: Not by a large majority.

The PREMIER: The Bill went through here without a division, and passed through another place without any opposition. If the principle is found to be good so far as the boundaries of the electoral districts go, it should be equally sound as it affects the provinces of another place.

Mr. Lindsay: Members have probably learned better since.

The PREMIER: I have heard no complaints as a result of that Act.

Mr. Latham: You have not seen the Leederville and Mt. Hawthorn electorates.

The PREMIER: Those are capable of adjustment. Power is given in the Electoral Districts Act of 1923 to adjust any anomalies, such as those referred to by the hon. member—that is any discrepancy in the number of electors.

Mr. Latham: Provided that one-fifth of the districts are affected.

The PREMIER: It is not necessary to have a re-arrangement of the electoral boundaries unless five-sixths are above or below the quota. That is a very low number. If five or more districts show a discrepancy as set out in the Act it can automatically adjust itself.

Mr. Latham: Then we will not have an election for a couple of years.

The PREMIER: If the principle is considered sound for this Chamber, it should be equally sound for another place. Without recounting these features, that are well known to the House, the Bill follows exactly the lines of the Act of last year. There are to be three areas, the metropolitan, agricultural, and mining and pastoral. The proportions are to be the same. In the metropolitan area every three will be reckoned as two, the agricultural districts remain normal, and in the mining and pastoral districts every one will be reckoned as two. The provinces are to remain as they are to-day. The North Province is also to continue as it is, subject to any modifications that may be recommended by the Commissioners. It will be remembered that the four northern seats in this House were exempt from the

provisions of the Act last year. The Commissioners are to be a Judge of the Supreme Court, the Chief Electoral Officer, and the Surveyor-General.

Hon. Sir James Mitchell: I hope they make a better job of the boundaries.

The PREMIER: They were not altogether to blame. It is evident, now that the rolls are being printed, that some mistakes were made as to the boundaries.

Hon. Sir James Mitchell: They should have consulted the State officials.

The PREMIER: I do not know whom they consulted.

Hon. Sir James Mitchell: They did not consult the State officials.

The PREMIER: I am not aware whether they consulted any State officials, or what steps they took to inform themselves as to the boundaries. One of the members of the Commission was the Surveyor General, who would have been au fait with the question of boundaries. I am not reflecting upon the Commission, but I admit that it was perhaps unfortunate that the State Electoral Officer for the time being had just resigned. It was perhaps inevitable in a re-arrangement of the boundaries that mistakes should have occurred, that we should have a considerably greater number of electors in one district than was anticipated, and fewer in another.

Mr. Thomson: Mine must be a long way above the quota.

The PREMIER: Some districts in the metropolitan area are above, and one or two are below the quota. I do not know that we can evolve any better method of defining the boundaries than by a commission. Even should the commission make mistakes, as we are all liable to do, I know of no better method. It is certainly an independent and an impartial body. It has nothing to consider except to give effect to the principles laid down in the Act under which it carries out its duties. That is what this Bill proposes. It is quite fair and equitable that the same method should apply to the Council as has applied to the Assembly. I cannot imagine that any opposition could be raised to a principle of that kind.

Hon. Sir James Mitchell: What about the goldfields?

The PREMIER: There will be the same proportion of representation from the goldfields in the Council as there is in the Assembly. The other principle in the Bill is

one with which members are familiar. It seeks to abolish the £17 annual rental value as the qualification for an elector. It follows the lines of, I think, four Bills which have passed through this House during the last three Parliaments, that is during the last three years. I refer to what is known as the household qualification. All the other qualifications remain as at present, except that the Bill proposes to establish a household qualification in lieu of the £17 annual value. That is a principle which has received the endorsement of the electors, if one may judge by the large majorities in this House during the life of the last two Parliaments. It was, however, rejected in another place. The arguments used generally by the Opposition in this House and in another place against the Bill were that we should first of all put our own House in order before attempting to do anything to reform the franchise of another place. The anomalies that existed, such as there being 17,000 to 18,000 electors in one district and a few hundred only in another, were put forward as a reason why we should not attempt to interfere with the qualifications of electors for another place, until we had rectified the differences that existed in respect of this Chamber. We have now done that, so that this argument disappears. It does not now lie with any member of this House or another place, or any critic of the Bill, to raise that point. There is no need for me to go over the ground, as it has been fully discussed on many occasions in the House. I would say, however, that the proposals with regard to the franchise contained in the Bill are too modest and too moderate. As I have pointed out on many former occasions, there will still be excluded many tens of thousands and probably scores of thousands of men and women from the right to exercise the franchise for another place. All taxpayers must conform to the laws of the land made by Parliament, irrespective of their qualifications. They also have to pay the taxes imposed upon them by both Houses. Never have I been able to understand why there should be this difference between the qualifications for one House and those for another. I have frequently pointed out that if an Asiatic happens to own a freehold property to the value of £50, he has a vote for the Council, whereas an Australian who does not happen to possess a freehold property

is excluded from the full rights of citizenship.

Hon. Sir James Mitchell: And he ought to have them.

The PREMIER: But the hon. member will not assist me to give them to him.

Mr. Sampson: If the same man has a union ticket, he has preference over an Australian who has not one.

The PREMIER: There should be no preference so far as the rights of citizenship go. Many thousands of men who are excluded from having a vote for another place are those who defended this country when the war was on. There were no property qualifications then. This is really a geographical qualification. It depends upon the rental value of properties in different parts of the State. It means that a worker, a married person, living within the city, would be qualified under the present franchise. If that worker, drawing a smaller wage, were living on the goldfields where rental values are low, or happened to be employed in the sawmilling industry areas where rental values are also low, he would be denied the franchise. It becomes a geographical franchise as it stands to-day. We say that a person who is a householder, irrespective of where he lives, or the annual rental value of the property he occupies, ought to be entitled to the franchise. I would go further and say that, irrespective of whether he is a householder or not, provided he is an adult citizen, he ought to be entitled to the franchise for both Houses which make the laws to which he has to submit. That is what the Bill proposes. We ought to put the franchise upon some rational basis. Something may be said for the householder qualification, but nothing can be said for the £17 rental value qualification any more than for a £16, £19 or £20 qualification. The amount was merely a haphazard guess. A man may live in one place where his rental value gives him a vote, or he may be living elsewhere where the lower rental gives him no vote. The whole thing is absurd. The Bill does not really go far enough, but it goes as far as I suppose another place would be willing to go. I do not see that another place can reasonably object now that the main objection urged on former occasions, the inequalities in our own electoral boundaries, has been removed.

Hon. Sir James Mitchell: How many seats will the metropolitan area have under this scheme?

The PREMIER: That is most difficult to work out, because the Council rolls are more or less out of date. However, the Chief Electoral Officer tells me—and I am rather surprised at the information—that the metropolitan seats would work out under the scheme as they are to-day, that the Bill would not give any increased representation to the metropolitan area, but that there would be in the agricultural areas, on present figures, four provinces with 12 members, in the metropolitan area three provinces with nine members, and on the goldfields two provinces with six members, making 27 so far, and with the three members for the North the full 30 members of the Legislative Council.

Hon. Sir James Mitchell: Had we not better leave things as they are?

The PREMIER: I do not think so. There are tremendous inequalities now between the provinces. The metropolitan area has about 7,500 electors, and the Metropolitan-Suburban about 21,000. As the years have gone on, numbers have become altogether disproportionate in agricultural areas as well as in the metropolitan area; but not so much so on the goldfields, where population has declined, though not in an equal degree in the North Province with the South Province. The inequalities are not so great on the goldfields. How the rearrangement will work out is difficult to say. If the Bill becomes law and a household franchise is adopted, the figures will be altered considerably; but it is not possible at present to make any estimate of the number of members that would be given to the agricultural areas, or the metropolitan, or the mining. There is no way of ascertaining what the total enrolment in any of those areas, or in the whole State, would be under a household franchise. It is too difficult to make any reasonable calculation as to how the total numbers would work out. In fact, such a calculation is almost impossible, because in the goldfields districts north of the agricultural areas considerable numbers of single men would be entitled to the franchise under a household qualification. No estimate of the married persons in the State would be a reliable guide to any figures worked out in that respect.

Hon. Sir James Mitchell: In future men will marry to get a vote for the Upper House.

The PREMIER: In our legislation we do not distinguish between married men and single men. They all have to obey the law, married and single alike. The law applies equally to all of us, and so there would be no justification for drawing such a distinction. I move—

That the Bill be now read a second time.

