

Legislative Assembly.

Tuesday, 21st September, 1943.

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

QUESTIONS (4).

ALLIED SERVICEMEN.

As to Jurisdiction of State Courts.

Hon. N. KEENAN asked the Minister for Justice: 1, Is he aware that aliens who are allied servicemen are not in certain cases subject to the jurisdiction of the State courts or to restraint of person by any State authority in cases of breach of the civil or criminal law of the State of Western Australia by any such servicemen? 2, Can he state in what cases does this exception from the application of the civil or criminal law apply? 3, Under what legislation or executive authority is this exception from the application of the laws of this State allowed?

The MINISTER replied: 1, Members of the United States Forces charged with an offence against the criminal or quasi-criminal laws of the Commonwealth or of any State are not subject to the jurisdiction of the Commonwealth or the State courts if the appropriate officer of the United States Forces requests that the alleged offender be handed over. Such alleged offenders are then dealt with by courtmartial or other appropriate tribunal constituted within the United States Forces. All members of the Forces of other allied nations are subject to the jurisdiction of Commonwealth and State courts with respect to offences against criminal or quasi-criminal laws of the Com-

monwealth or of any State. Any member of any Allied Force, including the United States Forces, is subject to the civil laws (i.e., the laws of contract, tort, etc.) of the Commonwealth or of any State when acting in a purely personal and private capacity. The question of liability under civil law when the member of the Allied Force is acting in his official capacity is a matter of international law. The Full Court of New South Wales recently reserved decision on such a question which is regarded by Commonwealth and American authorities as a test case. 2, Answered by No. 1. 3, National Security (Allied Forces) Regulations, Statutory Rules, 1941, No. 302, as amended, are published in the Manual of National Security Legislation, third edition, page 59. These regulations contain provisions similar to those found in the Statute of the United Kingdom known as the United States of America (Visiting Forces) Act, 1942. As a further matter of information to the House, the National Security (Claims against the Commonwealth in relation to Visiting Forces) Regulations, Statutory Rules, 1943, No. 193, give any resident of Australia the right to sue the Commonwealth Government with respect to any claim or demand which such resident might have against a member of a visiting force as if such member were a member of the Defence Force of Australia. These regulations do not apply to a claim or demand arising out of a contract or agreement between a resident of Australia and a member of a visiting force.

PETROL SUPPLIES, GREAT SOUTHERN.

As to Charges.

Mr. WATTS asked the Premier: 1, Is he aware that petrol supplies for the Great Southern, southward of Narrogin, are now being supplied from a certain southern port? 2, Is it correct that charges for such petrol are still the same as when it was railed from Fremantle? 3, Does not this result in a charge equal to rail freight for some hundreds of miles being imposed on consumers at the port in respect of transport between points in the township only, and a proportionate handicap on consumers in the districts northward of the port? 4, What amount per gallon is being charged? 5, Is this matter controlled by the Federal National Security Regulations or by the

State Government? 6, If the former, will he make immediate representation to obtain more equitable treatment of consumers concerned, or, if the latter, will he take action to rectify the position? 7, If not, why not?

The PREMIER replied: 1, Yes. 2, Yes. 3, 4, and 5, The distribution of petrol is handled by Pool Petroleum Pty., Ltd., under the provisions of the National Security (Petroleum Products Distribution) Regulations, and the price is determined by the Commonwealth Prices Commissioner at Canberra under the National Security (Prices) Regulations. 6, Yes. 7, Answered by No. 6.

MANPOWER.

As to Shortage in Rural Industries.

Mr. DONEY asked the Premier: Will he, having regard to the physical and financial hardships being experienced by those responsible for maintaining this State's rural industries, the heavy delay and dislocation in seasonal work caused by the unfulfilled promise to make prisoners of war available in Western Australia for farm work, and the consequent disinclination of the Manpower Department to release farmers' sons and other skilled farm workers from the services, make urgent personal representations to the responsible Federal Minister stressing the need for drawing up amending regulations granting permission to the Deputy Director General of Manpower in this State, and to unit commanders, to adopt a more considerate attitude towards applications for exemption or release of farm workers than is possible under existing regulations?

The PREMIER replied: Though I do not agree with some of the statements in the question, my answer is as follows:—The Government has constantly made representations in connection with this matter and will continue to do so.

CHARCOAL IRON INDUSTRY.

As to Financial Assistance by Commonwealth Government.

Mr. WATTS (without notice) asked the Minister for Industrial Development: 1, Has the Commonwealth Government given any financial assistance to the establishment of the charcoal iron industry in Western Australia? 2, If so, what assistance?

The MINISTER replied: No.

BILL—INCREASE OF RENT (WAR RESTRICTIONS) ACT AMENDMENT.

Introduced by the Minister for Labour and read a first time.

BILL—TOWN PLANNING AND DEVELOPMENT ACT AMENDMENT.

Read a third time and transmitted to the Council.

BILL—WORKERS' HOMES ACT AMENDMENT.

Recommittal.

On motion by the Premier, Bill recommitted for the further consideration of Clause 5.

In Committee.

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

Clause 5—Insertion of new Part and sections:

The PREMIER: At the last sitting the Leader of the Opposition moved an amendment, which was a proviso to Clause 5. As the amendment purported to allow people in rural industry to obtain extensions of housing accommodation, or any amenities or conveniences, I had no objection to it. But I now find that the effect of the amendment is to limit the matter to rural people only. I desire all citizens of the State, whether they live in the rural, urban or suburban areas, to receive the benefits of this measure. For that reason I desire to amend the Leader of the Opposition's proviso. I move an amendment—

That in lines 2 and 3 of the proviso to Subsection (3) of new Section 48E the words "in the case of any person engaged in rural industry," inserted by a previous Committee, be struck out.

The CHAIRMAN: The amendment proposed by the Premier is an amendment to an amendment made by the Leader of the Opposition which, therefore, does not appear in the Bill as on the file, but it does appear on the notice paper as a proposed amendment by the Leader of the Opposition.

Mr. WATTS: The whole crux of this matter, as far as I was concerned, was in connection with the policy of the Workers' Homes Board to make these advances for additions or improvements to existing dwelling houses on security other than first mortgage. I have no objection to the Pre-

mier's amendment. I hesitated to go further than "rural industry" because I did not know how the proposal to advance on mortgage, other than first mortgage, would be received. I am now only too happy to agree to this amendment.

Mr. SEWARD: I draw the Premier's attention to the concluding proviso. It stipulates what is the meaning of "rural industry."

The Premier: "Rural industry" is coming out.

Amendment put and passed.

The PREMIER: I move an amendment—

That all the words after "charge" in line 7 of the proviso to new Subsection (3) inserted by a previous Committee be struck out.

As I said in reply to the member for Pingelly, "rural industry" has been struck out of the previous part of the proviso. As this is merely the interpretation of "rural industry," this amendment is almost consequential. In any case these words are unnecessary because they define something not now in the Bill.

Amendment put and passed; the clause, as amended, agreed to.

Bill again reported with further amendments.

BILL—MUNICIPAL CORPORATIONS ACT AMENDMENT.

Second reading.

THE MINISTER FOR WORKS [4.47] in moving the second reading said: This Bill seeks to make provision for the following matters on which representations have been made to the department by local authorities or their associations—

(a) To permit of the appointment by the council of a councillor as honorary treasurer without his incurring disqualification.

(b) To prevent electors residing in adjoining districts voting as absentees unless such electors are also residing more than five miles from the polling booth.

(c) To give certain council officials, whose duties may bring them into direct conflict with ratepayers and councillors, the right of appeal to a magistrate against dismissal.

(d) To give the Minister power to extend the time for the holding of the annual general meeting.

(e) To meet the position which arises when insufficient nominations are received for the positions of municipal auditors.

(f) To meet the position should no nominations be received for the position of mayor.

(g) To meet the position should a council resign or there be insufficient councillors in office to form a quorum.

The reasons which have been adduced by the local governing authorities, or the associations, to back up these proposals, are: Proposals to permit the appointment of honorary treasurers and to give the Minister power to extend the time for the holding of the annual meeting were approved by both Houses in a Bill presented last session, and therefore need no comment at this stage. Absentee vote officials have complained of electors who live in adjoining districts, sometimes within a few hundred yards of the boundary of the district in which they are entitled to vote, taking advantage of the absentee voting procedure. It is considered that these special facilities should be restricted so far as is practicable and it is proposed, therefore, that such electors shall not be entitled to vote as absentees unless they also reside five miles from the polling place, although they may be in another district.

A proposal introduced last session that town clerks, engineers and building surveyors should not be dismissed from their office except with the Minister's approval was rejected in the "other place," principally, I think, on the ground that the power should not be vested in the Minister. Members are aware that the Road Districts Act provides that no secretary shall be dismissed without the approval of the Minister in charge of local government. The proposal that these senior officials, whose duties may bring them into direct conflict with councillors and ratepayers, should be given an appeal against dismissal was submitted originally some years ago by the Country Municipal Councils' Association and was later endorsed by the Local Government Officers' Association.

At a recent deputation to me from the Country Municipal Councils' Association, the proposal was again submitted and strongly supported by the mayors of some of the larger country towns. The deputationists stated that they would have been quite satisfied with the right of appeal to the Minister, but were prepared to accept any other appropriate appeal authority. It will be noted therefore, that this is not a power that the Minister or the department sought; it is one that has been requested on a number of occasions by the organisations of both the em-

ployers and the employees. The proposal in the Bill is that the officials concerned should have the right of appeal to a magistrate within 14 days of receipt of notice.

I find that there is nothing like having a precedent in order that proposed legislation might commend itself to the House, and so I propose to explain the conditions operating in the other States. They are summarised as follows:—

Victoria: The Victorian Local Government Act was amended in 1941 to give somewhat similar protection to municipal clerks, treasurers, surveyors or engineers, such valuers and rate collectors as are officers of a municipality, and building inspectors. Any inquiry under this amending Act is conducted by a person appointed by the Governor.

South Australia: Under the 1938 South Australian Amendment Act, an appeal board is provided to which any municipal clerk may appeal. The board comprises the president and secretary of the Local Government Association and the vice-president of the Municipal Association, who is chairman of the board.

Mr. Doney: What type of officials would "municipal clerks" embody?

The MINISTER FOR WORKS: Any municipal clerk. Whether there is any interpretation of the term, I cannot say. The point is that provision is made in South Australia for an appeal.

New South Wales: The New South Wales Act provides for an inquiry to be held by a person appointed by the Governor, and covers shire clerks, engineers, health inspectors, gas managers, electrical engineers, persons in charge of trading undertakings of the council, and overseers.

That is very wide.

The Health Act of Western Australia provides that no medical officer, health inspector or analyst of a local authority shall have his remuneration reduced or be removed from office without the previous approval of the Commissioner of Health.

It will be seen that the general principle of extending the right of appeal to officers in similar positions has been widely recognised in Australia.

During the war years there has been considerable difficulty in some municipalities in obtaining any or sufficient nominations for the two positions of auditor. As the Act does not stipulate what action should be taken in these circumstances, the Bill proposes that the Minister be given certain powers in order that any such difficulty might be temporarily overcome. Provision is also included to give a majority of the councillors power to elect a councillor as acting mayor should no nom-

ination be received for the position of mayor, or when any other extraordinary vacancy for mayor occurs. In consequence of strong agitation in a certain metropolitan municipality recently, it appeared possible that the council as a whole might resign. The department then ascertained that no provision was made in the Municipal Corporations Act to define the action to be taken in such circumstances. The Bill proposes to empower the Governor to appoint a commissioner pending the election of a new council.

The provisions proposed are the same as those embodied in the Road Districts Act, which gives the Governor power to appoint a commissioner should there be either no board or insufficient members to form a quorum. On a number of occasions we have found it necessary to appoint commissioners for road districts. Some provision of this nature should certainly be embodied in the Municipal Corporations Act; otherwise the executive officers would be left without legislative direction in the administration of their municipalities should all or a majority of the members of a council resign. If the members of a road board resign, a commissioner can be appointed and the difficulty can be overcome, and similar power is needed for municipal corporations. I repeat that these provisions have been asked for. Local governing bodies depend upon the authority they receive from Parliament, and matters of this sort should be given consideration, even in a short session like the present one, so that local bodies may be able to carry on their work more smoothly. I move—

That the Bill be now read a second time.

On motion by Mr. Doney, debate adjourned.

BILL—ROAD DISTRICTS ACT AMENDMENT.

Second Reading.

