

at least it is carried on. It has been of the utmost value to the State in years gone by. It is a truism to say that we have relied upon it in past years. There is no doubt in my mind that in the post-war period we shall be looking to it as the solution of some of the problems which we will then have to face. I support the motion.

On motion by Hon. G. W. Miles, debate adjourned.

House adjourned at 5.37 p.m.

Legislative Assembly.

Tuesday, 12th May, 1942.

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The SPEAKER took the Chair at 11 a.m., and read prayers.

QUESTION—AGRICULTURAL BANK.

Denmark and Walpole Districts.

Mr. HILL asked the Minister for Lands: 1, What is the total amount of interest collected annually by the Agricultural Bank in the Denmark and Walpole districts? 2, What is the cost of the administration of the Agricultural Bank in the above districts?

The MINISTER FOR LANDS replied: 1, Principal owing by clients in the Denmark and Walpole districts is £243,490. Interest collected for the year ended the 30th June, 1941, was £9,267. 2, Salaries and expenses amounted to £3,944.

QUESTION—MINE WORKERS' RELIEF ACT.

As to Pensions.

Mr. MARSHALL (without notice) asked the Minister for Mines: Has any attention been given to the Coal Miners and Oil Shale

Mine Workers' Pensions Act of New South Wales, with a view to embodying some of that Act's provisions in the Mine Workers' Relief Act of Western Australia?

The MINISTER FOR MINES replied: That is now before Cabinet.

QUESTION—FIREWOOD SUPPLIES.

Mr. RAPHAEL (without notice) asked the Minister for Industrial Development: Has the Government given any consideration to the suggestion I made about five weeks ago that interned foreigners should cut firewood so that soldiers' wives could cook food for their kiddies during the winter months?

The MINISTER FOR INDUSTRIAL DEVELOPMENT replied: Some consideration has been given to the suggestion. A conference in connection with the problem of firewood shortage is being held today.

MOTION—STANDING ORDERS SUSPENSION.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [11.5]: I move—

That Standing Order No. 211 be suspended to enable motions dealing with (a) uniform taxation in Australia, and (b) the position of the goldmining industry in Western Australia, to be moved at this sitting.

Mr. SPEAKER: I have counted the House and assured myself that there is an absolute majority of members present. I declare the question duly passed.

Question thus passed.

MOTION—UNIFORM TAXATION.

As to Protest by State Parliament.

The PREMIER (Hon. J. C. Willcock—Geraldton) [11.7]: I move—

That this House expresses its strongest opposition to what are known as the uniform taxation proposals. These proposals would deprive the States of their constitutional power to levy income tax and thus seriously impair the exercise of functions entrusted to them under the Constitution for the welfare of the people. They would effect a fundamental change in the Constitution of Australia in an undemocratic manner without reference to the people, and would violate the rights of the States and people. It has not been shown that the proposals are essential for the war effort, and it is the opinion of this House that they should not be put into effect.

I want, at the outset, to make it quite clear that my objection to the proposals of the Commonwealth, regarding what is known as uniform taxation, is not as to the details of the scheme. These have not been discussed, but in the main they are reasonable from the standpoint of Western Australia.

Hon. N. Keenan: I thought you said they were propaganda?

The PREMIER: So I did. So they are, too! The details of the propositions, from the standpoint of the State, are not unfair; it is the principle that is being abrogated, and that is the point to which I ask the House to address itself. My opposition is to the principle which, in effect, is that the Commonwealth is taking away from the people of Western Australia the right to manage their own affairs and to raise finance to meet the obligations of social services and governmental activity generally; in short, the right to govern ourselves in our own way. Members are aware, as I am, that there are many axiomatic phrases with which we are familiar, such as "Government is finance and finance is Government," and Deakin's phrase when, nearly 40 years ago he foresaw the present position arising, he said, "The power of the purse is the power of the Government." Almost from the inception of the Federation there has been a constant and a steady desire by Governments of all types of politics to gain more power than was intended by the States in joining together in the Federation.

It was expected that consequent on a protectionist policy being adopted revenue from customs and excise would be more than sufficient for the Commonwealth to carry out its functions, and it was expected, and provided for in the Constitution, that this surplus of revenue would be returned to the States so that they would be able to carry on. The States surrendered their rights to duties against other States, knowing that, as a result, these revenues would shrink. It was expected that the big surplus of customs and excise revenue would be distributed amongst the States.

Hon. C. G. Latham: That did not last long.

The PREMIER: It lasted seven or eight years or more. The surplus revenue was then withheld from the States and replaced by what is known as per capita payments, which were much less per head than the original distribution of surplus revenue.