On motion by Hon. Sir James Mitchell, debate adjourned.

BILL—WORKERS' HOMES.

Returned from the Council without amendment.

BILL—FAIR RENTS.

Second Reading.

THE MINISTER FOR JUSTICE (Hon. J. C. Willcock—Geraldton) [5.7] in moving the second reading said: A similar Bill to this has been introduced here twice previously, like the measure of which the Premier has just spoken, and similarly has failed to obtain the approval of another Chamber.

Mr. Sampson: This is a hardy triennial.

The MINISTER FOR JUSTICE: No. It has been introduced on only two occasions previously. I do not know whether it will be necessary to introduce the measure four times, like the last Bill, before we succeeded in passing it. The necessity for legislation of this nature, and the bearing which the question has on the State generally, will no doubt convince members that the Bill should pass in the interests of the community as a whole. A similar measure was introduced about five years ago, and also four years ago; but while there was every justification for it at that stage, especially because there were comparatively few persons exploiting the people by extortionate rents then, such exploitation has now become absolutely general. The Government Statistician's figures, which are published every quarter, demonstrate that the average rent, particularly in the metropolitan area, has been increased by about 3s. per week during the past three years.

Mr. Latham: People will not build any more homes if this measure passes.

The MINISTER FOR JUSTICE: If the hon. member will look at the Bill and examine its provisions, especially the return on capital allowed, not to mention the increment in value accruing to owners upon sale of property, he will recognise that his fear is groundless.

Mr. Latham: The Bill only taxes the building, and not the land.

The MINISTER FOR JUSTICE: The measure speaks of the value of the building and of the land. Events have moved rather rapidly since the measure was last introduced. What was then a hardship is now a menace to our economic progress and even to our existence. On the Address-in-reply the Premier said that if there is one thing Australia at present needs, it is that costs of production should come down so as to enable the Commonwealth to compete with countries outside Australia. The Prime Minister, too, has had a good deal to say on that subject in the various States he has visited. This is the most important point I have to submit in connection with the Bill. I wish to show how the absence of legislation of this nature directly affects costs of production in Western Australia. Some persons hold that the only way in which costs of production can be reduced is reduction of wages. I propose to demonstrate that the high and increasing cost of rents is having a very appreciable effect on costs of production. During the past three years there has been a decrease in the price of commodities equivalent to about 1s. per week, but during those three years rents have increased by 3s. per week. Therefore the basic wage of to-day, as compared with that fixed some three years ago, would have been 1s. per week lower instead of 2s. per week higher but for the fact that rents have increased as stated. Solely owing to that cause the basic wage has risen by 2s. per week in the last declaration.

Mr. Thomson: The increase in the basic wage necessarily means higher cost of building, among other things.

The MINISTER FOR JUSTICE: There is nothing in the Bill, however, that makes any difference to the cost of buildings that are going up. It is said that building costs have increased. However, the basic wage has not been altered during two years, and increased building costs cannot affect the cost of buildings already erected, or of any buildings the rents of which have been

raised during the past two or three years. The Industrial Registrar of the Arbitration Court states that in the metropolitan area there are 35,000 workers who are directly controlled by the Arbitration Court, and that in the goldfields area there are 4,600. These numbers, with a remainder of 13,800, make a total of 53,000 persons directly concerned in the basic wage declaration. But there are a number of other workers who are under Federal awards, and other awards, and who similarly have had their wages increased. Some workers are not concerned in awards at all, and some receive wages that are not controlled by unions, or Arbitration Courts, or any other factor. The Industrial Registrar further states that there are in Western Australia approximately 85,000 workers—the exact figure is 84,879. Excluding 7,298 workers who are outside the present declaration of the basic wage—because the basic wage has not been altered on the goldfields areas, but remains the same there as it has been during the last couple of years—there are thus 77,000 people who are affected by the latest declaration of the basic wage. As I have said, the cost of commodities has gone down by 1s. per week, and therefore the present basic wage would be £4 4s. per week but for the establishment of the fact that rents have increased by 3s. per week. Consequently the basic wage to-day is higher by 2s. per week than it would have been but for this inordinate increase in rents. On those 77,000 employees an increase of 2s. per week means a weekly total of £11,637; and for 52 weeks in the year it means that the burden on industry resulting from a basic wage declaration that has been brought about absolutely and entirely by increased rent, is equivalent to an economic impost on industry of fully £600,000 per annum. It is a very serious state of affairs that because a comparatively few landlords in this State have succeeded in increasing rent costs during the past three years to the extent of an average of 3s. per week per house, the whole of the industries of this State should be burdened with £600,000 per annum. If some Government had attempted to impose additional taxation of £600,000 yearly, there would have been an outcry that industry could not possibly bear it, that the burden would be too heavy, and that the community was

heading for disaster. Yet the same effect has been brought about in the economic position as regards production because of the fact that the basic wage determination has been raised, this raising being due wholly and solely to additional rent imposts in the metropolitan area. When last introducing a Fair Rents Bill, I said that some landlords were exploiting. Now, however, from the State Statistician's figures it would seem that the increase in rents has been absolutely general, as the average has gone up by 3s. per week. Getting away from the economic effect upon the State as a whole, we can regard it from the Government standpoint and particularly from that of myself in my capacity as Minister for Railways. I will show the effect of the declaration of the basic wage upon the railway finances. There are approximately 9,000 Government employees engaged in the railway, tramway and electricity supply branches of the service. The increase of 3s. per week all round means an augmented wages bill in those branches of £70,000 per annum. The producers of this State cannot look with equanimity on any condition of affairs that increases the cost of transport to that extent. That burden cannot be undertaken by the Railway Department. We cannot effect economies in one year that will save £70,000 extra. Although the railway finances have not improved during the past two or three years, the department will this year have to find £70,000 more than they should have been called upon to pay, simply because rents in the metropolitan area have been increased to the extent I have indicated.

Mr. Thomson: Is that the only reason for the increase?

The MINISTER FOR JUSTICE: Yes. I will quote what the President of the Arbitration Court stated on that point and also give the House the figures supplied to that court by the Government Statistician. On those figures the determination was made. Hon. members will see how this position has affected the Railway Department alone. It is generally conceded that there are in the Railway Department practically as many men as are employed in all the other departments, and this increase will be spread over all of them. It will be seen, therefore, that the increased wages bill that the Government will have to face will be about £140,000, merely because rents

are unwarrantably high. Then again a large number of men are employed on works that are carried out from loan expenditure and from that standpoint the increase in the basic wage will mean the expenditure of £35,000 a year. That means that for all time Western Australia will have to pay an additional interest bill to the extent of £2,000 a year, merely because rents have gone up. It may be said that this is justified because of the increased cost of building. That cannot be so, because last year there were approximately 40,000 houses in the metropolitan area, which showed an increase of only 1,500. Thus there was an increase of only 3¾ per cent. last year. In other words, 10 per cent. only of the houses in the metropolitan area, assuming that the average increase was the same in the preceding two years, were built during the past three years. That means to say that about 36,000 houses in the metropolitan area were built more than three years ago, and if building costs have been rising through rents going up, the cost of building houses three years ago cannot possibly affect the position to-day. Despite that, everyone of the 36,000 houses show, according to the figures quoted by the Government Statistician, an average increase of 3s. per week in rent. I do not know that the Parliament of Western Australia can stand idly by and allow such an economic impost to be placed upon the country, merely because some people in the metropolitan area particularly—the figures I have quoted are based on metropolitan conditions—increased rents by an average of 3s. a week. There is no reason why houses that were not worth 3s. a week additional rent three years ago, should demand that extra amount now.

Mr. J. H. Smith: What about water rates?

The MINISTER FOR JUSTICE: Very little difference is noted in connection with water rates. I can give the actual figures. The rent of each one of those 36,000 houses increased on an average by 3s. a week merely to satisfy the greed and rapacity of landlords.

Mr. J. H. Smith: If you investigate the point, I think you will find you are wrong.

The MINISTER FOR JUSTICE: I have consulted all the authorities possible about the matter, which is a serious one. We cannot lightly pass over it with the sug-

gestion that it has always been so and always will be. If the position pans out as I think it will, and we have to place this extra burden of £600,000 upon industry, surely it will be recognised it is time we took notice of what is going on.

Mr. Davy: Do you know what percentage the 36,000 landlords are making on the money they have invested in those houses?