THE MINISTER FOR WORKS [5.1] in moving the second reading said: This Bill embodies amendments which have been asked for by various local authorities and their associations. A metropolitan board recently decided to abolish all of its wards. It was then found that although the Act defines the procedure to be adopted in regard to elections when a district is divided into wards, no procedure has been prescribed to meet the position which arises upon the abolition of wards. An amendment to

Section 13 of the Act is therefore being submitted. An amendment to Section 62 is included to overcome a difficulty in regard to the holding of extraordinary elections in the North-West. As the Act now stands, it is impossible to comply with the prescribed procedure in that portion of the State. The Act stipulates that the extraordinary elections must be held within two months of the date of the vacancy occurring, that the closing day for nominations shall be 28 days prior to election day, and that nominations may be lodged within 35 days of the closing date, the total of these two periods exceeding the prescribed two months. A period up to three months is proposed in the Bill.

In regard to voting in absence, the Act provides that any elector who intends to be absent from the district in which the election is being held may record an absentee vote. Absentee vote officials have complained that this facility is being availed of by persons living in adjoining districts, sometimes only a few hundred yards from the boundary of the district in which they are entitled to record a vote. It is considered that voting in absence should be restricted so far as is practicable and reasonable, and an amendment is therefore proposed whereby an elector residing in an adjoining district shall not be entitled to record an absentee vote unless he resides more than five miles from the polling place. The principal Act provides that at the first meeting of the board after every annual election, the board shall elect a chairman and vice-chairman and that, if by reason of an equality of votes or any other reason the board cannot do so, the Minister shall appoint a chairman and vice-chairman. The Great Southern Road Board Association has suggested that the road board shall be given a further opportunity after the first meeting to arrive at a decision before the Minister is called upon to appoint. An amendment to Section 124 to meet the desires of the association has, therefore, been embodied in the Bill, it being considered preferable that these appointments should be made locally if at all possible.

The most important provision of the Bill has been introduced at the request of the Great Southern Association and the Local Government Association, and proposes to give road boards authority to combine the several rates, namely, road, loan, health,

vermin and light, in one column in the rate-book and in one aggregate total in the rate notice. This proposal is endorsed by the departmental road board audit inspectors and, if approved, will eliminate the multiplicity of money columns in the rate-book and a substantial amount of clerical work. It is estimated that under this proposed method the rate-book would cover three years' transactions, instead of as at present one year's. This provision will in no way interfere with the preparation of separate estimates for each separate activity, and the rate notices will show the amount levied against each activity. Credits to the various separate accounts will be calculated by taking the proportion each bears to the total rates receipts. It might be added that a few road boards have had this method in operation for some years. The legal position being somewhat obscure, it is now desired by all concerned to put the matter on a proper legal footing to enable other boards to introduce the system without fear of challenge.

The only other provision in the Bill deals with the limitation of six months imposed by Section 344 in connection with the taking of proceedings in respect of offences against the Act or by-laws. It has been represented by various local authorities that the period of six months is too short, particularly now when there is a shortage of staff with which to police the Act and by-laws. The Bill proposes to extend the period to twelve months, which, it is considered, is a reasonable period. The main difficulty has been in connection with breaches of building by-laws. These are all simple amendments considered necessary by the local authorities, and therefore the Government has embodied them in the short measure now before members. I move—

That the Bill be now read a second time.

On motion by Mr. Doney, debate adjourned.

BILL—BULK HANDLING ACT AMENDMENT.

Second Reading.

THE MINISTER FOR LANDS [5.8] in moving the second reading said: I think the House will agree, that when the Bulk Handling Bill of 1935 was introduced, it was not expected that prior to the expiry of the time provided for in that Bill, namely

1948, it would be possible for the company to be in a position to hand over to the wheat-growers the installation and assets of Bulk Handling Ltd. In introducing this small Bill I consider it necessary to give some of the background of bulk-handling activities in Western Australia, and of what led up to the original Bill, which subsequently became the Act, and what has happened since the introduction of that Act. The handling of wheat in bulk was first instituted in this State about 23 years ago, when a company was formed and estimates were made, and many inquiries were set in motion throughout Western Australia for structural requirements and responsibilities and also as to the capacity of the State at that time to handle in bulk. The original proposals of the company fell through; and the money, I understand, was returned to the original subscribers. This first company did not operate at all. In 1929, when the matter had received considerable review, the system which now operates was inaugurated, and at three or four places within the State bulk-handling operations commenced under the system which has continued since that time. After some progress had been made, five bins having been installed and used in the harvest of the year 1931-32, Co-operative Bulk Handling Ltd. was established, being registered in 1932.

In October of 1933 an event took place which was one of the most important in the history of Co-operative Bulk Handling Ltd., and also in connection with bulk-handling of wheat in Western Australia; and that was that the contracts and the trust deed between the company and the growers, dated October, 1933, under the Companies Act set up very specifically certain provisions and certain contracts entered into as between the parties. It will be remembered that when the Bulk Handling Act which had operated since 1935 was introduced, there were incorporated in the Bill which became the Act the provisions of the deed of trust which had then operated for two years. It is in accord with the spirit and the terms of this deed of trust that this Bill is introduced to the House preparatory to the company handing over to the wheatgrowers. At the time the deed of trust was entered into, in 1933, the equipment and installations were valued at £154,000. The deed of trust was then entered into, and included grow-

ers of wheat or persons owning wheat as growers who passed the wheat through the bulk-handling system.

Paragraph 4 of the deed of trust made provision that after the company had completed its building programme and capital expenditure and its liabilities were paid off, and in any event not later than the 21st October, 1948, the management and control of the business of the company would be handed over to the growers. That was set out very clearly in paragraph 4 of the deed of trust. As time went on, much comment was made in connection with the efficacy of bulk-handling in this State and the stability of the system introduced to handle the larger harvests anticipated here; and ultimately a Royal Commission was appointed, in 1935, to inquire into the whole position of bulk-handling as obtaining in Western Australia. In July of that year the Royal Commission recommended that Co-operative Bulk Handling Ltd. be permitted to extend and carry out its proposal for a State-wide scheme relating to bulk-handling of wheat at country sidings. That Royal Commission had taken evidence from 91 wheat-growers, who were unanimous in their views that the bulk-handling of wheat in 1933-34 had resulted in definite savings to them.

The real outcome of the Royal Commission to inquire into bulk-handling was the Bulk Handling Act of 1935. At this stage the company had grown from £154,000 to £158,000, as from the time of the institution of the deed of trust. There was a considerable lag in the intended building programme because of the uncertainty of the period that the State was passing through. Country installations at that time numbered 53. I would like members who are likely to discuss the principles of the Bill to read not merely the parent Act but also the provisions in the deed of trust round which the Bill now before the House centres. Clause 4 of the deed of trust reads as follows:—

The management and control of the business of the company shall be handed over to the growers on or as soon as possible after the 30th day of September next following the date on which the company, having completed its programme of capital expenditure, shall have paid off all liabilities, including secured liabilities and contingent liabilities incurred or to be incurred by it in relation to its objects but not the liabilities to growers in respect of tolls advanced by them as aforesaid.

That is the main provision of clause 4 of the deed of trust, and if the main principles of the deed of trust are scrutinised it will be found that—following their ratification by this Parliament in 1935—all have been lived up to and honoured by Bulk Handling Ltd. It will be found in the Bulk Handling Act of 1935 that the deed of trust is mentioned in several places. It is particularly referred to in the preamble, and in Sections 2 and 12. Section 12 of the Act makes very specific provision that there shall be no alteration of the terms of the deed of trust except with the express approval of the Governor. It also provides that the deed of trust shall be the governing factor in the conduct of the company when the time arrives for handing over to the farmers prior to 1948, if the company has made provision for or has carried out its responsibility in regard to capital expenditure. As the Minister responsible, for several years, for the operation of the Act and for the regulations introduced under it and approved by this Parliament, I have to say that the company has given effect to the terms of the deed of trust and also to the spirit of it. Under the Bulk Handling Act of 1935, when the company had certain concessions given to it, following on the recommendations of the Royal Commission of that year, certain obligations were imposed on the company to which it had to agree.

Hon. W. D. Johnson: The company did not get any concessions, though it had obligations.

The MINISTER FOR LANDS: I think that although the company was given obligations to live up to, the company—which prior to that time had no statutory rights—was given certain concessions and considerations. I do not wish to quibble over words with the hon. member, but I repeat that if by reason of the recommendations of the Royal Commission the company had given to it certain considerations which put it in a monopolistic position, then it certainly had concessional advantages.

Hon. W. D. Johnson: That was imposed by Parliament; not at the request of the company.

The MINISTER FOR LANDS: It was considered and agreed to by Parliament because of the very close scrutiny that the Minister of that day had given to the whole proposal, and the matter was dealt with in the Bill that Parliament was asked to ratify.

Mr. Boyle: That was recommended by the Royal Commission.

The MINISTER FOR LANDS: Yes. Some of the requirements of the company, as will be found in the parent Act, were that all installations had to be approved by the Minister who had power to require the company to instal bins at any siding where the delivery exceeded 20,000 bushels. The Minister was given the authority and power to alter or insist upon certain specifications. The company had a responsibility to keep the bins in good order. It was not allowed to show preferences or favouritism in connection with handling or dealing in wheat by the wheat buyer or trader. The company had to furnish a bond of £20,000 and had to insure the wheat. There were many other responsibilities incorporated in the Act of 1935. Acting under the provisions of clause 4 of the deed of trust, to which I have referred, the company made an approach early this year for consideration to be given to the right of the growers to take over the company.

Members who were in the House at that time, or who have been associated with the activities of Bulk Handling, Ltd., since that time, will know that a provision of the Act was that at any period prior to 1948 the growers had the right to take over the company if the requirements of the statute and the deed of trust had been met. The guiding principles of what should take place at this stage will be found very clearly set out in the deed of trust of 1933. The first responsibility I felt I had in that matter at that stage was to convince myself, and to be in the position to give to this House a guarantee, that there had been a full compliance with the requirements of the deed of trust. I think that the question as to the main requirement, namely, whether the capital expenditure had been at that stage substantially or fully met, can be answered by indicating that for three successive years nearly 100 per cent.—I think 98 per cent. is the highest figure—of marketable wheat harvested has been handled in bulk. There are 232 sidings equipped and four other bins equipped, but not at railway sidings, making a total of 236 installations. It can be truly said, therefore, that the programme of capital expenditure is complete.

A further examination was necessary in order that I might be able to show the

House whether the capital expenditure was paid off; whether all the liabilities, including secured and contingent liabilities, had been properly met. In this connection, Bulk Handling, Ltd., gave every facility—and has done so through the years—for the Auditor General to peruse its documents, that is, to scrutinise the documents which contribute to the ultimate forming of the balance sheets and also to scrutinise the toll register and the position of that record. The Auditor General has, on more than one occasion, commented to me that it appeared to him that a very substantial provision was being made for depreciation. At this stage, it would seem that this is a very good thing because at the 31st October, 1942, the capital expenditure of the company in connection with its installations had grown to the large sum of £666,000. Liabilities have been met—I refer to liabilities for repayment of moneys borrowed—from two or three sources including profits and toll collections. The position of the farmer shareholders will be that they will take over an asset valued—prior to depreciation being allowed for—at £666,000. The asset will have a capital value of £468,000, which represents the amount in credit in the toll register.

The assets of the company will be taken over by the shareholders when the toll credits are repaid either as shares or by debentures at an approximate value of £468,000. The building up of toll credits is provided for, both in the Bulk Handling Act and in the deed of trust. Section 26 of the Act deals with tolls and charges that are to be made subject to the approval of the Governor, and it is especially provided that the amount of toll shall be considered as an advance and be repayable by the company at the time and in the manner provided for in the deed of trust. That is a very important feature of the whole of the transactions prior to the introduction of the Bill in 1935 and the incorporation in the Bill of the provisions of the deed of trust. All the moneys that have been paid by the growers at a very small rate per bushel stand in the toll register as credits owing to those growers or their representatives.

Mr. Patrick: They have to be repaid in 15 years.

The MINISTER FOR LANDS: They have to be repaid by the issue of debentures, firstly at the time when the company is taken

over by the growers and later, if any later provision is to be made, within a period of 15 years. So the position now is that of £458,000 which has been contributed and which has gone to meet the liabilities of the company, that amount of money is owing to the persons, or their representatives, who contributed it in small sums at a percentage rate of all bushels delivered to the scheme. There is a provision in this Bill to perpetuate the provisions of the deed of trust as an easy means of financing future ventures and repaying money owing. Provision is also made that the money should be provided and repaid within a prescribed period. If members will look at the deed of trust—and I think all members have been or will be furnished with copies by the company—they will find that therein is specifically set out just what is to be done in regard to the repayment of tolls collected and also the manner in which the company shall finance its operations.

Paragraphs (a) and (b) of clause 3 of the deed of trust clearly set out that in the toll register, where the credits owing to each grower shall be kept, there shall at the time of the taking over be shown the amounts represented by the tolls paid, which are a debt owing by the company to the growers. There is also provision as to how the tolls shall be applied and the manner in which the company shall recoup its original outlay. Members will be able to follow the position clearly if they take the trouble to read the deed of trust. The Bill really contains only one provision, and that is to ensure the continuance of the principles of the parent Act and of the deed of trust after the organisation is handed over to the growers. It provides for the continuity of the operations under Section 26 of the parent Act right up to the point when the control of the business is being handed to the growers as a body under the terms of the deed of trust.