The MINISTER FOR JUSTICE: I do not. What I say is that, having regard to the incidence of the Bill, they will make up to nine per cent. on their money, and that is not a bad return. We ask people to be patriotic and regard it as their duty to lend money to the State at 5½ and 5¾ per cent. to help in the development of our country. We ask people to invest their savings in the State Savings Bank at four per cent. so that their money may be used to advance the interests of the State. Under the Bill we propose to allow landlords to receive more than twice that rate, although the other money is meant to develop the State.

Mr. Latham: And still there is a shortage of homes.

Mr. Davy: Unless the landlords make nine per cent. as provided for in the Bill, it will have no effect in getting rid of the economic impost.

The MINISTER FOR JUSTICE: Yes, it will.

Mr. Davy: If the landlords do not make as much as the Bill permits, how will it have that effect?

The MINISTER FOR JUSTICE: Presumably rents three years ago gave a fair and reasonable return on capital invested, because there was a genuine shortage of houses then. There were no empty houses four years ago when I introduced a similar Bill. Landlords could get as much rent then as was reasonably fair to secure them an adequate return on capital. The demand was present for houses, and yet rents have increased since by 3s. a week. It is reasonable to assume, in view of the house shortage three or four years ago and that the landlords were then satisfied with the return on their capital, that property remains almost the same to-day.

Mr. Davy: Apparently they were not satisfied with their return because they have required more rent.

The MINISTER FOR JUSTICE: They were not, because they were not satisfied with a fair thing.

Mr. Davy: What was the fair thing they were getting before?

The MINISTER FOR JUSTICE: A fair thing would be seven or eight per cent., and under the Bill we allow nine per cent.

Mr. Davy: Were they getting seven or eight per cent. on their outlay?

The MINISTER FOR JUSTICE: Probably they were.

Mr. Davy: It is common knowledge that they did not get anything of the sort.

The MINISTER FOR JUSTICE: Then it must be common knowledge to the hon. member only. When I have regard to the money invested in house property in the metropolitan area, there must be an excellent return, particularly to those people who have held house property for some years. If any hon. member has owned houses for ten or twelve years, he will know that he gets a return of upwards of 15 per cent. on the capital he invested originally. As to the selling prices of houses that we built for £700 or £800 ten or twelve years ago, these are now bringing from £1,600 to £1,700. No workman can get a decent house built of brick in the metropolitan area unless he pays £1,000 for it. I refer to a house that will contain four rooms, a bathroom, verandah and the usual conveniences.

Mr. Davy: Whose fault is that?

Mr. J. H. Smith: The State Brickworks, partly.

Mr. Davy: The rapacious landlord is not responsible for that position.

The MINISTER FOR JUSTICE: The basic wage has gone up, and the latest increase has been accounted for by the increased rents. It is apparent that the absence of legislation, such as that now under consideration, has had an effect. For the next 12 months every man employed on the construction of houses will get 3s. per week more than he would have received last year, merely because the rents in the metropolitan area have gone up and the basic wage has been increased accordingly. If it now takes ten men to build a house in ten weeks, hon. members will see that the increased cost will amount to about £15. Contractors always make an allowance of about 30 per cent. for contingencies, and that goes on to the cost as well.

Mr. Stubbs: Twenty years ago the men would have built the same house in half the time you have suggested.

The MINISTER FOR JUSTICE: That is another matter.

Mr. Stubbs: What is wrong with the men now that they cannot do it?

The MINISTER FOR JUSTICE: That point does not arise in the consideration of a Fair Rents Bill. I am merely showing that as a result of the latest basic wage declaration, it will cost at least £25 more. Are we to say that that is not a menace to the community, and that we should not take cognisance of it? Are we to sit idly by and allow that state of affairs to continue? All over Australia people are talking about production costs and what will happen to the Commonwealth in its competition with other countries. We hear that production costs are too high and many public men throughout Australia have said that unless we take determined and drastic steps to reduce production costs, Australia will rush headlong to financial disaster.

Mr. Davy: Is the cost of production greater in Western Australia than in Queensland?

The MINISTER FOR JUSTICE: I am not concerned at the moment with other portions of Australia but rather with the fact that the cost of production will be increased in this State by an additional £600,000 because of the basic wage declaration.

Mr. Davy: There has been a Fair Rents Act in Queensland for years.

The MINISTER FOR JUSTICE: And probably the basic wage there would be greater than it is to-day had that Act not been passed. The fact remains, however, that in Western Australia an economic burden of £600,000 is to be placed upon our production costs merely because rents have increased in the metropolitan area.

Mr. J. H. Smith: And the workmen can do their bit as well.

The MINISTER FOR JUSTICE: The member for Katanning (Mr. Thomson) wished to know if that was the only reason for the increase. In the course of his declaration of the new basic wage, the President of the State Arbitration Court said—

It is not a matter for congratulation that the cost of living shows such a marked increase, as it involves in the aggregate a huge sum of additional expenditure out of industry without any compensating gain on the part of the workers, at least those of them who are married. The biggest increase since the first declaration in 1926 is shown in the rent item which now is about 3s. per week in excess of what it was originally fixed at.

The member for Nelson (Mr. J. H. Smith) asked what proportion was due to rates and taxes. According to the President of the Arbitration Court an additional 6d. was imposed on account of rates.

Mr. J. H. Smith: Would that include water rates as well?

The MINISTER FOR JUSTICE: Yes, the President said—

Of this amount, a sum of about 6d. could be accounted for by increased rates—municipal, water supply and sewerage—but the balance still remains to be explained, though portion of it is undoubtedly due to increased building costs.

The figures presented by the Government Statistician during the course of his evidence before the Arbitration Court, showed that the index number for rents during 1926-27 was 1263, equalling £1 on the basic wage. I would point out that the President made his statements not to express his own opinion, but on the basis of evidence that had been given. I have it here before me. In one return the municipalities and road boards were asked to give a return regarding rates and so on. In the figures dealing with rents that were submitted by the Government Statistician, they show that in 1926-27 when the index number was 1263, the basic wage under that heading was fixed at £1. In the succeeding year the index figure was 1385 with an average of £1 1s. 11d. Last year there would have been an increase in the basic wage but other costs had decreased. In 1928-29 the rent was £1 2s. 6d. and under the last basic wage declaration it was £1 2s. 11½d. as compared with £1 in 1926-27. There we have the figures in evidence submitted to the Arbitration Court. The evidence given by the State Statistician influenced the court to increase the basic wage by 2s. per week instead of decreasing it by 1s., as would have been done on the ruling price of commodities.

Mr. Thomson: How does the court arrive at the index figures?

The MINISTER FOR JUSTICE: The State Arbitration Court accepts the Statistician's evidence as correct. The basic wage is dependent on the statistics.

Mr. Thomson: In my opinion it needs to be overhauled.

The MINISTER FOR JUSTICE: I think the figures were correct, but the effect of the evidence is that £600,000 is the burden imposed on industry because of the increase

of rents. That, too, applies only to the rents of houses used by wage earners. Let us consider also the effect of the increased rents of shops, warehouses and offices. The added cost of all those rents is passed on to the people.

Mr. Thomson: That is only natural.

The MINISTER FOR JUSTICE: Yes. We know what has occurred in the matter of rents for housing the people, but the increase of rents for shops, warehouses and offices during the last two or three years has been enormous. Everyone is aware of instances of shop rents having been increased enormously during the last two or three years, and I wish to show how capital values have been increased, the reason for the increase, and the effect of the increase. Some people are receiving by way of rent in three or four years an amount equal to the capital cost they paid for the premises not many years ago. Perhaps there will be some criticism of the Bill because it restricts the rights of certain people to do as they wish with their own property. It may be argued that a man should be allowed to get as much as he wants for his premises. I think the member for West Perth (Mr. Davy) adopted that line of argument. He said in effect that there should be no restriction but that people should be allowed to make whatever arrangements they could, that we should not interfere with them in making the best bargain possible for themselves.

Mr. Davy: Whatever I said is in "Hansard" and you can quote it.

The MINISTER FOR JUSTICE: I think the hon. member will admit that he holds the opinion I have expressed.

Mr. Davy: I did not say any such thing.

The MINISTER FOR JUSTICE: Then I shall see what "Hansard" says.

Mr. Davy: You will hear later what I have to say.

The MINISTER FOR JUSTICE: I think the anti-profiteering Bill of last session had the approval of every section in this House, particularly the proposal to deal with those people who combine to exploit the public.

Mr. Thomson: Even the State Sawmills have combined with the rest of the timber people to regulate prices.

Mr. Davy: You do not suggest that landlords combine?

The MINISTER FOR JUSTICE: Not by the effective combination of joining together and passing a resolution at a meeting, but they have taken combined action that has resulted in the raising of rents in this part of the State by 3s. per week.

Mr. Thomson: If you get an offer of 30s. for a place, you take it.

The MINISTER FOR JUSTICE: Human nature suffers severe restrictions in many directions, and I think we are justified in endeavouring to repress the grasping instincts of people who are supposed to be human but who seek to extract every penny that they can get, regardless of the effect of their action on any individual or on the economic life of the State. If such a combination exists—and it has been proved to exist—and such people have increased their rents during the last three years for no other reason than to get additional profit, it is time the State passed legislation to repress their grasping tendencies. People of my acquaintance have said to me, "The basic wage has been raised by 2s. per week and the President of the Arbitration Court has said that the basic wage would have been decreased by 1s. but for the rise in rents. I have not increased my rents by 3s. a week, but every worker is receiving 2s. a week more because rents have been increased. Therefore I have not done something that in my own interests I ought to have done. I was satisfied with the rent I was getting, but as everyone else is getting 3s. a week extra rent, there is no reason why I should not get it." So, when it was published to the world that rents had been increased by 3s. a week, people who had not increased their rents felt that they were not alive to their own interests in that they had not done what other people were doing. That seems to be quite in keeping with some people's ideas of commercial morality. One individual thinks he is quite justified in doing something simply because other people are doing it. Some members will argue that the Government could remedy the trouble by building a number of homes and rents would automatically decrease. If we adopted that course I do not know how the owners of houses to let would secure the return on their capital that the Bill would allow. If rents were reduced in that way, house owners would have to suffer just as they would suffer under restrictive legislation. The building of houses by the Gov-

ernment would be a remedy, but if we cannot adopt that remedy because of financial considerations, it is not to say that we should do nothing at all. If there was an outbreak of diphtheria and the medical profession were of opinion that anti-toxin was the one and only cure for the disease and anti-toxin was not available, they would not be justified in sitting idly by and saying, "Because we cannot get anti-toxin, 90 per cent. of the children who contract the disease will have to die."

Mr. Davy: You would not suggest that they should administer castor-oil, which would not be of any use, would you?

The MINISTER FOR JUSTICE: No, but some people say that, because the Government do not adopt the remedy of building more homes, they should take no other action to cure an ill that I say should absolutely be cured.

Mr. Davy: We say it does not need to be cured.

The MINISTER FOR JUSTICE: My opinion is supported by many economists, and I say that if legislation of this kind does not cure the ill, it will not do any harm. I am satisfied that it will not inflict injustice upon anyone.

Mr. Davy: It is the same as your last Bill; it will do the grossest injustice.

The MINISTER FOR JUSTICE: That is the hon. member's opinion, and I disagree with him. At any rate, I am satisfied to make the experiment—if he terms it such—and see what effect the Bill will have. I am satisfied it will work an immense benefit to the people of the State. I have already detailed just what the economic effect of high rents is. Another point is that the raising of rents is used to inflate property values. This has been done over and over again, and I shall give instances of it. A man buys for £10,000 a property which gives him a return of 6 per cent. He immediately raises the rents to produce about 10 per cent., and then puts the property on the market. The capital value is determined by the amount of interest he is getting on his outlay. If he increases the income from the property from £600 to £1,000 a year, the capital value of the property immediately goes up to £14,000 or £15,000. The property changes hands at that figure and the new owner again inflates the rents, and so it continues. Properties that in the last five years were purchased for £7,000 or £8,000

are now worth £40,000 because of the way in which the rents have been inflated and the values increased.

Mr. Sampson: It is not as simple as that, surely!

The MINISTER FOR JUSTICE: I think it is. People say a place must be worth so much rent because everyone in the street is paying increased rent and the return on the capital is so much. Many people have become bankrupt, but it does not matter to the landlords how many unfortunate people who had built up lucrative businesses go under through the process of rent-raising.

Mr. Davy: Are you now talking of buildings in the city?

The MINISTER FOR JUSTICE: Yes. This sort of thing cannot go on for ever. There is bound to be a crash. Serious warnings have been uttered to the public of Western Australia regarding the danger of inflated land values. A representative man in the person of Mr. Rosenstamm, President of the Chamber of Commerce, was reported in the "Daily News" of the 4th January, 1929, as follows:—

The higher valuations in city properties cannot be regarded as altogether a matter for congratulation, and the fact that peak positions in the shopping centres are sold and resold at what would be considered boom prices a few years ago is not without an element of danger. It is to be hoped that people will not forget that ultimately the value of a property is regulated by the rents that can be demanded legitimately from the tenants. A note of warning, therefore, might not be out of place as the commercial community will feel the effect of such speculative rents in the number of insolvencies that may follow unpayable business concerns.

Another report in the "Daily News" of the 10th June, 1929, read—

Mr. F. O. Gaze, governing director of Ezy-walkin Ltd. declares that the chief cause of the depression now being felt in the Eastern States is the collapse of high property values and the consequent cessation of the building boom. It was stated by Mr. Gaze that the collapse of the building boom was having a bad effect. It had followed the extraordinarily high prices wanted for property. However, it was not to be thought that all interests were badly affected. His own firm, along with many others, had no cause to complain of trade, and the city was sound. The building trades had been the worst sufferers, and strikes had accentuated the trouble. The same experience had befallen Adelaide, and

we had to be careful that it did not spread farther to the westward, and involve our own State in the troubles attendant on the deflation of property values.

These inflations have been going on consistently and Mr. Rosenstamm and Mr. Gaze felt it their duty to issue a public warning so that there would not be a crash in city land values because of unwarrantable inflations. Mr. Gaze drew particular attention to the manner in which rents had been exploited, with the result that values had been greatly increased. I have also the views of Mr. H. A. Stephenson, a prominent business man in Perth, a member of another place, and the representative of the Perth Chamber of Commerce at the last interstate congress of Chambers of Commerce held in Brisbane. On his return to Perth he gave his impressions as follows:—

All the States of Australia, outside Western Australia, appear to be in financial straits owing to industrial disorganisation and inflated land values both in town and in country.

Here we have the views of three representative men in the community.

Mr. Davy: Western Australia has not a Fair Rents Act, whereas Queensland and New South Wales have. No special effect of the legislation is noticeable in either of those States.

The MINISTER FOR JUSTICE: Because people are not restricted in the rentals they charge, and because these increased rentals determine the capital value of properties, a serious inflation of land values is going on in Western Australia. These are not my opinions only.

Mr. Davy: And also in those States where Fair Rents Acts are in operation.

The MINISTER FOR JUSTICE: Some of the remarks I have quoted refer particularly to South Australia, which depends largely upon its primary industries, as we do here. These three gentlemen are in accord in this matter. They decry the unwarrantable inflation of city land values, brought about because no restrictions are imposed upon the rents charged.

Mr. Davy: You do not suggest they say a Fair Rents Act will prevent this?

The MINISTER FOR JUSTICE: This is the method that leads to the unwarrantable inflation of city values.

Mr. Davy: You say this Bill will cure the position. It has not done so elsewhere.

The MINISTER FOR JUSTICE: The Bill will effectively stop these unwarrantable inflations. The gradual increase in land values in the city and the country is a definite sign of the progress of the State. If land legitimately becomes worth more it is a sign of the satisfactory development of the country, and a recognition by the public that values have justifiably gone up. When, however, the increases are inordinately high, as they have been in this State during the last three or four years, there is an element of grave danger about the situation, and this has been pointed out by the three gentlemen I have mentioned. I could get any number of representative citizens to say the same thing, but these happen to be remarks I came across in the newspaper.

Hon. Sir James Mitchell: What about the increased cost of building?

The MINISTER FOR JUSTICE: I will deal with that later. Some land agents practically invite people to invest their money, and yet deliberately raise the rents and thus increase land values. I have here an advertisement by a firm of land agents in the city, namely, Messrs. Hodd, Cuthbertson and North. This firm is of very high standing; it is one of the most reputable firms we have. They advertised in the "West Australian" half a dozen properties, and in big letters stated that the rents were low and that the investment was a first-class one. This was an invitation to investors to buy the properties because they had the opportunity afforded to put up the rents, as they were only at a low level.