There is a small reference in the Bill to cover up the possibility of any hiatus occurring between activities, particularly the toll collections, of the company before and after the handing over. Members will find very early in the Bill the provisions set out in the new section suggested for incorporation in the principal Act to ensure that the amount of the toll shall not be more than $\frac{5}{8}$ d., which is the amount set out in the principal Act. That provision is necessary because at the end of the next 15-year period there will be

a further sum owing, and to make provision for the repayment of that sum the idea is to continue the contribution on the bushelage basis to build up a sum really owing to the growers by the company to make cash payments for debentures in due course.

Mr. Patrick: The idea underlying that being that there will be a different set of growers?

The MINISTER FOR LANDS: Yes, and a different set of people lending money to the company. Another clause in the Bill provides for the collection of the toll over the period of acquisition of wheat by the Commonwealth and, alternatively, for the collection of the toll over the period when such acquisition ceases. A further provision deals with the necessity to keep a toll register and that provision, which has been taken word for word from the deed of trust, specifies that the entries in the register shall continue and the credits will be entered. A further provision sets out that any toll collected will be paid to the grower, and that also is taken from the deed of trust. That is related to a portion of paragraph (5) of the deed of trust which allows for growers becoming shareholders provided that they have delivered wheat during one or two years prior to the taking over of the concern, and also that the shares may be paid for from the credits that the growers have in the toll register. That simply continues, although not in exactly the same wording, one of the principles set out in paragraph (5) of the deed of trust.

Another provision in that paragraph makes allowance for what shall be done in the case of new growers and the payment for new shares issued or the conditions under which shares returned to the company shall issue. Still another provision deals with the repayment of money collected as tolls within the 15-year period. I would assume, as the deed of trust now specifies that the shares shall be £1 shares, that of the 8,000 odd wheatgrowers now in this State there will be approximately 8,000 shareholders, and that any money owing to them will be on the basis of a £1 share value. I also assume that any debentures, which are cashable, will be paid for out of their credits from toll collections.

Mr. Patrick: That is in accordance with the provisions of the present deed of trust?

The MINISTER FOR LANDS: Yes. In the main what the Bill does is to enable the company to hand over the undertaking to

the growers under the terms of the deed of trust, which had been in existence for two years before the passing of the Bulk Handling Act, and to perpetuate the system of collections and financing the toll from the growers, as they are now, to pay the next set of debenture holders. A very clear explanation of the system, perhaps much clearer than the one I have presented to the House, will be found in the circular letter that the company sent to all growers under date the 10th August last. If that circular is read in conjunction with the deed of trust, members will have before them the whole history of what has led up to present requirements if the growers are to take over the company prior to 1948, and the requirements that this Bill fulfils. I do not think it necessary to labour the question.

I have endeavoured to provide the House with the background of the bulk-handling activities. Members opposite possibly know a lot about the position prior to and since the formation of Co-operative Bulk Handling Ltd. As Minister, I have been for years responsible for seeing that the requirements of the Bulk Handling Act have been lived up to, and a very close scrutiny has been maintained in that regard. It seems to me that all requirements have been met by the company and that the concern will be handed over to the growers in a very solvent condition and on a basis that meets fully the requirements of the original deed of trust. I move—

That the Bill be now read a second time.

On motion by Mr. Watts, debate adjourned.

BILL—FREMANTLE MUNICIPAL TRAMWAYS AND ELECTRIC LIGHTING ACT AMENDMENT.

In Committee.

Mr. Marshall in the Chair; the Minister for Works in charge of the Bill.

Clauses 1 and 2—agreed to.

Clause 3—New Sections:

Mr. TONKIN: I move an amendment—

That at the end of proposed new Section 2A, the following words be added:—

Nothing herein contained shall affect in any manner whatsoever the rights, privileges and remedies of any municipality, road board or person not being a party to any such contract, agreement or engagement.

Possibly during the time of the existence of the agreement between the North Fremantle Municipality and the Fremantle Tramway Board, the latter may have entered into certain agreements that may have affected North Fremantle or some other municipality. The object of the Bill is to validate certain acts of the tramway board up to the present, but it is not right that the Committee should validate any agreements which may have been made by the board in excess of the powers it has, or purports to have, under the existing agreement. This is a safeguarding amendment which will restrict validation to those things done by the tramway board in accordance with the powers it possesses or purports to possess, but will not permit the validation of any agreement entered into in excess of those powers. For instance, despite the terms of the agreements existing the Fremantle Tramway Board, in the absence of any specific agreement with the North Fremantle Council, the old one having run out, may have entered into an agreement with the Mt. Lyell Superphosphate Works which may be in excess of the board's powers. The Bill will validate such an agreement, which would not be fair, and the amendment will therefore safeguard that position.

THE MINISTER FOR WORKS: As the member for North-East Fremantle has pointed out, the clause in its present form would validate anything that has been done by the Fremantle Tramway Board and naturally we should be careful regarding such legislation. The hon. member's amendment has been examined by the Crown Law authorities who have expressed approval. I think the amendment will safeguard the position, and I have no objection to it.

Amendment put and passed.

Mr. TONKIN: I move an amendment—

That a subsection be added to proposed new Section 2B, as follows:—

- (4) In the event of any dispute or difference arising between the board and any municipality in regard to the supply of electricity to the municipality, or to the price, terms or conditions of such supply, the same shall be referred to and settled by an arbitrator to be mutually agreed upon, and under the provisions of the Arbitration Act, 1895, or if the parties are unable mutually to agree upon an arbitrator,

then to the Electricity Advisory Committee appointed under the Electricity Act.

In the original agreement between the Government and the tramway board there was a provision that in the event of a disagreement the matter could be referred to arbitration. Clause 15 of that agreement contains the following:—

The board, so far as it lawfully may, shall at all times during the continuance of this agreement, if so required by any municipal council or roads board whose district at the date of this agreement is situate wholly or partly within a radius of five miles from the Fremantle Town Hall, enter into an agreement with such municipal council or roads board to supply it with current in bulk on the alternating system at a price not exceeding two-pence (2d.) per unit. Every such agreement shall be in writing, and shall contain such reasonable terms, conditions, and stipulations as may be mutually agreed to or, in case of any difference thereon, as may be determined by arbitration.

Despite that provision in the agreement when a difference did arise between the board and the North Fremantle council and the council asked the board to refer the question to arbitration, the board replied that this was a matter as between seller and buyer; the seller had agreed to sell at a price which it had fixed, and there was nothing upon which to arbitrate. That is where the matter rested. The board forgot that this was a question of a monopoly, of the seller having the sole right to supply and the buyer having no option but to take the supply from that particular source. I wish if possible to prevent a repetition of that situation once the validation goes through. It was only when the tramway board realised that the agreement was not watertight that it showed any disposition to meet the North Fremantle Municipal Council on proper terms and to make a new agreement. The council then had no difficulty in arriving at reasonable conditions. The new agreement will terminate in about seven years. If the validation goes through, however, without some safeguard the council will find itself at the end of seven years in the position it was in three years ago. My amendment seeks to ensure that if there is any difficulty in coming to terms the matter shall be submitted to arbitration. No fair-minded person could refuse to give that protection to the council.

THE MINISTER FOR WORKS: I see no objection to the proposed new subsection. The safeguard will be there that in the event

of the parties being unable to agree upon an arbitrator the Electricity Advisory Committee will be brought in to act and its decision will be final. The committee has the right to fix the price of electricity, and a definite formula is set out when one local authority is supplying another. That is in conformity with the powers the committee has under the Electricity Act. I think the proposal is perfectly safe, and is certainly very definite in the event of a dispute as to arbitration. The committee consists of the Director of Works, Mr. Dumas; the general manager of the Government Electricity Supply, Mr. Taylor; and the general manager of the Electricity Supply of the Perth City Council, Mr. Edmondson. These gentlemen are the recognised authorities in respect to electricity in this State and the North Fremantle Council will have the advantage of securing their services if required.

Hon. W. D. JOHNSON: I should like to record my pleasure at seeing an awakening at Fremantle in connection with weaknesses concerning provisions for the settling of matters by arbitration. There is a gas company at Fremantle possessing huge powers. It could be restricted by arbitration, but by the use of capitalistic funds it was able to appeal first to the State courts and then to the Privy Council to have set aside its obligations under a settlement by arbitration. I tried at the time to induce the people of Fremantle, including the member for North-East Fremantle, to appreciate the weakness of the position. That was in the case of a private joint stock company from which the people of Fremantle had very little protection. This Bill deals with a semi-Government concern. There has now been an awakening to the fact that a semi-Government concern cannot be trusted and that provision must be made to protect both sides to a contract. When it was a case of dealing with a huge monopoly, that for many years has exploited Perth and Fremantle, we did not get help from Fremantle. The awakening has come a little late, but I welcome it as evidence that it is now realised that people require protection even though provision is made for the settlement of difficulties by arbitration.

Mr. STYANTS: Whilst I agree with the proposed new subsection I do not agree with all the words that are used. Why should this safeguard be confined to any munici-

pality? Why should it not also apply to road boards? If an injustice can be done to a municipality under legislation of this kind it can be done to other local authorities. I move—

That the amendment be amended by striking out the word "municipality" in line 3 and inserting the words "local governing body" in lieu.

Mr. TONKIN: I have no objection to the amendment on the amendment. It is due to an oversight that I did not employ those words. I intended to include everyone who might be affected.

The Minister for Works: The Bill only applies to a certain prescribed area.

Mr. TONKIN: Yes, but there is also Hamilton Hill.

Mr. FOX: I support the proposal. There is only one other district which comes under the jurisdiction of the tramway board, and that is Hamilton Hill. I am pleased to know we have in the member for Guildford-Midland a member who is prepared to stand up for every electorate.

Hon. W. D. JOHNSON: I stand up for principle.

Mr. FOX: When it suits the hon. member! The members representing the Fremantle area are able to look after their own districts without any help from the hon. member. I am entitled to rise in my place when he reflects upon those who represent particular districts. However, not a great deal of notice was taken of his remarks. If I were in order I could say a good deal about concerns in which the hon. member himself is interested.

Amendment on amendment put and passed: amendment, as amended, agreed to.

Mr. McDONALD: The Minister in charge of the Bill might consider the words "local governing body." I suggest, as an alternative, "any municipality or road board." These are recognised statutory terms.

The MINISTER FOR WORKS: The word "municipality" occurs twice. If we used the words "municipality or road board" in each case it would certainly make it clearer. I think the suggestion ought to be adopted.

Mr. STYANTS: Are not municipalities and road boards local governing bodies?

The MINISTER FOR WORKS: Yes. I understand the Committee has struck out the word "municipality" where it first occurs.

The CHAIRMAN: Yes. That has been agreed to. Consequential amendments will have to be made, and that will be done.

Clause, as amended, put and passed.

Clause 4, Title—agreed to.

Bill reported with amendments.

BILL—WOOD DISTILLATION AND CHARCOAL IRON AND STEEL INDUSTRY.

In Committee.

Mr. Marshall in the Chair; the Minister for Industrial Development in charge of the Bill.

Clauses 1 to 6—agreed to.

Clause 7—Funds:

The MINISTER FOR INDUSTRIAL DEVELOPMENT: This clause deals with the funds of the industry. All the moneys made available for use in the industry are, under the Bill, to be credited to an account entitled "The Charcoal Iron and Steel Industry Account," which is to be kept at the Treasury. The main purpose of the amendments which I propose to move is that the capital and the revenue accounts of the industry shall be kept separate. It has been deemed advisable to set that out clearly in the Bill, so that those charged with the responsibility of keeping and controlling the accounts will know exactly what is required. I move an amendment—

That at the end of Subclause (2) the following proviso be added:—

Provided that:

(i) the Minister shall cause separate records or entries to be kept in the books referred to in Section twenty-five of this Act in which shall be shown such amounts of the moneys placed to the credit of the said account from time to time as are capital moneys and such amounts of such moneys as are revenue or profit or income moneys; and

(ii) moneys received by the Minister either by appropriation by Parliament or by advances by the Treasurer when such moneys are drawn from the Consolidated Revenue Fund shall, for the purposes of this section, be deemed in the hands of Minister to be revenue or profit or income moneys.

Mr. Seward: Why should not money drawn from Consolidated Revenue be treated as capital?

The MINISTER FOR INDUSTRIAL DEVELOPMENT: Because the money coming from Consolidated Revenue will be

used mainly for the purpose of financing the day-to-day activities of the industry. It will not be expended on plant, or anything of that nature. The industry will not have any revenue of its own until its products are not only available but are sold. The money received from such sales will be paid into the revenue account of the industry. In that way it will not become a capital charge on the industry, upon which interest would be payable.

Mr. SEWARD: I appreciate the Minister's explanation, but I take it that all the money required initially to establish the industry will come from Consolidated Revenue. However, suppose a certain amount is made available from Loan funds and is found to be insufficient, then moneys from Consolidated Revenue might be called upon to meet other expenses. Such moneys, I take it, would be capital. The amendment should be so worded as to make sure that the money from Consolidated Revenue is not to be treated as capital.

Mr. McDONALD: I might meet the Minister for Industrial Development on equal grounds as an accountant; but I would hesitate to exchange passes with the Under Treasurer, should he happen to be responsible for this proviso. However, it does not matter whether the money comes from Consolidated Revenue or from Loan funds, because, when it comes to this enterprise, it comes as capital. It seems to me, from a bookkeeping point of view and also from the point of view of presenting the real facts, that to treat this revenue money as part of the income of the concern would not portray the real position. I would like to hear the Minister on this point, because my knowledge, such as it is, of accountancy practice leads me to think that this would not be the true representation of the facts.

Amendment put and passed.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: I wish to move for the insertion of two provisos in Subclause (4) of Clause 7. That subclause sets out the accounts to which moneys are to be chargeable, and provides that all expenditure in connection with capital requirements shall be charged against the capital account and that certain other charges shall also be made against the account of the industry. The Bill as printed makes no clear division as to

which portions of the account these expenditures shall be charged. The amendment, to which the Committee has just agreed, provides, in effect, that the accounts of the industry shall be divided into two sections, namely, the capital account and the revenue account. The object of the provisos which I am about to move to have inserted is to set out which groups of expenditure are to be charged against capital account and which against the revenue section of the industry's account. The provisos make clear beyond any doubt to those in charge of the accounts of the industry that the expenditures of a capital class shall be charged against the capital section of the account, and that the other expenditures such as fees, remuneration, or allowances payable to the members of the board, salaries and wages of officers and servants, and other lawful expenditure, other than capital expenditure, shall be charged against the revenue section of the accounts. I move an amendment—

That at the end of Subclause (4) the following proviso be added:—

“Provided that—

- (i) the capital expenditure mentioned in paragraph (a) of this subsection shall in the first instance be charged against and be paid out of those moneys in the said account which are recorded or entered in the books of account as capital moneys; and
- (ii) the expenditures mentioned in paragraphs (b), (c) and (d) of this subsection, together with interest and sinking fund contributions payable by the Minister under this Act, amounts determined as depreciation in plant, and the cost of maintenance of plant shall in the first instance be charged against and be paid out of those moneys in the said account which are recorded or entered in the books of account as revenue or profit or income moneys.”

Amendment put and passed.

Mr. WATTS: This clause deals with the finances of the industry. I was interested this afternoon in the reply of the Minister to a question I put without notice. I asked whether the Commonwealth had given any financial assistance to this project. Unfortunately I have been unable to find the report of the Western Australian War Industries Expansion Commission which, some two years ago, dealt with the question of the establishment of the industry in Western Australia. My recollection was that the Commission in its report recommended that the Commonwealth should find the sum of

£30,000 to assist in the establishment of this particular industry in this State. The Minister's reply to my question was merely, “No.” Therefore, as far as I know, no request was made for assistance. Yet it seems unlikely to me, and probably the Minister will be good enough to advise the Committee on this subject, that the State Government would seek to establish this industry entirely at the expense of our own State funds without making some representations to the Commonwealth Government in the first instance for assistance. When one considers that the expenditure of the Commonwealth this year will be something like £500,000,000, and when one realises how desirable is the establishment of this industry in Western Australia, on a satisfactory basis, and, if £30,000 is the amount recommended, it seems extraordinary that the Commonwealth should not of its own volition have offered to assist, in the interests of the nation, to establish this industry. The Committee is entitled to ask, and the Minister justified in stating whether any representations were made to the Commonwealth Government, and, if so, with what result.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: This is a rather late stage at which to go into this particular question. The State Government did, in fact, make representations to the Commonwealth along the lines suggested by the hon. member. The representations were made over a fairly long period and they were strongly made. The Commonwealth Government finally advised the State that it could not see its way clear to make money available for the establishment of this industry, but it did agree to make available to this State the sum of £35,000 to enable two steel converter plants to be established in our Government workshops. Those plants are under construction at the present time, and when completed they will be used for the purpose of converting scrap steel and such like materials into steel. Although the Commonwealth Government is not assisting, in a financial way, in the establishment and operation of the charcoal iron and wood distillation industry, it has, to the extent I have mentioned, assisted the State Government to establish the two plants I have just referred to. Summed up, the reply to the question of the Leader of the Opposition is that representations were made to the Commonwealth Government for financial assist-

ance, but that Government could not see its way clear to granting financial assistance for the establishment and operation of this industry, but it did grant £35,000 to assist the State to establish two steel converter plants in its workshops.

Mr. WATTS: I now have the report of Western Australian War Industries Commission, and it makes the remarks of the Minister even more astonishing. Paragraph 150 of the report states—

The committee . . . has examined the proposal critically and concludes that a convincing prima facie case has been made for immediate action with Commonwealth assistance. We are not convinced that the economics of the proposal have been sufficiently tested to justify immediate development involving large constructional expenditure. We are, however, satisfied that there is every warrant for the sum of £30,000 being made available by the Commonwealth for the thorough testing of recommended processes with local raw materials. We take the view that, in the event of the experiment proving successful, a duty will devolve upon the Commonwealth Government to ensure that means are provided to establish the industry without delay.

The report then goes on to enlarge upon the war situation and the fact that the initiation of this industry is desirable for war-time requirements if the war lasts for a considerable time, which it has done. We have always understood that the Commonwealth is under an obligation to assist in the establishment of industries of this kind in this State. When we recall that the present Prime Minister was a member of the Commission, all I can say is I am astonished that a more favourable reply was not received.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: The Commission was set up by the Commonwealth Government of the day to investigate the possibilities of secondary development in this State. It made a number of recommendations, one of which was that an Industries Commission should be established here to investigate all these matters further. The members of the Commission were not able to consider the economics of this project and, although they might have felt that the Commonwealth should make money available, the war position subsequently became more acute. The Commonwealth might have been justified in not making a large sum available to develop an industry that in any event could not be established for about 18 months in view of

manpower difficulties and the difficulty of obtaining suitable plant and equipment. The Commonwealth, however, did assist the State to a small extent by providing £35,000 for the steel converter plant. We were disappointed that the Commonwealth could not see its way clear to assist us to establish this industry but, in view of the desperate war situation that developed last year, it is not for us to condemn the Commonwealth for its attitude. I mentioned on the second reading that the Commonwealth had assured the State that it would use its authority to ensure that we received the fullest possible assistance in the matter of procuring essential plant and equipment so that our difficulties in that direction might be lessened.

Clause, as amended, put and passed.

Clauses 8 to 10—agreed to.

Clause 11—Board of Management:

Mr. McDONALD: Subclause (6) provides that the board shall be capable in law of suing and being sued, and of holding and disposing of property, other than land, and of doing and suffering all such other acts and things as bodies corporate may by law do and suffer. On the second reading I raised the question whether there would be power to sue the board for wrongs or torts, which cannot be exercised against the Crown or a Crown instrumentality. Section 6 of the State Trading Concerns Act, which does not apply to this undertaking, explicitly states that a State trading concern may be sued in contract or in tort. To ensure that people shall have the same rights against this concern as against other trading concerns, I move an amendment—

That in line 3 of Subclause (6) after the word "sued" the words "in contract or in tort" be inserted.

With the inclusion of those words, any possible doubt would be removed.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: Consideration has been given to the amendment, which I accept.

Amendment put and passed; the clause, as amended, agreed to.

Clauses 12 to 14—agreed to.

Clause 15—Procedure on difference of opinion:

Mr. WATTS: This is an extraordinary provision when we consider that the board will control what is really a trading concern and will probably have to arrive at decisions fairly quickly. The clause provides that the

chairman shall have a deliberative vote only and, if the members present are equally divided in opinion on any matter, further consideration shall be adjourned to a subsequent meeting at which all members of the board are present. This might lead to a considerable amount of delay. A member might be absent through ill-health, and in that event the decision of the board would be held up until he was able to attend.

The **MINISTER FOR INDUSTRIAL DEVELOPMENT**: Much attention was given to the wording of the clause. It was originally drafted on the basis of allowing the chairman two votes when the necessity arose. Many objections could be raised to that. When a member of a board has two votes, he becomes, in effect, two members, and we did not desire to establish that position with this board. No matter how the clause might be worded, all sorts of difficulties could be envisaged. A member of the board might contract an infectious disease or might be absent in the Eastern States attending a long conference, or for other reasons might not be available to attend for a considerable period. If that occurred, the difficulty could easily be overcome. A member of the board would have to be desperately and in fact almost incapable ill to prevent his attending a meeting, even if the board had to make special arrangements to meet at some place suitable to him. If it proved difficult to get a full meeting to deal with an urgent question, and the extreme difficulty to which the Leader of the Opposition referred did arise, it would be the simplest procedure in the world for the Governor-in-Council to remove from the board the member who was desperately sick, and to replace him in order that the urgent matter requiring decision could receive an early decision. In view of the principle governing the appointment of members of the board, there would be no difficulty incapable of being overcome quickly.

Mr. SAMPSON: Consideration might be given to striking out the words "the further consideration of such matters shall be adjourned to a subsequent meeting of the board at which all the members of the board are present," and inserting "the question shall be determined in the negative when the voting is equal." Such a provision obtains in the Road Districts Act.

The Minister for Industrial Development: The subclause overcomes the difficulty.

Mr. SAMPSON: Yes, but it is cumbersome if the Governor has to be approached to appoint another person recommended by the Minister to act as a deputy. In such circumstances there would be no continuity.

Mr. WATTS: I was seeking two alternatives to the proposal of the clause. I admit the force of the Minister's argument, but occasions must arise when there will be absentees from the board. The striking-out of the words "all the members of the board" would assist to overcome the difficulty.

The **MINISTER FOR INDUSTRIAL DEVELOPMENT**: Neither suggestion appears to me acceptable, and I doubt whether either is as good as the clause now in the Bill. A negative position as proposed might continue for years. Adjournment of the question to the next meeting when there is equality of voting would not be a remedy either, for at the next meeting there might again be equality, and that might continue for a long time. When there is equality of voting, the board should set to work to get a full meeting without delay, possibly the next day or the day after. Moreover Subclause (5) of Clause 11 empowers the Governor to appoint an acting member in the place of some member who is away, or who for some other reason is unable to attend a meeting.

Mr. SAMPSON: I regret that the Minister pins his faith on Subclause (5) of Clause 11, which does not relate to an equality of voting. It would bring in someone entirely new to the arguments already brought forward and without any knowledge of the subject, and therefore would be bound to cause added difficulty. The clause must be put in some form which will be of service in carrying on the business of the board. I therefore move an amendment—

That in lines 5 to 7 the words "shall be adjourned to a subsequent meeting of the board at which all the members of the board are present," be struck out with a view to inserting other words.

If this amendment is carried, I shall move the substitution of the words "the question shall pass in the negative." As it stands, Clause 15 is a direct encouragement to hold up business.

The **MINISTER FOR INDUSTRIAL DEVELOPMENT**: I put forward my arguments against this suggestion when I spoke

previously. I can only conclude that the member for Swan did not properly hear them.

Mr. SAMPSON: I am afraid the Minister has not read Subclause (5) of Clause 11, which does not overcome the difficulty at all. That subclause refers to things which may be done when a member of the board is ill, but does not provide for a substitute.

Amendment put and negatived.

Clause put and passed.

Clauses 16 to 19—agreed to.

Clause 20—Contribution of interest and sinking fund:

The MINISTER FOR INDUSTRIAL DEVELOPMENT: I move an amendment—

That paragraph (b) of Subclause (1) be struck out.

Paragraph (a) of this subclause provides that the Treasurer may debit against the account of the industry each year such amounts as he shall fix as interest and sinking fund. Paragraph (b) sets out that the Treasurer may make such further contributions to the sinking fund as he may in his wisdom decide. As paragraph (a) gives the Treasurer power to fix the interest and sinking fund contributions to be paid each year, there is no need for paragraph (b).

Amendment put and passed; the clause, as amended, agreed to.