Mr. Sampson: The advertisement meant that the owners would be assured of permanent tenants.

The MINISTER FOR JUSTICE: How could anyone be assured of permanent tenants when the property was for sale?

Mr. Sampson: Because the rents were low.

The MINISTER FOR JUSTICE: I do not wish to boost Messrs. Hodd, Cuthbertson and North, and say they are the best and most reputable firm in the city, but they do occupy a high position.

Hon. Sir James Mitchell: They had the right to say the rents were low if that was so.

The MINISTER FOR JUSTICE: It practically amounted to an invitation to an investor to buy the property, get it at a low price because the rents were low, and immediately to increase the rents.

Mr. Angelo: The advertisement does not say that.

The MINISTER FOR JUSTICE: Then why advertise the property for sale in those terms? It was a suggestion to the possible purchaser that he could at once raise the rents.

Mr. Sampson: In spite of the rents being low, the return was a reasonable one for the price asked.

The MINISTER FOR JUSTICE: I venture to say that the object of advertising the property thus was to give the purchaser the idea that he would have no difficulty in improving the rents, which were then at a low rate. I do not call myself a shrewd commercial man, but on reading that advertisement I would say there was an opportunity for anyone with a little money to buy the properties, which were giving a return equal to 8 per cent., and immediately put up their rents and increase the return to 12 per cent.

Mr. Davy: Do you say it was a reprehensible statement to put into the advertisement?

The MINISTER FOR JUSTICE: It was an invitation to someone to purchase the property at a certain value and thereupon put up the rents.

Mr. Sampson: I do not think that was intended.

The MINISTER FOR JUSTICE: The hon. member is very unsophisticated. Everyone knows what is meant by an advertisement of that kind.

Hon. Sir James Mitchell: It is quite obvious.

The MINISTER FOR JUSTICE: I could quote many examples of excessive cost of production or the excessive cost of goods being due to high rental values. I have here a report made by the managing director of the Bank of New South Wales. He says that the country is in a very serious position through the excessive cost of production, and that there were disastrous times ahead of Australia if this sort of thing went on. Undoubtedly high rentals do increase the cost of production.

Hon. Sir James Mitchell: Reduce the cost of fertiliser and you will decrease the cost of production.

The MINISTER FOR JUSTICE: In the "Daily News" of August 15th, it is stated that the capital value of property in the Central Ward of Perth has increased from £4,000,000 in 1920 to £12,000,000 in 1929, and that the annual value has gone up from £213,000 in 1920 to £648,000 in 1929. Not three times the number of buildings has been erected in Perth during the last eight or nine years, than was there before.

Mr. Thomson: The local authorities have raised the rates in accordance with the rents received.

The MINISTER FOR JUSTICE: This is what has happened in the city during the past eight or nine years.

Mr. Davy: Was that not inevitable owing to the progress that has been made?

The MINISTER FOR JUSTICE: Provided the progress is slow, sure and steady, it is an indication of solid advancement, but when it has proceeded at an unwarrantable rate, and is due to unjustifiable inflations in land values, it is not good progress.

Mr. Davy: Has not that happened in every rapidly-developed country?

The MINISTER FOR JUSTICE: It is not justifiable when property is said to be worth six times the value it was six years ago. Rents have been increased in the way I have shown in order that the capital value of the properties may be enhanced accordingly.

Hon. Sir James Mitchell: The cost of building has had a great effect upon the position.

The MINISTER FOR JUSTICE: During the last three or four years there has been an increase of only 10 per cent. in the number of new houses. The additional cost of building has not in any way affected the other 90 per cent. I wish to quote a few instances of inflated land values. Every Thursday the "Daily News" gives a full statement of what is happening in the local real estate world. About a fortnight ago it dealt with the increase in the value of several city properties. It mentioned that Goldsbrough Mort's buildings in Barrack-street had been bought for £19,000 and sold to the Queensland Insurance Company for £28,000 within a space of four years. The sum of £15,000 had been paid for the Bon Marche arcade, and it had been sold

to a Mrs. Macaulay two years later for £22,000 and last year was resold for £40,000. Within that short space of time a property which was deemed to be good value at £15,000 was resold at £40,000. If that is legitimate progress, I do not know where we are heading.

Mr. Sampson: There has been a great increase in city values.

The MINISTER FOR JUSTICE: Here is a specific instance of what I am talking about, and which can be verified at the Land Titles Office.

Mr. Sampson: It must have been worth more than £15,000.

The MINISTER FOR JUSTICE: If it was worth more than that, it is strange that the owners did not get more for it. Property owners are not generally willing to sell for less than an estate is worth.

Mr. Thomson: Sometimes.

The MINISTER FOR JUSTICE: Amongst property owners there are not many fools.

Mr. Thomson: This may have been a forced sale.

The MINISTER FOR JUSTICE: It was an ordinary sale.

Mr. Sampson: It was a tremendous increase.

The MINISTER FOR JUSTICE: Yes. Messrs. Sands & McDougall bought a property from G. R. Brown for £40,000, the latter having purchased it previously for a much smaller sum. The Paris Cafe was sold last year for £16,500, an increase of £3,500 in 13 months. Messrs. D. J. Chipper and Son bought a property for £8,200, and showed a profit of £1,400 in 15 months. Manchester House, opposite Foy & Gibson's, was bought for £36,000 and the owner refused £40,000 for it two weeks later. Messrs. Walsh Ltd. in Hay-street central purchased the Pavilion Theatre, which has a frontage of 33 feet to Hay-street, for £50,000 in 1928. This was equal to £1,500 per foot, the most expensive land yet purchased in Hay-street. It had been sold in 1925 for £30,000, and in the four years it increased in value by £20,000.

Mr. Angelo: You must be getting a lot of stamp revenue.

The MINISTER FOR JUSTICE: That is the only consolation about the whole business. In these deals the Treasury does participate in the robbery.

Mr. Davy: Do you mean to say that Goldsbrough Mort robbed some person when they sold their property in Barrack-street?

The MINISTER FOR JUSTICE: I say that people who buy a property and raise the rent in order to increase its capital value are certainly robbing the people to whom they sell.

Mr. Davy: This firm purchased the property for their own business, out of their own funds.

The MINISTER FOR JUSTICE: They must be making enormous profits if they can invest large sums and turn them to account in that way. At the corner of Murray and King streets four two-storey shops, sold last year for £14,500, have been re-sold this year to the Australian Bank of Commerce for about £20,000. Freeborn's building in Queen-street has been sold for £12,000, an increase of £5,000 in four years.

Mr. Latham: Surely you do not object to increased values!

The MINISTER FOR JUSTICE: Yes, I object very seriously to such increases in land values. If the hon. member had been in the House a few minutes ago, when I read opinions expressed on the subject by leading members of the community, he would be aware that they too deplore such inflations.

Mr. J. H. Smith: Which are really fictitious.

The MINISTER FOR JUSTICE: The hon. member may have his own opinion about that, but the hard-headed business men who buy these properties—

Mr. Latham: If you want to reduce land values in Western Australia, go on with the Bill.

The MINISTER FOR JUSTICE: The hon. member interjecting went out of the Chamber for a quarter of an hour. During his absence I explained the matter fully.

Mr. Latham: I was out for only ten minutes.

The MINISTER FOR JUSTICE: Sure, steady, slow increase in land values is a sign of prosperity and progress; but can the hon. member maintain that any of these instances fall within that category?

Mr. Latham: People will not pay more than the value of a property.

The MINISTER FOR JUSTICE: The purchasers pass the increased price on to the people by means of larger profits. For-

rest Chambers, in St. George's Terrace, was bought by a Melbourne syndicate for £40,000, and, some alterations having been carried out, £58,000 is now being asked for the property.

Mr. Davy: Forrest Chambers was bought, and is still retained by the purchaser.

The MINISTER FOR JUSTICE: I say that £58,000 is now being asked for the property.

Mr. Davy: Being asked! That is another thing.

The MINISTER FOR JUSTICE: A sale has not been effected, but there have been prospective buyers, and the value placed upon Forrest Chambers by the present owners is £58,000, as against £40,000 paid by them not long ago. Probably they will secure a buyer at that price, or near it, because these inordinate prices have ruled throughout the State. Kilquade Lodge, in Adelaide Terrace near Victoria Avenue, was sold in 1928 for £8,000, and re-sold later in the year for £10,000. Fifty feet frontage to St. George's Terrace, opposite King-street, with a depth to Bazaar Terrace of 495 feet, has been sold for £18,000. In 1926 that property was bought for £11,500. The building formerly occupied by the Argonauts' Club in St. George's Terrace was sold last year for £17,650, showing an increase of £2,400 in four months. There is money in it for all of us if we like to do a bit of land dealing.