Clause 21—Interest on capital expenditure from revenue:

The MINISTER FOR INDUSTRIAL DEVELOPMENT: This clause refers to the money which the Treasurer makes available from Consolidated Revenue for the purpose of assisting to finance the ordinary operations of the industry. The Treasurer might agree to make available from Consolidated Revenue an amount not exceeding £5,000 for the first six months. The industry might not draw the whole £5,000. The amount drawn would fluctuate from week to week and from month to month. Subclause (1) provides that interest on the daily balance of money made available out of Consolidated Revenue shall be charged against the industry. The amount of interest so charged shall be paid by the industry to the credit of the Consolidated Revenue Fund half-yearly, or as the Treasurer shall direct. It will be clear that in respect of money made available by the Treasurer out of Consolidated Revenue to assist the ordinary day-to-day operations of the industry, interest will be chargeable only on the actual amount drawn by the in-

dustry and not on the maximum amount the Treasurer is willing to make available and which would be available if the industry required it. I move an amendment—

That at the end of Subclause (1) the following proviso be added:—"When assessing the amount of such daily balance in respect of which the interest shall be charged and be payable under this section there shall be taken into account in addition to any other credits the amount of any cash profit which has been paid to the credit of the Consolidated Revenue Fund as provided for in section twenty-eight of this Act."

Under Clause 28, any cash profit available after certain items of expenditure have been met is to be paid to the Consolidated Revenue of the State. The object of this amendment is that cash profit paid by the industry to the revenue of the State shall be credited against the amounts drawn from time to time by the industry out of the sum made available from Consolidated Revenue by the Treasurer, so that the interest to be paid by the industry on its overdraft from Consolidated Revenue shall be lighter than it otherwise would be. If during the first 12 months of the operations of the industry the amount drawn from Consolidated Revenue by way of overdraft is £10,000, and that continues for the succeeding 12 months, but in the succeeding 12 months the industry makes a profit of £5,000 net, which it pays to Consolidated Revenue, instead of paying interest to the Treasurer on £10,000 the industry would pay interest only on £5,000, which would be the amount remaining after the cash payment into Consolidated Revenue had been off-set against the total amount drawn by the industry from Consolidated Revenue.

Mr. SEWARD: I cannot follow the Minister's reasoning. I can quite see what it is desired to do, but cannot see how this clause will bring it about, or if it does so it will do it in a cumbersome way. It is stated that the company might not require the whole of the amount available to it. That difficulty could be met by substituting for "provided" in line 1 of Subclause (1) the word "used." But surely if money is paid back to Consolidated Revenue out of profits, that will be taken out of the total capital sum. Is it proposed that profits should be paid back into Consolidated Revenue year by year, and that the amount of capital advanced should remain at the same figure? Suppose that at the end of six months £5,000

is paid back into Consolidated Revenue. How is that going to be apportioned as a daily balance? If that is paid at the 30th June, how can it be said what the balance will be on the 30th March? The clauses have not been drafted in a way to bring about what the Minister desires, and I would like further consideration given to the matter.

THE MINISTER FOR INDUSTRIAL DEVELOPMENT: This will achieve the object we had in mind. We are trying to avoid charging interest against the industry in respect of advances from Consolidated Revenue when the industry itself has, by net cash profits, made a contribution to Consolidated Revenue. If the amount drawn by the industry during the first year, for instance, is £10,000, and the interest rate is levied upon that, and if at the end of the year there is a profit of £5,000 from the industry to go to Consolidated Revenue, that will be credited against the overdraft from Consolidated Revenue, and consequently, instead of the industry paying much more interest than would otherwise be the case, it will be relieved accordingly, and its position will therefore be that much better. I think the hon. member will get a fairer view of what we intend if he looks at the proposed new Clause 28 standing on the notice paper in my name.

Amendment put and passed; the clause, as amended, agreed to.

Clauses 22, 23—agreed to.

Clause 24—Application of balance:

THE MINISTER FOR INDUSTRIAL DEVELOPMENT: This clause provides that the balance standing to the credit of the industry's account at the end of every financial year shall be applied as the Governor may direct and, in the absence of any direction, shall be carried forward to the following year's account. In the previous clause we set out a provision for the temporary investment of money standing to the credit of the industry and, in the new financial provisions which we have included in the Bill and those which we propose still to include, the position regarding the credit standing to the industry's account at any time is very well covered. As a consequence, the necessity to retain Clause 24 no longer exists, and I wish to move that it be deleted.

THE CHAIRMAN: I cannot accept an amendment on those lines as it would be a direct negative.

Mr. WATTS: I understand the Minister proposes that we should vote against this clause. I was going to suggest that was the proper thing to do. I did not see the amendment on the notice paper. It did seem to me that some of the clauses in this Bill were in conflict with each other, and I have no hesitation in recommending the Committee to vote against this clause.

Clause put and negatived.

Clauses 25 to 27—agreed to.

Clause 28—Profit and Loss Account:

THE MINISTER FOR INDUSTRIAL DEVELOPMENT: I ask the Committee to delete the clause which becomes unnecessary in view of an amendment I propose to move later to substitute a new Clause 28.

Clause put and negatived.

Clause 29—agreed to.

Clause 30—Accounts to be balanced:

Mr. WATTS: I move an amendment—

That in lines 3 and 4 the words "or on such other date as the Governor may approve" be struck out.

The clause provides that accounts shall be balanced every year on the 30th June or on such other date as the Governor may approve. The State's financial year ends on the 30th June and there is no indication that any change in that respect is proposed. The financial affairs of this industry will be bound up with the revenue of the State, and there should be no other date for the balancing of its accounts than the 30th June in each year.

THE MINISTER FOR INDUSTRIAL DEVELOPMENT: I have no objection to the amendment.

Amendment put and passed; the clause, as amended, agreed to.

Clauses 31 to 33—agreed to.

New clause:

THE MINISTER FOR INDUSTRIAL DEVELOPMENT: I move—

That a new clause be inserted as follows:—

28. Any profit from the business carried on by the Minister under this Act at the end of any financial year which is available in cash after making full allowance for interest and sinking fund contributions and depreciation in and maintenance of plant, and which is not required by the Minister for the purposes of such business shall, subject to the approval of the Governor, be paid to the credit of the Consolidated Revenue Fund.

The new clause deals with the application of profits and will take the place of Clause 28 which the Committee has struck out.

New clause put and passed.

Title—agreed to.

Bill reported with amendments.

ANNUAL ESTIMATES, 1943-44.

In Committee of Supply.

Debate resumed from the 16th September on the Treasurer's Financial Statement and on the Annual Estimates, Mr. Withers in the Chair.

Vote—Legislative Council, £2,012:

MR. McDONALD (West Perth) [8.37]: In approaching the consideration of this year's Budget the first thought of members naturally concerns the war situation. As the Treasurer rightly said, we are able to reassure ourselves to a large extent regarding the progress of hostilities compared with the position 12 months ago and still more with the situation two years ago. At the same time I think there should be repeated by all people in responsible positions who have occasion to speak on this subject, the warning issued by our leaders that the very successes recently attained are likely to make many minimise the sacrifices and efforts that must still be maintained if we are to ensure ultimate victory. In wartime so many unpredictable things can happen. I remember a statement made 25 years ago by the present Prime Minister, Mr. Churchill, in which he pointed out that although a country might make every conceivable preparation for war, that it might anticipate every possible contingency likely to arise and that success might appear to be certain and mathematically ensured, yet, once that country embarked upon hostilities, events occurred that were quite beyond the vision of its leaders when operations were commenced and might ultimately even preclude victory.

Thus in the present war there are still incalculable factors which may yet involve grave dangers for the United Nations, and it is absolutely essential that there shall be no relaxation in effort, sacrifice and determination until the war has been finally concluded. The Treasurer rightly said when introducing the Budget that under present conditions and with uniform taxation in operation, the State Budget was no longer awaited with that trepidation on the part of taxpayers which attended the introduction of

Budgets in the State Parliament in past years. That is very true. At the same time, the introduction of the State Budget involves for this Parliament and the people of Western Australia many considerations of the utmost significance in directions that did not constitute a feature in prior, what may be termed, normal years. Until recently the financial history of the States and the Commonwealth might be divided into three parts. The first represents the ten-year period during which three-quarters of the Commonwealth revenue was returned to the States, and Western Australia in particular enjoyed certain tariff concessions. The next was the period from 1910 to 1927 during which the obligation of the Commonwealth to the States was discharged by the per capita payment of 25s. per head of population.

Finally, commencing in 1927, there is the period during which, under the provisions of the Financial Agreement, the Commonwealth transferred its obligation regarding the per capita payments to a system involved by that agreement, as a result of which we have fixed contributions corresponding roughly to the amount of the per capita payment, which the Commonwealth Government agreed to pay to the States in relief of their loan indebtedness and sinking fund contributions. The system under the Financial Agreement still continues and is based on a long term arrangement which has many years yet to run. Superimposed on that agreement have been other factors of great importance. The first is the Commonwealth Grants Commission Act of 1933 which set up a more or less permanent body for the purpose of assessing and regulating grants payable by the Commonwealth to the three weaker States. That system is still operating and, as far as we can see, is likely to operate for years to come.

Then we have still another factor superimposed upon the Financial Agreement in the shape of the recently inaugurated uniform taxation measure by which the power to levy income tax upon people has been taken from the States, ostensibly for the duration of the war, and has been assumed by the Commonwealth. That change deprived us of our previous right of taxation as a self-governing State—a matter of very great importance and one involving our future in considerable uncertainty. I recollect the Minister for Lands, when delivering the Budget Speech last year, making

some references to this subject that I think are well worth repeating. Those references appear in "Hansard," 1942, at page 530. When speaking on the 15th September, the Minister for Lands quoted this statement, which had appeared in the Press only a week before—

Mr. Curtin said the Attorney-General had stated that the Commonwealth should have undoubted legal power to decide that the uniform tax should be a peacetime as well as a wartime measure.

The Minister went on to say—

The attitude of the Prime Minister when he pleaded in April last with the Premiers to give the Commonwealth the power that was subsequently taken—

that is, the power of uniform taxation.

—was very different from that exhibited this week concerning the hopes, fears and intentions of the Commonwealth Government. If the Prime Minister's promise is fulfilled it will be disastrous for any prospect of expansion within a State such as this. If it is fulfilled it will make very difficult the administration of affairs of State where elasticity of money matters is important and where the expansion of any sort of industry is being considered.

It is worth while considering how things go full circle, because this question of the relative fields of income taxation has been raised before and was the subject of an interesting comment in the report of the Grants Commission for 1936, at page 27. There it is said—

In the period before the financial agreement the Commonwealth Government made repeated efforts to terminate the system of contributions to States, and certain proposals were made to achieve this purpose. The main features of these proposals were that the Commonwealth should vacate an area of direct taxation which the States could occupy. It was alleged that it was a vicious principle that one authority should raise money and hand it to another authority to spend. The Commonwealth was, in effect, raising over £7,000,000 in extra taxation to provide per capita payments to the States. It was in fact acting as tax gatherer for the States. All proposals made by the Commonwealth were considered inequitable for the States and were rejected by them.

So that in that period, before the 1927 agreement, the conditions were reversed. The Commonwealth Government was then pressing a proposal that it should vacate a field of taxation and that the States should take it over. The Commonwealth Government was then declaring that it was a bad principle that one governmental authority should collect taxation and hand

it over to another. The Commonwealth has completely reversed that opinion, possibly justifiably under pressure of war conditions. But it appears to indicate that the Commonwealth intends to follow the opposite view after the war is finished and, instead of vacating taxation and directing it to the States, it intends to absorb and to continue to monopolise the taxation areas of the States and act as tax gatherers for them.

In addition to the reorientation of our finances, which has been involved by the uniform taxation measure—ostensibly, as I say, a wartime measure—we have to consider the incidence on this State of the system of grants made on the recommendation of the Commonwealth Grants Commission. Grants of this kind are, of course, no peculiarity in federations. In the United States of America, the Federal or Central Government will grant to a State up to three times the total sum which it collects from that State. In Canada grants of varying amounts are made to provinces. The only happy country that I can find is Switzerland, and that might perhaps well be an object at which we should aim. There the States, or cantons, make contributions to the central Government. It is the basis on which the Grants Commission has proceeded which has exercised the consideration of members of this House on many occasions. In view of the future and of the varying conditions and responsibilities which we have to face, the basis of these grants requires in my opinion very careful re-examination. In the first place, the Grants Commission, after consideration, rejected the principle that grants should be based upon the measure of the disabilities of the weaker States incurred through the Federal system. Instead of that, the Commission has substituted and has ever since continued to act upon the basis of needs.

In order to ascertain these needs, the Commission has certain criteria which have served it in calculating the amount of the contributions which it recommends should be made by the Commonwealth to the States; for example, the standard of effort made by the States in order to get in revenue, their severity of taxation and the scale of their social services. If the standard of effort or the severity of taxation was deemed to be below that of the Australian average, then the State concerned was penalised by a deduction from what would otherwise have

been granted. So, also, if the scale of social services was greater than that of the other States, that again was the subject of a penalty. I venture to think that whatever may have been the merits of those principles in the past, they are well due for review now, because what is the position with regard to a weak and relatively unpopulated State like Western Australia. The only hope this State has of developing its industries is to make the State attractive to people to come here. The basis on which the Grants Commission has worked has been to eliminate all or many of the attractive features that otherwise might have been maintained. Lower taxation is always a great attraction. Social services are an attraction, but in particular lower taxation is a great attraction to people to come into an undeveloped State. By insisting that we should be up to the Australian average, and beyond it perhaps, but certainly up to it, the relative attraction which our State might have asserted has disappeared. If we are to achieve development, if we are to be attractive to people, to capital, to industry, to migrants, if we are to draw into this State all those elements that make for progress, then we have either to be attractive to those elements or we have to adopt some other means of getting them here.