Mr. Latham: With increased population one must have higher land values.

Mr. J. H. Smith: That is lovely from a Country member!

The DEPUTY SPEAKER: Order!

The MINISTER FOR JUSTICE: It is not a sign of sure and steady progress when land values jump so enormously in so short a period.

Mr. Latham: Land values here are determined in comparison with those in the Eastern States.

The MINISTER FOR JUSTICE: The hon. member can discuss that aspect if he likes. Viking House, in William-street, was sold last year to the National Insurance Company of New Zealand for £56,000. Four or five years previously it had been sold for £38,000. The Broken Hill Hotel, in Victoria Park, was sold this year for £45,000. About eight or nine years ago it was bought for less than £10,000. In that case the valuation has quadrupled.

Mr. Latham: Because they have almost a monopoly now.

The MINISTER FOR JUSTICE: There are explanations for everything.

Mr. Sampson: Victoria Park has gone ahead miraculously.

The MINISTER FOR JUSTICE: And rents have gone ahead miraculously, too, and to the detriment of the State. That is the thing we shall try to restrict. Land at the north-west corner of King and Hay streets was sold at auction last week for £45,000, representing an increase of £5,000 in eight months. Land in Wellington-street opposite the new markets could ten years ago have been bought for very little. To-day it is bringing up to £100 a foot.

Mr. Sampson: But many of those places were bought to occupy. That hotel at Victoria Park, for instance, is occupied by the purchaser, I believe.

The MINISTER FOR JUSTICE: Does the hon. member believe it is an evil, or that it is a sign of progress, when these unwarranted increases in land values take place? Does he think Mr. Rosenstamm, and Mr. Stephenson of the Upper House, are fools when they point out the danger of inflation in land values? Does the hon. member think Mr. Gaze, the manager of Ezywalkin, is a foolish man who comes over here to get hot air off his chest? They are serious men pointing out to the people of Western Australia a serious danger.

Mr. Sampson: But in many cases premises were bought for the purpose of occupation by the purchaser.

Mr. Davy: If there is an evil, does the Minister think this piece of legislation will cure it?

Mr. Latham: Ask them to support the Bill, and they will say no.

The MINISTER FOR JUSTICE: Men who deliberately have pointed out the evil which is occurring as regards inflated land values, will surely support a measure when they learn that by means of it a stop can be put to the evil. Mr. Stephenson represents a considerable number of people of this State, or is supposed to represent them. If he does not support this legislation, he will be conniving at the robbery that has been and is going on.

Mr. Latham: Oh, robbery!

The MINISTER FOR JUSTICE: I say with the fullest sense of responsibility that there has been robbery. People who

unwarrantably increase rents to the extent that has obtained here, are deliberately robbing the people of this State.

Mr. Davy: Are not we entitled to think that this Bill will not stop them? I object to the Minister's statement that anybody who opposes this legislation is conniving at robbery.

The MINISTER FOR JUSTICE: I have every justification for saying that persons who put up rents in this way rob the people.

Mr. Davy: That is not what you said. You said that opponents of the Bill would be conniving at robbery.

The DEPUTY SPEAKER: Order!

The MINISTER FOR JUSTICE: I shall desist from quoting further instances, though I have numbers of them. In the "West Australian" one sees column upon column of advertisements of properties. Up go the prices, and up go the rents. It is not necessary to quote instances of rises in rent. Here I have a copy of the "Sunday Times."

Mr. Withers: That is an authority.

The MINISTER FOR JUSTICE: It is a newspaper published in this State, and it at least purports to give facts. Certainly it is not a Labour paper; nor is it a paper desirous of legislation detrimental to the interests of property owners, provided they are giving a fair deal. In the "Sunday Times" of the 18th November, there appears an article headed, in very large type, "Put up the rent—Slogan of Property Speculators—Methods which must be Squelched." There is the respectable "Sunday Times" declaring that these methods must be squelched. If any hon. member can indicate how the thing can be squelched otherwise than by the methods which the Bill propose, I shall be ready to have the measure amended accordingly.

Mr. Latham: Take a bigger percentage of the profits those people make.

The MINISTER FOR JUSTICE: The hon. member is always ready to agree to increase taxation, is he not?

Mr. Latham: By Jove, I am! My reference is to city properties.

Mr. Sampson: Does not that article refer to vacant land?

The MINISTER FOR JUSTICE: I will read it and then the hon. member can place his own construction on it. It does not re-

fer to vacant land. The 'Sunday Times' says—

"Put up the Rent"—Slogan of Property Speculators—Methods which Must be Squelched.—It is a good sign of the progress being made by Western Australia when land values about Perth and the suburbs are continually on the up-grade, but there is a danger to be guarded against. It is a well-known fact that for some time certain moneyed speculators have been buying up properties in and about the metropolis simply for the purpose of forcing the tenants to pay them exorbitant rents, and this undoubtedly is a very reprehensible method of speculation, for at times it entails great hardship on those least able to afford the increased expenditure. We know of a case where a number of shops in the city were bought up for a good round sum. The lease of one of the shops, for which £14 a week was being charged, was nearly up, and the tenant went to the owner for a renewal. "Yes, you can have a renewal," was the reply, "but you will have to pay £30 a week!" This meant either shutting down the business or getting out, and naturally the business man got out, and was jubilant when he secured better premises for less rent than he was originally paying! But there are worse cases than this—many in which poor people to whom the loss of a few shillings is almost a matter of life and death are made to suffer—and some such have been brought under our notice during the past week. Quite recently a row of four little houses was bought in East Perth by a speculator—we do not know whether the speculator is masculine or feminine, but from the hardness of his heart we should say that he is neuter—and promptly a woman who had been 24 years in the house found her rent raised from 22s. 6d. to 37s. 6d., while another woman—a widow with two children—had her rent raised from 25s. to 37s. 6d. This is completely over the odds. The tenants who live in these houses do not even know the name of their new landlord. The agent who purchased the property said he was under instructions from his principal not to divulge his name. But to show how foolish is this method of procedure, it is only necessary to mention that an expenditure of 2s. at the Lands Department will secure the desired information—no matter what the owner or his agent may desire to do. This is the only weapon placed in the hands of the tenants, for the landlord or his agent always keeps hold of the thick end of the stick. At the same time, without going to the expense of a search, the tenant is undoubtedly entitled to know the name of his landlord before he puts up a penny piece to the agent. Anyone might claim to be agent for the landlord and the tenants would have no redress. They are entitled to know who the landlord is.

The "Sunday Times" terminology "reprehensible methods of speculation" is equivalent to my plain word "robbery." The terminological exactitude of the "Sunday Times" leads that paper to speak of "reprehensible methods of speculation." I presume the statements made in the article are correct, as the paper does not usually publish nonsense. Using the vernacular understood by "Sunday Times" readers, the journal says that such methods are "completely over the odds." That is in regard to the rent-raising tactics which have been employed. I think the sentiment of the "Sunday Times" will be endorsed by most of the people of Western Australia. When such examples of rent-raising occur, they are evidence of something inordinate in the way of extortion. According to the Government Statistician, there has been a combination, as on the average every house-owner in the State has increased the rent by 3s. per week during the past three years. I do not think I need say more.

Mr. Latham: No. We have made up our minds to support the Bill.

The MINISTER FOR JUSTICE: I am glad of my convert, because we need all the hon. member's persuasiveness to pass the measure here, and to induce another Chamber to deal with this subject by restrictive Legislation.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR JUSTICE: I have said a good deal regarding the necessity for the introduction of the Bill at the present juncture, and have given some reasons that actuated the Government in introducing the legislation. I propose now to explain the machinery clauses of the measure. They are similar to those of the Bill introduced previously in this House. It will be remembered that when the Fair Rents Bill was considered on that occasion, several amendments were moved that seemed to receive support on both sides of the House. On this occasion it has been deemed advisable to include those amendments in the Bill now before hon. members. The measure provides for the determination of the rent of houses and of other premises such as warehouses, shops and premises of that description. It seeks to place a valuation on the properties that is fair and reasonable on the basis of the capital value of the

property and the cost of the land. The rent allowed to be charged by landlords will be at ordinary overdraft rates charged by the banks. So that there shall be no misunderstanding about the matter, it has been decided to take the Commonwealth Bank rates, which have been 7 per cent. In addition to that, the Bill provides in respect of the capital value that there shall be 2 per cent. allowed more than the overdraft rate charged by the Commonwealth Bank, which institution is mentioned in the Bill. If the overdraft rate remains the same as it is now, that will mean the rental will be equal to 9 per cent. on the capital outlay, plus all the outgoings that are associated with the owning of a house, such as rates, taxes, depreciation, repairs, and so forth.