In the early days of the Grants Commission, the Commission very properly considered whether it was to enter upon a long-term plan in relation to financial assistance to the weaker States, or whether it was to deal with the matter from year to year. For reasons which were understandable at the time, the Commission rejected the long-term plan and decided to deal with the financial position of the weaker States as that position stood from year to year. I suggest again that such a view needs reconsideration also. If this State is to develop, if it is to come anywhere near a parity with the strong States—and that is necessary not merely from the point of view of a uniform balanced economic structure of Australia, but also from the point of view of defence of our outlying areas—if we are to build up anything like parity in this State, then I suggest that there must be a long-term plan dealing with the relationship between Western Australia, the Commonwealth and the strong States. It is not necessary for us to cast our minds back more than a couple of years to realise the position which existed

in a State like ours, with a population so inadequate to its defence. It is open for us to suggest that long-term planning for the development of our State should be undertaken by the Grants Commission or by some other body. I recollect the member for Claremont suggesting—I always thought with great force and wisdom—that the Grants Commission might well extend its functions to determining not merely what money we should get, but determining and recommending avenues in which we might expand our industries and economic strength.

If, however, we are to make any assured and definite progress it must be, as the member for Canning says and as everybody says, including Russia, a long-term plan. That can, I think, best be undertaken by some non-political body having expert knowledge and facilities. If it is not undertaken by the Grants Commission, which has many qualifications for such an office, then it will need to be undertaken by some other suitable body, in either case subject always to the control of the Parliaments of the Commonwealth and of the State. If that long-term plan is formulated and supervised by the Grants Commission or by some other body, with the approval of the Commonwealth Parliament and the Parliament of the State, then I think we should be prepared for measures which might in one sense be—I will not say revolutionary—but which at all events would mean the breaking of new ground or perhaps the turning up of old ground. It is not beyond the bounds of possibility that we might, on the recommendations of such a body, again go back to some form of tariff protection for our State for a period in order to enable it to build up its industries to such a stage that they will be able to compete successfully with the industries of the more developed States.

Mr. Marshall: Are the industries of any consequence in those nations with no tariffs? Take China or Malaya or India!

The CHAIRMAN: Order!

Mr. McDONALD: The member for Murchison invites me to a discussion on protection and free trade, and that might take a lot of time. I might have a word to add to that later. The point he raises will be one of the chief problems of the post-war period. So I say, in leaving this aspect of the matter, that the Budget recalls to our minds that the whole financial position of the State and its future are in the melting pot. It is

difficult for the Treasurer, or Parliament, or the people to plan at present for the future. It is essential that at the earliest possible date there should be stability in the relationships between the Commonwealth and the States. We should know if we are to get back our taxing powers after the war in accordance with the provisions of the Uniform Taxation Act. We should know at the earliest moment whether we are going to preserve our constitutional powers. At present we are threatened by the Commonwealth with the subtraction of a substantial part of our self-governing powers. It is clear that the present Attorney General, judging by his Bill and by his book, considers that the States, in effect, should be abolished and the powers of their Parliaments transferred to the Commonwealth Parliament.

At the present time the States, like Mahomet's coffin, are suspended between Heaven and earth. The States and the Commonwealth are, so to speak, on constitutional quicksands. We cannot build with any degree of certainty for the post-war years, and neither can the Commonwealth. We do not know whether the powers will be vested in this Parliament or in the Commonwealth Parliament. If we are not to suffer a great handicap in the immediate post-war period, it is essential that we should know as soon as possible our responsibilities, and what the relative spheres will be as between the Commonwealth and the State Parliaments. When that is done the State, or the Commonwealth Parliament, as the case may be, can with some degree of assurance make plans to meet its responsibilities in the post-war period. Personally I hope that the position will be not approached on the basis that the destruction of the States is essential to the progress of Australia, and that the supersession of the State Parliaments is to be the first objective of the Commonwealth Parliament. I believe that the matter was adequately stated by the Minister for Lands in the speech delivered by him when introducing the Budget last year. He then said—

The Commonwealth Government would be wise if it co-operated with the States in times such as the present. . . . The tendency should be in these days towards co-operation and collaboration rather than, as at times would seem to be the objective of the Commonwealth, to secure the extermination of the States as such.

With those words I cordially agree. Unless constitutional and financial stability, or

stability of financial powers is assured at an early date, as between Commonwealth and States, then the people are not going to get nearly the lead or protection that they are entitled to expect from stable parliamentary bodies with definite knowledge of their responsibilities, duties and powers.

Mr. Marshall: What do you mean by financial power?

Mr. McDONALD: Power of taxation. The currency powers, which are vested in the Commonwealth under the Constitution, have been there ever since Federation was formed, and I think the States agree that they should remain the province of the Central Government.

Mr. Marshall: Who holds the credit power of this country?

Mr. McDONALD: I think the Commonwealth Parliament holds that.

Mr. Marshall: And it is out cadging now.

Mr. McDONALD: I am prepared to go part of the way with the hon. member but no further.

Mr. Marshall: It is now out begging!

Mr. McDONALD: Some economists have written on the post-war period, and it is generally agreed that the immediate post-war period will be one of comparative industrial activity. There will be a large measure of employment; in fact there will to some extent be a boom. Mr. Colin Clark, who has gone further than anyone else in forecasting the post-war period, states in his book, which endeavours to survey the situation between 1945 and 1960, that the post-war boom will continue for four years and that that will be a period—unless adequately controlled—of rise in prices. After the post-war boom of, say, four years in our particular case, there is the grave danger of a depression.

Mr. Cross: The people will see that there will be no depression like the last one!

Mr. McDONALD: I hope so, and that is why I am mentioning it now. Unless we have control there is liable to be a reaction. The control, or one of the controls, according to Mr. Clark, must be to keep down the rising price level. That is in the interests of everybody. We have succeeded partially to date, but the results are not as satisfactory as they might have been, and not as they have been in England.

Mr. Marshall: If all taxation is charged in prices how can you keep prices down while the national debt rises?

Mr. McDONALD: I do not think all taxation is included in prices.

Mr. Marshall: Tell me where you can get it otherwise?

Mr. McDONALD: There are people, I believe, who moan very much about taxation, and I assume they moan for some reason. If they were able to pass it on to the next fellow they would not moan at all. I do not want to adopt a defeatist attitude. It is thought by many experts that a degree of price and cost control is possible. It is feasible to keep down inflation to a large extent. We have done a wonderful amount of good in this war in Australia and also in England. The position is incomparably better than during the last war, with the controls we have evolved as a result of our experience since then, and it is said by the economists, therefore, that we must endeavour to keep down these rising costs in the post-war period as we will otherwise create conditions that will make for reaction and depression. It is not considered that a depression, even if it does occur, will be of a serious nature.

It is thought that there will be a period of readjustment following abnormal conditions immediately superseding the end of the war, and that, before a very long time elapses, readjustment will be complete, and that the economics of the countries will settle down to normal and reasonably satisfactory conditions. What I want to say is that the time for exercising control is now, as well as in the immediate post-war period. I am not satisfied that controls are being fully exercised. I am one of those who believe—and this may not be a very popular statement in view of recent happenings—that there is still room for a system of post-war credits under which the surplus purchasing power of some people—I do not say all people—could be drawn off into loans to the State which would be returned after an extended period when the war had finished. I refer particularly to young people—to boys and girls without responsibilities who are now enjoying very high wages.

We have to guard against the position that when the war finishes and they come back to conditions under which normal wages will be paid, they will be discontented and disillusioned, and the process of harmonious and speedy readjustment to civil conditions will be greatly impeded. I would, therefore, like to see measures taken even

now to ensure that the change from war conditions to immediate post-war conditions will not mean a substantial wage reduction, thereby creating mental conditions amongst many of the people—especially our young people—which will militate against the most successful change-over to peace conditions.

Mr. Cross: Do you think there will be a form of deflation?

Mr. McDONALD: No. I do not want to see deflation; I want to prevent inflation. I want to see, and I am sure the member for Canning does too, as far as possible, the price levels remain constant during and after the war. That cannot be done completely, but much can be done now to ensure that the ideal will be accomplished. Let me say, without going too far into academic details, that one of the other problems to be dealt with after the war is, of course, the implementation of the Atlantic Charter. One of the terms of the Atlantic Charter to which the Commonwealth Government has committed itself—and I think rightly so—is a large measure of free international trade. If international trade is free, it may have reactions on the wage standards of some countries. We want to see the standard of real wages maintained in Australia and, if we are to have international free-trade, we cannot maintain a system of inflated wages. If some economists are to be believed, the implications of the Atlantic Charter will be very great. It has been said that unless we get back to comparative free-trade, we shall bank up conditions that will bring about a greater world explosion within a comparatively few years than the one we have at present.

The Premier: More free-trade in relation to primary products and access to raw materials.

Mr. McDONALD: The main aspect of free-trade is in relation to primary products and access to raw materials for the purpose of assisting the living standards of importing countries. The commitments of the Atlantic Charter as regards freedom of trade generally apply in some measure to secondary or manufactured goods.

Mr. Marshall: Why do other countries want raw materials if it is not to speed up for another war?

Mr. McDONALD: Many raw materials are required for manufacturing goods for civil use.

Mr. Marshall: It will be international rivalry in trade, finishing up with another world war.

Mr. McDONALD: That is what we desire to avoid. Even in regard to secondary goods, it may be that after the war Australia will have to face, in the interests of herself and the rest of the world, a tariff on a lower scale than has existed in the past. All these conditions mean that we must endeavour to keep our price level under control and free from inflation. We want to maintain our living standards, but we do not want to drift into artificial standards not in keeping with the realities of world trade and world conditions.

The Premier: There would be a tendency to build up other countries to our level.

Mr. McDONALD: That is the great hope of the world, and there is some prospect of its being realised. Statistics show that the countries with the lower living standards are those that have been improving most rapidly. The living standards in countries like the United States of America and England have been rising comparatively slowly, but those in Japan over the last 15 or 20 years have shown a remarkable increase.

Mr. Cross: They are still low.

Mr. McDONALD: Yes, but Asiatic countries will continue to increase until they reach standards comparable with those of European countries.

Another post-war matter is that of immigration. It is generally agreed that, in addition to the natural increase of population, immigration is a necessity. For this country it is almost unavoidable if we are to have security against aggression, in addition to which it would be an act of international justice to countries that generally have insufficient living room for their people. For several years there has been a cessation of immigration, but it is certain that the motive power that brings about migration will be revived after the war and that there will be immigration to Australia—a natural movement of people—on a fairly substantial scale. For this we need to make adequate plans and adequate preparations.

I wish to say a few words about our primary industries. The work of Mr. Colin Clark contains a great deal of extremely valuable statistical detail on which he bases his forecast for the 15-year period expiring

in 1960. His conclusions are that this period to 1960 will show—

- (1) Large international capital movements.
- (2) Full employment.
- (3) Great expansion of the volume of world trade.
- (4) Outflow of labour from primary into secondary and tertiary industries at a higher rate than before.
- (5) Improvement of the terms of trade in favour of primary production.

Professor Mauldon, in dealing with the same subject in a recent memorandum, a copy of which he was kind enough to give me, makes reference to what he thinks can reasonably be anticipated with regard to the industries of Australia. He says—

Bearing in mind incalculable factors, we might look forward to more stable rather than less stable prices for our main primary exports. In the first few years after the war international commodity controls may be expected to guarantee Western Australia overseas markets for wheat and wool at prices reasonable to importers and exporters.

If that fortunately comes true, with that assurance the opportunities will be facilitated for the responsibilities of the State in re-absorbing its servicemen and service women and building up the community again. The goldmining industry has undergone vicissitudes almost greater than those endured by any other industry in Western Australia, and in many respects has received invidious treatment. Gold prices have been pegged in Australia and in England, but I believe that in India the price of gold has risen to three times the pre-war value. But because gold prices have been pegged here and in England, our gold producers have not been able to participate in the profits obtainable in such large populations as those of India.

As regards the future of gold, the gold industry represents the speediest method or avenue by which we can take into production at fairly good wages a large number of those who will require employment in the post-war period. But it has been said and complained of by the mining industry that a great deal of disadvantage has been suffered by it—the Minister for Mines will know this better than I do—even to the extent of machinery having been taken for war purposes and moved to other States. All I need to say is that it is one of the industries which requires immediate consideration to make sure that it can play the part it should play in the immediate post-war period as

regards employment. If things are in some respects better, it may be possible to get mines back on a footing of production in time for the declaration of peace, so that they may be able to offer employment in a very short period.