Hon. Sir James Mitchell: Then this Bill should be called a rent increasing Bill.

The MINISTER FOR JUSTICE: We are prepared to take that risk. I do not think the Bill will have the effect of increasing rents, but it will certainly prevent any undue inflation in that direction, and will exercise a restrictive tendency upon people who may desire to raise rents beyond a point that is fair and reasonable. I doubt if the economic effects of high rents are felt elsewhere to the extent they are in a State like Western Australia. The incidence is apparent when wage declarations are made by the Arbitration Court from time to time. People who had not increased their rents reconsidered their position when they realised that the basic wage determination had been fixed on increased rents. In the circumstances they considered it fair and reasonable to increase the charges levied against their tenants, as it appeared to be a general practice throughout the community. Several people I know have informed me that as the average rentals have gone up and it was apparently a general practice, they had increased the rents to their tenants by 3s. a week. The Bill will prevent that sort of thing being done. The man who has been charging a fair and reasonable rent, providing for a return that we say is more than fair, will not be affected by the Bill. I do not blame individuals for raising rents, but I would blame a Parliament that, recognising the incidence of increased rents and what it means, did not make some effort to restrict any undue tendency in that direc-

tion. There are many other countries in different parts of the world where rent-restricting legislation has been in operation. I am aware that it is not much of an argument to advance that because someone has done something elsewhere, we should necessarily follow suit in this State. On the contrary, I say that the evils that exist regarding the rent question ought to be tackled by Parliament in an endeavour to prevent their continuance. The effect of the Bill, in a broader sense, will be to do justice both to landlord and tenant, and will give owners a generous return on their capital outlay. In making up the basis upon which the rent is to be fixed for a house built before 1915, a 20 per cent. increase is allowed under the Bill on the capital cost. We have included 1915, because prior to that year cheap house construction was the order of the day. If hon. members consider that some other year would be fairer to take in the interests of people who own house properties, I shall have no objection to an alteration of the year mentioned. I am not particularly anxious to fix 1915 as the year to be selected. As I have indicated, the only reason for taking that year is that it is known that cost of construction was cheap in that year.

Hon. Sir James Mitchell: People would not know what it cost to build a house in 1915.

The MINISTER FOR JUSTICE: If an owner built a house prior to 1915, he would know what it cost him.

Hon. Sir James Mitchell: I do not suppose he would know.

The MINISTER FOR JUSTICE: I built a house prior to 1915 and I can tell the hon. member what it cost me and what I have spent upon improvements that have increased the capital value of the premises.

Mr. Davy: If you still own that house, would you be willing to accept 9 per cent. on what it cost you, as rent?

The MINISTER FOR JUSTICE: I would be prepared to accept that. As a matter of fact, if I were to charge the rent permissible under the provisions of the Bill, I would receive more than I am getting now.

Hon. Sir James Mitchell: Then you are against your own Bill! Out it goes!

The MINISTER FOR JUSTICE: I do not claim that I am more generous than anyone else. I do not wish to discuss my personal affairs here, but I can tell hon. members that I have a tenant who looks

after my property well and I have no desire to take advantage of another 2s. or 3s. a week. It would make little difference to me, but it might make a big difference to my tenant. The Bill provides for an allowance of 20 per cent. on the actual cost of construction and improvements. On that basis I certainly could demand an increased rental, if I were to take action at law. If a house cost £1,000 and the bank overdraft rate was 7 per cent., the Bill allows for an additional 2 per cent., and that would give the owner a return of £90. Rates and taxes would represent another £14, making a total of £104. That means to say that if a man built a house at a cost of £1,000, he would be entitled to charge £2 a week as rent for his property. I do not know that anyone would contend that such an arrangement was inequitable to the owner of the property.

Mr. Davy: No one would say it was inequitable; that is not the objection to the Bill.

The MINISTER FOR JUSTICE: I have drawn attention to the incidence of the Bill, and have explained how the fair rent is to be determined. If the house cost £1,000 before 1915, an additional 20 per cent. will give £1,200 and 9 per cent. on that will provide £108. Allowing £38 for rates, taxes, insurance, renovations and so forth, that brings the total to £146. That man will be allowed to charge a rental of £2 17s. 6d. a week under the provisions of the Bill.

Mr. Davy: But suppose that house is now worth £3,000.

The MINISTER FOR JUSTICE: The owner of a house that cost him £1,000 and which is now valued at £3,000, may be regarded as a very fortunate individual.

Mr. Davy: Of course he is a fortunate individual, and you propose to rob him of his good fortune!

The MINISTER FOR JUSTICE: I do not. I consider that a return of a rental of £2 17s. 6d. a week on the investment of £1,000 ten or twelve years ago would mean that the owner of the property was doing well. I consider he would get a fair and reasonable return.

Mr. Davy: It is not fair and reasonable to take away from a man something that belongs to him.

The MINISTER FOR JUSTICE: Some people consider that everyone's property belongs to them. Some landlords think that

all their tenants' wages belong to them—if they can get them. If no other house was available and a man had to have a roof over the heads of himself and his family, he would have to pay any inordinate rent that was charged. A landlord might charge him £4 although the man was earning only £8 a week, and the unfortunate tenant would have to pay it. I do not think we should allow that sort of thing to obtain. It is an evil that Parliament, if we have the welfare of the people at heart, must attempt to restrict. Under the provisions of the Bill, no premium will be permitted unless any such payments are included as rent. Sometimes payments are demanded for a key. In some instances £5 has been paid for it. In connection with business premises, at times a premium of £300 or £400 is charged for ingoing. If the Bill be agreed to, any such payment will have to be charged as rent. Another method employed is for the ingoing tenant to pay for the cost of repairs, renovations and improvements before he is allowed to take possession. If any such payment is made in future, it will have to be included in the calculation for the purpose of ascertaining what return a landlord is entitled to as a fair rent. There has been a gradual but sure increase in rents year by year although nothing has been done by landlords in many instances to warrant any such extra charge. The Arbitration Court fixes wages to operate over 12 months, and the workers have to pay increased rent before they can receive any redress. There is no retrospective application in that direction with regard to wages. For instance, the Arbitration Court's basic wage declaration made recently was to operate as from the 1st July. Knowing that the declaration was in contemplation, a landlord could increase rents unduly unless restrictive legislation were passed by Parliament. They could have increased rents in the metropolitan area by 5s. or 6s. a week instead of by 3s., as they have done during the past three years. Under existing conditions it means that the workers must suffer for more than 12 months before the Arbitration Court can consider their position and give them redress in the form of an increased basic wage. In such circumstances the workers would be not better off, for it would simply mean taking an increase from their employers and paying it to their landlords. Any such added im-

post merely represents so much increase on the cost of commodities produced in the State. The workers merely get a fair living wage and they have to produce sworn evidence of their expenditure in order to justify any increase. It is a pernicious system for the court to fix wages on whatever landlords like to charge, seeing that there is no restriction placed upon the landlords. The worker has to go to court and present exhaustive evidence before the court declares what wage will be fair and reasonable for him in all the circumstances. If the worker is placed in that position and has to submit to restrictions, is required to give evidence in court and has to have his wages determined by the court, why should not the same principle apply to property?

Mr. Davy: The Arbitration Court fixes the minimum.

The MINISTER FOR JUSTICE: Unfortunately the minimum is always made the maximum. If a census were to be taken of all the employees in Western Australia working under an Arbitration Court award, I think it would be found that 90 per cent. of them are getting the minimum rate awarded by the court. I am not ready to believe that the employers desire to be generous and pay the workers more than they need pay them, and so I say that neither should the workers have to pay the landlord more than would be necessary if an equitable scale of rentals were laid down in an Act of Parliament. The statistician's figures show that rentals have increased on an average by 3s. per week. But the statistician's figures are not always correct. Those that he issued relating to Geraldton have been successfully challenged. Representatives of the Labour Party in that town considering the figures issued were not in accordance with fact, challenged them. The statistician, happening to be in Geraldton, got into touch with the town clerk and the agents who were collecting statistics for him, and after a thorough canvass of one half of the houses in town, it was found that the figures issued by the statistician were 2s. or 3s. below the rents actually charged.