I wish to say a few words about the items of the Budget. I do not propose to make any detailed analysis of them, but it seems to me that the result is disappointing. The Premier has shown a surplus of £24,000, although we have put aside some items into reserve for the purpose of post-war repairs and renovations in the Railway Department and in the Public Works Department. In the latter £100,000 has been put into suspense, and in the Railway Department I think £120,000, not counting moneys paid to the State for rollingstock which has been sold and therefore lost to the department. But that result does not compare very favourably with figures given by the Treasurer with regard to the Eastern States. In New South Wales the surplus is shown as £1,115,000, Victoria £775,000, Queensland £102,000 and South Australia £233,000—with Tasmania showing a deficit of £109,000. But in Queensland, apart from the surplus of £102,000, the Treasurer has put 5¼ million pounds into suspense by way of reserve against post-war expenditure. A large part of that has represented excess earnings by the railways.

When we come to our own railways we meet with a situation which I find very difficult to explain; and the explanation given by the Treasurer does not appear to cover the situation. The Treasurer said that when there was increased revenue, there must of course be increased expenditure. With that proposition we all agree; but the earnings of the railways in the last financial year were £421,000 more than in the prior financial year, and the working expenses exceeded those of the prior financial year by exactly the same sum within £2. Now, in most enterprises if the turnover increases, the profit increases. During the period in question the interest paid by the railways was £1,000 less than in the preceding financial year; so that the more our turnover increases in our State railways, the worse we are off. That does not appear to have been the experience of Queensland, and presumably of other States; and it appears to me to call for an explanation by the department as to why, when there has

been no great increase in the number of personnel—in fact, we are told that the employment situation of the Railway Department is acute—with a greatly increased turnover and a greatly increased revenue there appears to be nothing better in the way of financial results. It does appear to the ordinary lay reader of the figures of the Railway Department that a golden opportunity which seems to have been availed of by other Australian States, and by taking advantage of which we would have got a greatly increased revenue from our railways through war traffic, has not been grasped by the department of this State. The more work we did and the more we earned the more we would pay out in additional expenses, on the argument put forward by the Railway Department. Even if the population of the State increased largely every year, the financial position would be no better, on the argument of our Railway Department; whereas it is the experience of any business man that the greater the turnover, the greater the distributed profits will be. Something had fallen into our financial lap and it seems to have run away. It is incredible to read the figures of the department and find that, in spite of all this immense payable traffic, paid for in spot cash by the Commonwealth Government, the result is that we are £2 up on our profits over working expenses after an additional expenditure of between £400,000 and £500,000.

The Premier: We have pay-roll tax and increased wages to meet to the extent of 30s. per week, without any increased charges.

Mr. McDONALD: Admittedly there are increased costs.

The Premier: My word, there are!

Mr. McDONALD: But that does not explain to my mind how the increased costs can be right up to 100 per cent. of the increase in revenue due to increased traffic. At a time like this, when we must take stock of our position, we might well examine our State Trading Concerns. I have no prejudice against State Trading Concerns. I do not suggest we can do anything about them at present, but I do suggest that when the time is opportune and when war conditions have disappeared, the matter should receive consideration. From the very informative figures contained in the memorandum accompanying the public accounts, it is shown that in the last six years the average

loss on State Trading Concerns is £78,000. The total loss in the last six years on these concerns is just under £500,000. That is not all the loss, because that is the amount which we have paid out. If these enterprises had been conducted by successful private firms the State would have received the ordinary taxation, and through the activities of such private firms would no doubt have received very much in the way of services. So we have not only lost at the rate of nearly £80,000 annually for five or six years, but have failed to gain on the profit side what might have been obtained under different conditions. The State Trading Concerns should really receive a good deal of consideration. Some £82,000 of loan money has been invested in the State hotels, the profit on which—after paying working expenses, interest and sinking fund and providing for depreciation—amounted for the last financial year to £166.

The Minister for Mines: That comes from selling good liquor cheap, I suppose.

Mr. McDONALD: According to information from some members, the State hotels charge more than do privately-run hotels. I listened the other night to the member for York, who made out a very strong case for a reduction in the charges for liquor in at least one of the State hotels in his district. It does appear to me, however, that if the State undertakes what is normally regarded as a highly profitable type of business—one in which there is a constant demand—then it does not suggest very much enterprise, after providing a capital of £82,000 upon which interest at four per cent. is charged, that all that can be made is £166.

I would like to know the basis of the investment of trust funds. The Public Accounts show that there are trust funds in the hands of the Treasury amounting to about £5,000,000. I understand these funds are invested, or will be invested, in public buildings to be erected in the city. If the funds are to be maintained in a position where they are secure for the beneficiaries, then it is necessary that they should be invested in buildings protected by adequate depreciation. All public buildings, in spite of repairs and renovations, show depreciation and obsolescence as time goes on. When the Treasurer is speaking on the Treasury Estimates, I shall be obliged to receive some information as to the basis of investment of trust funds and the nature of the securities

which are afforded against any possible diminution of the sources in which they are placed. This is a matter we cannot be too careful about, because one of the more important trust funds would no doubt be the superannuation contributions made by members of the Public Service. What they pay in should be safeguarded with all the strictness that is required to be observed by private trustees and should equally be observed by the State when it acts in the capacity of a trustee.

The Premier: That is so. I can reassure the hon. member on that point.

Mr. McDONALD: I am glad to hear it.

The Premier: The trouble is that the actuarial basis was fixed on investments at four per cent. It is very difficult to obtain four per cent. now.

Mr. McDONALD: Precisely, and the State should consequently exercise even more care to ensure that the necessary credits will be available when the demand for payment comes.

The Premier: We will shortly get the five years' actuarial calculation and will thus see what the position is.

Mr. McDONALD: That may be informative.

The Premier: It will be.

Mr. McDONALD: The period that is about to come is going to be fraught with very many difficulties, very many opportunities and very many new responsibilities. In England, which is always beforehand in most things, the authorities are already preparing for the post-war period. They are training the personnel who are going to carry out the reconstruction methods of the post-war period. They have even trained, or are in course of training, men who are to go to the occupied countries of Europe to supervise the rehabilitation plans which the Allied Nations will need to bring into being to help those unfortunate people. These personnel are learning the languages of the countries to which they are going, and they are doing that long before they set foot in those countries. They are also learning the economic conditions of those places, and what they have to do.

I do not think the time is too early for a preparation to be made in Australia, and in our State, of personnel who can undertake and carry out with knowledge and in the right way the various duties they may

be called upon to do in the post-war period, duties in respect of the reception and placing of immigrants and duties in respect of the reception and placing of people in civil occupations. I think it will not be by any means a bad idea if encouragement is given to our University to establish a course for people who can be trained to discharge the responsibilities involved in the immediate post-war period. If Public Service officers and others who are willing or hope to take part in activities in the post-war period were to attend such a course, we would have a body of trained personnel which would be of the utmost value to the State at a time when intelligent action will be essential to a satisfactory change-over from war to peace conditions. We should not relax any of our vigilance or any of our efforts. The day for such reconstruction work is drawing near, and the need becomes more urgent to ensure that we have at our disposal the machinery and the people who are going to discharge the duties which will be required of them in that period.

MR. F. C. L. SMITH (Brown Hill-Ivanhoe): In saying a few words in connection with the Budget, I desire to compliment the Premier, not so much on the surplus he has achieved this year but rather upon the skill and ability with which he has handled the finances of this State during the whole period he has been Premier. The last few years have been comparatively easy. I do not know what has been the experience in this State, but it does seem that in some of the States today, on account of the huge war expenditure being undertaken by the Commonwealth, the Treasurers are having difficulty in covering up their surpluses rather than achieving them. But there were times during the period in which our Treasurer has occupied that high office when it required a great deal of skill and genius in financial matters to achieve surpluses and to keep this State financially on an even keel, and I think I can safely say—and many people will agree with me—that our Treasurer has displayed that genius. I realise that he derives some satisfaction from the results of our financial position last year. To budget for a deficit of £33,000 and finish with a surplus of £24,000 is naturally very satisfactory to a Treasurer. I noticed from his remarks that he said the sum accumulated to meet maintenance and renewals on

railways is £161,340 below the estimated cost of such renewals.

I take it that this is due to the fact that a lag in maintenance and the necessity for many renewals have existed for a much longer period than that in which certain sums of money have been accumulated for the purpose of meeting such maintenance and renewals. I think that possibly it has been difficult in the past to put such sums aside. It may have been difficult to accede to many of the demands that the Commissioner of Railways would have made upon the Treasurer. I have no doubt that in the past he has pointed to many directions in which improvements could be made in our railways and in the service which the department could give if the Treasurer or the Treasury was in a position to make available the necessary finance for that purpose. I recollect that about four years ago when I was in New Zealand and had a look over the railways there, they seemed to have no financial trouble at all. I do not know on what basis the railways are conducted in New Zealand, but at that time the country was just emerging from a depression. I think the Labour Government had been three years in office and had put to work 30,000 men who previously were unemployed.

I can remember the Commissioner of Railways in New Zealand, and the Deputy Commissioner pointing out the various improvements they had made in Wellington and in Auckland; showing me the new carriages they had built with three-position seats, all the office equipment they had installed in Wellington and the cars they had at their disposal. They had 17 motorcars in Auckland alone running in conjunction with the railways. Generally speaking, the position seemed very satisfactory. I could not help feeling that in that country at any rate, when there was some necessity for improving the railways and for bringing them up to date and keeping them up to date and in a high state of maintenance, money was made available for that purpose. I guess that on account of the large touring traffic in that country it is a paying proposition. I venture to say that it might possibly be a paying proposition to this State if more money were made available for the purpose of improving our railways, because when one travels through the Eastern States one hears our railways adversely criticised.

Mr. North: The Western Australian railways?

Mr. F. C. L. SMITH: Yes, by comparison with railways elsewhere and with the services that other railways are giving. For that reason some attention should be paid to the question. I know the difficulties that exist. In a State like this the Treasurer usually has a whole list of proposals that have been dealt with and approved to a total estimated cost, perhaps, of £5,000,000, when he has only £1,500,000 or £2,000,000 at his disposal. Under those circumstances it is difficult to make decisions. Many people interested in the various proposals put forward and approved are going to be disappointed. In recent months many complaints about shortage of manpower and materials have been made. We hear it re-echoed in this State from time to time as though it were a condition applicable to Western Australia alone. That is the impression one gains from the constant reiteration of complaints of shortage of manpower in the rural industry and in other industries. This shortage is experienced right throughout the Commonwealth in all essential industries. It is the experience as a matter of fact of all belligerent countries, because every belligerent country feels that the maximum effort it can exert is the minimum effort it must put forward.

In the Commonwealth there are 2,816,000 males over 14 years of age. Of this number 2,518,000 are employed either in the Fighting Forces, in essential services or in civil occupations. The remaining 298,000 consist of those who are too old for regular employment—as a matter of fact there are about 150,000 men in Australia over 70 years of age—students, and others who are the natural misfits to be found in every community. It is difficult to know what to do with them. I remember recently, when in the Eastern States, certain individuals were being combed out of the Allied Works Council on that account. They could be threatened with gaol, but that did not worry them; they had been in gaol before! A rather surprising recent revelation in a brochure published by the Government was the fact that there are at all times in Australia 30,000 people out of work through sickness and accident. That is unfortunate. I do not know how many are constantly out as a result of accidents, but I do think it is

a reflection on our social system that so many are constantly out of work as a result of sickness. Many of them are out of work possibly because of accidents that might be minimised through the introduction of greater safety methods.

No one seems to care or worry about people who are absent from their work in industry in peace-time. It is only in wartime that this absenteeism achieves some significance. It is then played up in the newspapers to show that absenteeism exists in industry. Very little explanation is given of the fact that much of it is due to men working excessive hours for short periods, and consequently having minor breakdowns. Many young men in the Eastern States are working 12 hours on end. They cannot keep that up for long without having some adverse reaction in their physical condition. During the last year this absenteeism was played up to a large extent in the Press and it attracted considerable attention. The same thing applies in other countries. In the United States of America absenteeism is quite a marked feature of industry. It is probably due, in the main, to the same causes that promote it here. Recently in the United States Senate a full-dress debate was commenced on the question. For quite a while the workers were getting it in the neck because of the large percentage of absenteeism in industry. Then one of the senators rose in his place and began to quote the figures relating to the attendance of members of the Senate to their duties in the Senate, and he proved by those figures that there was more absenteeism in the Senate than there was in any other section of American industry. Consequently the debate broke down.