Mr. Davy: But you have been basing your argument on the statistician's figures.

The MINISTER FOR JUSTICE: Oh no! What I said was that the court, in determining the basic wage, implicitly relied upon the statistician's figures. As I

say, in the instance at Geraldton it was found that the rents were higher than the statistician's figures had declared them to be. Had those figures been used in the Arbitration Court and had not been challenged, undoubtedly the court would have relied upon them in determining the basic wage. The Bill vests jurisdiction in local courts to determine the rents of buildings, including residences, shops, warehouses, factories, stores, or any building to which the Act is applied by proclamation. I may say that hotels are excluded from the Bill because of the fact that already the Licensing Bench have very drastic powers in respect of all buildings coming within their purview.

Mr. Davy: The Licensing Bench have not any power to fix rents.

The MINISTER FOR JUSTICE: The Bill applies only to districts to be defined by proclamation. We do not say that it should be applied in any little village where usually rents are not unduly high. It will be applied only where we have large aggregations of houses in towns where, nevertheless, there is a shortage of housing accommodation, or the desires or circumstances of many people are such that they must pay whatever rent is demanded of them. Still, of course, whenever the necessity should arise, the Bill can be applied to any part of the State. As to procedure, any lessee can approach the court, but the lessee must first have tendered the rent owing. If there are separate lessees in one building, the court shall determine the rent of each portion separately. The court's decision is to apply for not less than six months nor more than two years, and if no time is stated, it is prescribed in the Bill that it shall be two years. It is further prescribed that parties may not contract themselves out of the provisions of the Act. That is to say, if a landlord desiring to take advantage of the necessity of a prospective tenant says "The rent of the place according to the Act should be £2, but I do not propose to let you have it for less than £3," it is not open to the tenant to accept any such offer. Excess rents are recoverable only for 12 months preceding the application. All those cases are to be dealt with in the local court, whose decision in all small issues shall be final. But where the case involves the rental of business premises, over £200 per annum, if it is thought necessary application may be made to a judge to appeal

to the Supreme Court to have the determination of the magistrate reviewed. The title of the Bill is Fair Rents. That is all the Government desire from it. They desire that the rent charged by the landlord to his tenant shall be fair in itself and fair in its incidence. Wherever that condition operates there will be no necessity for the provisions of the Bill at all. After what has been said this afternoon, most members will agree that there is every necessity for legislation of this kind. The steady raising of rents by landlords imposes an economic loss of some £600,000, which is placed on the producers of Western Australia and added to the cost of production. When an economic burden like that can be imposed upon the people, it is time legislation was introduced to deal with the evil. If the object of the Bill can be attained in any other way, if members can suggest any other way equally as effective—

Mr. J. H. Smith drew attention to the state of the House.

Bells rung and a quorum formed.

The MINISTER FOR JUSTICE: I was saying that if any member can suggest a better remedy than the one the Government propose, I will be perfectly reasonable and accept any amendment which will have the effect of this legislation.

Mr. Davy: Will you withdraw the Bill if we put up a better remedy?

The MINISTER FOR JUSTICE: No, I will not withdraw the Bill, but if the amendments proposed promise to achieve the same end, I will consider them, no matter whence they come. Probably there will be found some anomalies in the Bill, as in all legislation. But where the majority of the citizens are safeguarded there is not much necessity to consider unduly the interests of an exceedingly small group threatened by some little anomaly. Even if the Bill should work some hardship to a few individuals, the good that will come out of it will more than counteract any possible injustice that may be done. There is in existence a very serious condition as the result of the present method of allowing landlords to have their own sweet will in the fixing of rentals. In consequence the community has to bear this tremendous economic burden to which I have alluded. If any Government were to introduce taxa-

tion to such an extent, the Government in all probability would very soon find themselves out of office. Of course no Government would dream of suddenly increasing the cost of production by £600,000, and that without benefiting anybody except a few people already enjoying very fortunate circumstances. This legislation, if passed, will confer a distinct benefit upon the community at large and I do not think it will do anybody any injury worth speaking of. In any other class of investment nobody would expect to get more than 8 or 9 per cent. But apparently houses built as a speculation are entirely different from any other investment. At all events the Bill will allow a fair return on capital invested in this first-class security. And not only will it allow the owners to get a fair rent, but when they have the opportunity to sell there will be nothing to prevent their selling, not even the fear of the Taxation Department. I know of one man who made thousands of pounds by two or three deals in property. Yet because he was legitimately in business and bought property with a view to changing his place of business, the profits he made out of his deals, which, of course, were added to his capital, and which in ordinary circumstances would be termed income, were not subject to income taxation at all, because he was not a dealer in land. He was able to buy business premises and to satisfy the Commissioner of Taxation that he had bought them bona-fide to carry on his business. Although he made two or three deals in which he netted £15,000 or £20,000, he did not have to pay income tax on his profit.

Mr. Davy: You think it was income, do you?

The MINISTER FOR JUSTICE: It depends. Anyone who has an accretion of capital of £10,000 to £20,000 in one year, in my opinion, should have to pay income tax on it.

Mr. Davy: You think he would be wise to treat it as income?

The MINISTER FOR JUSTICE: He would be unwise to do so, because he would have to pay income tax on it. A man may be worth £1,000 now; in a year's time he may be worth £2,000, the year after £3,000 and the year after that £4,000, but the Commissioner of Taxation does not regard it as in-

come for taxation purposes. I consider it is income; it is an accretion of capital.

Mr. Davy: There is mighty little income that the Commissioner of Taxation misses.

The MINISTER FOR JUSTICE: If I bought a house to live in and sold it at a profit—

Mr. Davy: You would regard the profit as income?

The MINISTER FOR JUSTICE: It would be an accretion of income that I had done nothing to gain and, in fairness to the community, I should be prepared to pay income tax on it, just as anyone else has to pay tax when he earns £200 or £300 by the sweat of his brow. However, I think I am going beyond the scope of the Bill in discussing income tax. It is an interesting subject that I should like to discuss on a suitable occasion. I think I have demonstrated that a very serious position has arisen in the economic life of the State. I have mentioned the cause of it and have suggested a remedy. My proposal will not remedy the evil entirely, but it will have a great and distinct effect on the basic wage declaration. High wages are of no use to the workers if they have to pay away the increase to the landlords, because it means that everything produced has to bear its proportion of the burden. If we stand idly by and allow the producers to be saddled with an extra burden of £600,000, they will be unable to compete with other parts of the world not subject to this method of wage regulation consequent upon the raising of rents by landlords. The Railway Department will be subject to an impost of £70,000 this year, simply because rents have been raised. We cannot view such a situation without attempting remedial legislation, and we consider our proposal the best way to attack the problem. If there are other ways that can be suggested, we are prepared to consider them. The position, however, is too serious to be allowed to continue without some effort being made by the Government to remedy it. If during the next 15 years rents increased in the way they have done during the last two or three years, the increase would represent some 15s. a week, and everything produced in the State would have to bear its proportion of the economic burden. This cannot be allowed to continue unless we are prepared to rush headlong to bankruptcy. We shall reach

a stage when it will be impossible to produce anything beyond what we need for our own consumption; we shall be unable to export produce at a price that will give a reasonable return. The Railway Department cannot face an additional expenditure of £70,000, and such increases could not be made for two or three years without raising our charges, and the impost would have to be passed on to the producers. Hence the cost of handling and transporting the wheat might reach such a figure that it would not be profitable to produce wheat and the land would go out of cultivation. If we reached such a position, we should be forced to consider legislation of this kind for our own protection, and it is not too soon now to adopt legislation with a view to restricting the iniquity. I move—

That the Bill be now read a second time.

On motion by Mr. Davy, debate adjourned.

ADJOURNMENT—SPECIAL.

THE MINISTER FOR JUSTICE (Hon. J. C. Willcock—Geraldton [8.6]: I move—

That the House at its rising adjourn till Tuesday, the 10th September, at 4.30 p.m.

Question put and passed.

House adjourned at 8.7 p.m.