We have heard talk of the shortage in the rural industry and of the necessity for increased manpower in that industry. When the war broke out 500,000 males were employed in the rural industry in the Commonwealth of Australia. By the time the Menzies Government went out of office that figure had been reduced to 395,000. After the Curtin Government had been in office for about 20 months—I think that was the period in which it was in office—that figure had been reduced by another 50,000, but the places of those men had been taken by 40,000 females—members of the Women's Land Army. So, the reduc-

tion of 50,000 effected during the regime of the Curtin Government had, to some extent, been overcome by the calling up of women into the Women's Land Army. But as I indicated at the outset, all essential industry in the Commonwealth is claimant for manpower. In January of last year the Prime Minister made a statement that was published Commonwealth-wide in which he said that against the demand for 35,000 per month—24,000 males and 11,000 females—for the fighting and essential services of the Commonwealth, all they could hope to get was 10,000 per month. I do not object to essential industries clamouring for manpower. I feel that those who are in essential industries, including those in control of them, are all anxious to do as much as possible to make a contribution to the war effort. They can see opportunities in their industries, to which they are very close, more so than opportunities that exist elsewhere, and so each and every section is clamouring for manpower.

I know in connection with the base metal mining industry the number of men required. I know the increased production that would result if the 2,000 men that could be placed tomorrow could be found to produce vital base metals essential to the war effort. Many of them are not being produced in sufficient quantities to meet our own requirements and none of them is being produced in sufficient quantities to satisfy the requirements of the United Nations. If there is a demand for manpower in essential industries, let us regard it for what it really is—a sign of healthy enthusiasm. The gold-mining industry has suffered from the loss of manpower. My references to this subject, however, would be more appropriate when the mining estimates are under consideration.

I want to make a few remarks upon a subject that has been dealt with to some extent by the Leader of the Opposition and the Leader of the National Party—the position of the States in relation to the Commonwealth, and post-war reconstruction and the problems associated with it. The Leader of the Opposition laid great stress upon the possibility of increased powers being granted to the central authority. In his remarks, I consider, he showed himself, not as a champion of the interests and welfare of the great mass of the people of this State, but as a champion of State rights irrespective

of their consequences in the post-war period. I regard his remarks, and those of many others on the question of increased powers for the Central Government and their advocacy of State rights, as part of a campaign that has already commenced in the Eastern States in the interests of big business, which would deny to the central authority the power necessary to control national activities so that some measure of the new order that has been promised shall be given to us.

Mr. Doney: Can you justify that view?

Mr. F. C. L. SMITH: Every Friday night the Premier of South Australia can be heard speaking over the wireless on this question.

Mr. Seward: I am glad to hear that.

Mr. F. C. L. SMITH: Although last year he achieved a surplus of £250,000, for the current financial year he is budgeting for a deficit of £750,000. He is claiming that on account of uniform taxation and the rights of which his State has been deprived in that connection, he is unable to extend hospital and educational schemes. How far those schemes could be extended by the difference between the amount he could raise by taxation and the amount he is receiving by way of compensation for relinquishing taxation rights, it is impossible to imagine. In order to make out a case, he is even referring to the loss of revenue that accrues to the State because some of the seats on the train running from Adelaide to Melbourne are empty on account of the priority system now operating.

The question of post-war reconstruction, together with all the problems that it involves, is going to be such a big one that it is incumbent on all of us to face up to it in a broadminded way. In the Atlantic Charter, to which reference has been made by the Leader of the National Party, the fifth paragraph reads—

They desire to bring about the fullest collaboration between all nations in the economic field with the object of securing for all improved labour standards, economic advancement, and social security.

That is a great ideal and a great objective. It is very desirable that we should have, somewhere in this Commonwealth, the power that can carry that ideal through to fruition. But without any constitutional power over employment the Commonwealth Government will not be able to guarantee the fulfilment of the commitments already made

during the war period. Unless the Commonwealth is granted power to control prices and, to an extent, the investment of capital in the country, the prevention of unjust prices and unjust profits will be an impossibility. If we want a housing scheme of a Commonwealth character and on a Commonwealth-wide basis, then it will be necessary for the Commonwealth to have the power to control the use of materials and, to an extent, the use of investment capital.

The Privy Council has ruled that all our marketing and stabilisation schemes are invalid except as to defence. We get a lot of power under the defence section of our Constitution, power that can be exercised in wartime. However, it cannot be exercised in peace-time. If when peace comes the primary producers are to get some protection, increased powers over costs within States and between States are essential. All this objection to giving the Commonwealth Government, the central authority, increased powers is based on the fear that those increased powers, if given, will not be used with discretion; or, alternatively, the objection is based on the idea that if those increased powers are given to the Commonwealth Government, to this central authority, it will deprive big business and big vested interests of many profit-making opportunities that would otherwise exist. But when we face up to this question of whether or not increased powers should be given to the Commonwealth Government, let us revert to the classical statement of Alexander Hamilton in connection with this very question when the Federal Constitution of the United States of America was being provided. He said—

I repeat here that all observations founded upon the danger of usurpation are to be referred to the composition and structure of the Government, and not to the nature and extent of its power. The State Governments by their original constitutions are invested with complete sovereignty. In what does our security consist against usurpation from that quarter? Doubtless in the manner of their formation and in a due dependence of those who are to administer them upon the people. If the proposed construction of the Federal Government be found, upon an impartial examination of it, such as to afford to an appropriate extent the same species of security, all apprehensions on the side of usurpation ought to be discarded.

I agree with Alexander Hamilton that we should refer to the composition and the structure of our Government, and not to the

nature and the extent of the powers that might be considered as being rightly vested in them; because from that statement of Alexander Hamilton nothing else can be deduced than this, that what we have to concern ourselves with is not the nature and extent of the powers of the central authority, but its composition and structure, together with the dependence of that composition and structure upon the will of the people. We know that the composition and the structure of the Commonwealth Government has this dependence upon the will of the people; and because we know that, we ought, as Alexander Hamilton said, to discard all our apprehensions in regard to granting them those powers that are necessary to the orderly government of the Commonwealth as a whole. That uniformity in all those matters with the present condition of divided authority we can never hope to attain. I feel pretty strongly upon this subject and have always done so. I do not know whether Mr. Menzies is now the Leader of the U.A.P. or not, but he is a very prominent member of it; and he is reported as recently saying—

The people are better off, or they imagine they are. It is as well for all to remember that we will have to pay for the sacrifices and ravages of this war.

That is a very significant statement; and, coming from a gentleman of Mr. Menzies' mental calibre and capacity, it cannot be disregarded. We know, of course, that he could not possibly be referring to those who, as a result of this war, have been called upon to make the supreme sacrifice; and so we know that he is referring to the destruction that has taken place as the result of the war, to the huge costs that have been imposed on us as the result of the war, the cost of armaments, of munitions, and of all the necessary commitments of war. Those are the things Mr. Menzies was referring to when he said so significantly that the people who think they are better off will be called upon later to pay for the sacrifices and ravages of war. Apparently the War Damage Insurance Scheme does not cover all this damage and all this cost, and people who now imagine they are better off will have to pay, according to Mr. Menzies. When one has to pay, it makes certain inroads into one's capacity for getting a standard of living which we regard as being reasonable.

If the standard of living is to be so much better after the war that we can refer to that period as a new world, it is somewhat difficult to understand how we are going to be made to pay and at the same time have sufficient left over to attain this very wonderful standard that has been promised to us. There is this much also, as far as Mr. Menzies is concerned: There is nothing in his statement that begets an expectation which will outrun his performance if he has anything to do with the aftermath of the war. We are going through a period now when ample money is available and when everybody has a job; but the question arises whether, as a result of the huge expenditure that is possible in wartime, contrasted with the difficulty of getting sufficient money to put men to work in times of unemployment, the people will get what they have in mind as being promised to them. The question is asked, "Why is it that there is plenty of money available in wartime and not in peace-time?" The reason is inherent in our social system itself and in factors that are inherent in human nature itself. In times of war the Government must have command over goods and services and it gets this command by the supply of the means of payment at its disposal. The maximum effort that the Government can put forth in relation to the war has widespread approval. That effort is directed to war and the requirements of war.

Taxation is increased with almost public acclaim. Loans are raised by public subscription. The note issue is increased to facilitate the extension of bank credit. The supply of the means of payment has increased in various ways. There is a state of full employment. The industrial effort is the supreme effort. The Government has work for all. In work for all there is security for enterprise directed to the war effort. There is also an increase of goods flowing to meet each other in exchange. These exchanges are facilitated by an increase in the supply of the means of payment, as well as by the increase in the velocity of the circulation of the means of payment, each unit of the currency effecting more exchanges. There is no saving in the actual sense. Past savings are used up and we mortgage future savings. Food supplies are rationed and the people are regimented. Essential industries in wartime are encouraged regardless of cost, while non-essential

industries are closed down or restricted. In short, we do many things and submit to many things in time of war which in time of peace would generate in almost every section of the community grave hostility. At last the war ends, or at least we hope it will, and the work of repatriation begins. Taxation is continued at a big rate and further loans are raised. Costs and prices which, despite a large amount of control exercised over them, rise gradually at all times, rise still higher! Fixed incomes continue to fall in value.

Notwithstanding that, in the immediate post-war period it almost seems as if the new world has arrived, so prosperous do things seem. At last all the men are repatriated. Some have gone on the land to fight the big mortgages and the high trees. Others have resumed their former occupations and so displaced those who were temporarily filling them. Some have not yet been found work. The war is over and there is not the same demand by the Government for goods and services. But the Government is faced with the increasing costs of government. There is the interest on the past loans and on the war loans, as well as on post-war loans, that has to be found. These all make demands on current production without making any contribution to it. During the war factories throughout the country had been enlarged and in many instances machinery and plant had been vastly added to. Each of these factories, after the war is over, is endeavouring to maintain its full wartime plant in operation for peace-time requirements. Already we find these requirements in excess supply. Because of lack of necessity there is a reduction in the production of fixed capital, and a reduction in the production of fixed capital means a recession, if not a depression. As a matter of fact, it is the only cause of depression. The lessening of the requirements in the community results in the closing down of some factories and there is intense competition on account of falling prices. Falling prices lead to falling wages, and falling prices and falling wages lead to less security for investment money.

People with such money are hesitant in enterprise, and there is less money for investment in the avenues that provide work. There is less work; there is much less work; there is widespread unemployment. That is

what happened after the last war. The question is: Will it happen again after this one? Many people think it will, and they do not go behind anybody's back to say so, even in wartime. It might encourage people during the war to put forth their greatest effort in connection with the war by promising them a new world after it, but there are people in very high positions who attach very little significance to that attitude of mind and who come right out in the open, telling us quite clearly and plainly what they think will be the position after the war. One of these gentlemen is named Sir Ernest Benn, and I am sure members of this House have had a pamphlet addressed to them from him and his group of individualists, entitled, "Hard Times Ahead."

Mr. McDonald: He belongs to the dismal brigade.

Mr. F. C. L. SMITH: It is very difficult to say at this stage whether he does or not.

Mr. McDonald: I think he does.

Mr. F. C. L. SMITH: One thing is certain: that he belongs to a group of individualists, people who think there ought to be freedom for the individual to exploit the rest of the community, to build up industry and enterprise out of the huge profits that they can make from the community if they have absolute freedom from interference or regimentation on the part of a Government. Those are the type of people that Sir Ernest Benn represents—and he is not particularly dismal, either, when all is said and done; because he does not make blind assertions in his pamphlet without producing some argument and some evidence to support his contention. Anyhow, his pamphlet shows that the vision of a future world seen by so many through rose-coloured glasses is not shared by all, and the statement that I quoted from Mr. Menzies' remarks indicates quite plainly that it is not shared by him. The Atlantic Charter sets out that there has to be the fullest collaboration between all nations in the economic field with the object of securing for all improved labour standards, economic advancement and social security. How can we live up to that ideal in our present condition of divided authority and with the restricted powers that the central authority now has in connection with the very matters that are implied in that statement in the Atlantic Charter?

How can we reasonably hope in our existing condition of divided authority, to have

an experience very different from the experience that followed the last war? If all the powers retained and at present exercised by the States in peace-time are still retained by them, I say that they will be used by each of the respective States towards maintaining its existing advantages and maintaining the existing economic inequalities between those States. So far as this State is concerned, it can gain nothing from the retention of powers that are shared equally by all States or from the granting of privileges that are shared equally by all States. I look upon this campaign that has already begun in the Eastern States for the retention of State rights as a campaign for the restoration and retention of profit-making privileges secured in most of the States by reactionary Legislative Councils. If the Atlantic Charter is going to mean anything to this country, its expressed intentions and implications will have to be carried out by a national plan, and the national plan will have to be Commonwealth-wide in its character and not the product of a conference between States at which the representatives will wrangle like delegates at a Paris peace conference and achieve nothing, do nothing—or do very little—to further the objectives which are so freely desired while the war is on but which will become secondary, without a national plan, when at last peace reigns once more in international affairs.

Progress reported.

House adjourned at 10.45 p.m.

Legislative Council,

Wednesday, 22nd September, 1943.

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