The per capita payments were then abolished and, under duress, as the Premier of the day (Mr. Collier) described it, a fixed sum was substituted, which was not to be increased no matter how much the population increased. The only extra contribution was that a proportion of the sinking fund on the public debt was payable by the Commonwealth. Accompanying the Financial Agreement, as this was termed, was the formation of the Loan Council, which the Commonwealth to a certain extent dominates and which in practice limits the amounts the States can borrow.

The effect of the latest proposals would be to limit the amount the States can receive as revenue. We are, therefore, to a very large extent, in the hands of the Commonwealth both as regards loan funds and revenue funds. As I have said, the control of finance is the control of government and so, if these proposals are forced upon us, we will practically lose all semblance of the powers of government. We are, in fact, to be treated worse than municipalities and road boards, which still have authority to raise finance under their own powers in their own way for the welfare of the communities they represent. Thus even the power that we have delegated to municipalities and road boards is to be taken from the State by the Commonwealth.

I am not actuated by animosity or hostility to the present Labour Government of the Commonwealth. A Government composed of opposite political principles only a few months ago sought to introduce a similar curtailment of State powers in a somewhat different manner, but with the same principle of denying the right of the States to the powers of taxation which they have had since Responsible Government was first granted to us. It is symptomatic of the trend of Federal domination over the States that both political parties within a few months bring in proposals with the same principle underlying them. Actually, the State Government has the greatest admiration for the present Commonwealth Government in the way it has handled the serious position with which it has been faced. It is well within the memory of all of us that, when it assumed office, there was complete dissatisfaction throughout Australia with the nation's war effort and with the manner in which things had been allowed to drift. The present Commonwealth Gov-

ernment has breathed new life into the war effort and has been responsible for a very great improvement in the capacity of Australia to defend itself and to strike back at the enemy.

In this connection, the Commonwealth Government has been helped to a very great extent by the State Government. We have never at any time failed to co-operate; in fact, in many matters we have taken the initiative and put forward suggestions. It cannot, therefore, be inferred in any way that our opposition to the uniform taxation proposals indicates any lack of co-operation in the war effort.

Mr. Thorn: And you have your duty to this State.

The PREMIER: Yes. On the other hand, the Commonwealth Government was fully aware that the State Premiers were unanimously opposed to the principle which the Commonwealth calls uniform taxation, but which we call "taking from the States their right to tax." It was demonstrated very clearly last year that the States could not agree with this principle. If the Commonwealth wished to impose it and at the same time preserve national unity, it should have called the Premiers together and asked them what could be done to overcome the difficulty. Instead of that, it appointed a committee on which the States had no representation and before which the States were not asked to submit any evidence or views. The Commonwealth then proposed to accept the report of this committee, and intimated that the scheme would be put into effect whether the States agreed with it or not. In my opinion that is not the best way to secure co-operation and unity at the present juncture. The fact that the State Premiers are unanimously opposed to the scheme shows that a large body of opinion in Australia will also be against it.

I noticed in the Press last week that the Prime Minister had appealed to members of his party not to embarrass the Government in the dangerous stage of the war through which we are passing. Presumably that appeal was intended to be a hint to others, including State Premiers, a hint to embrace the uniform tax proposals. But co-operation and consideration must not be all on the one side. We cannot be expected to stand idly by while the interests of the State are sacrificed in a matter which is by no means vital to the war effort.

The British Empire and its Allies are today united for one great purpose—the winning of the war. Within the British Empire, Australia stands united for the same purpose. The Commonwealth Government has not had to seek the co-operation and assistance of the States; this has been freely and eagerly proffered and exercised in every possible way at every possible time. While there have been small differences of opinion, these have been readily surmounted in the common interests. But the proposals before us today represent a major controversial departure from the existing Constitution. They are an attempt to effect a radical constitutional change under the guise of war-time emergency. They will provoke bitter hostility and controversy, which cannot fail to have a most detrimental effect upon the harmony of the war effort.

It is not my desire to initiate a controversy regarding the functions of Federal and State Governments or the merits or demerits of unification, but there seems to be an impression abroad that the Commonwealth Government is largely responsible for the social improvements made for the people of this State. This is entirely erroneous. During 15 of the last 18 years, there have been Labour Governments in Western Australia, and these have been very largely responsible for the high standard of our social services. The Commonwealth Grants Commission maintains that social conditions in Western Australia are superior to those of other States. Each year that Commission imposes upon us a very serious penalty in the nature of £100,000 because it considers that we provide social services on a scale higher than that of all the other States. If the present uniform taxation proposals were adopted, it would mean that we would lose all control of our revenue, and therefore we would lose our right to fix our own expenditure on social services.

Mr. Warner: It would mean unification.

The PREMIER: The result would inevitably be that our standards would slip back. Each step towards unification helps to bring us back to the level of the other States in the social field. For instance, if there were no State basic wage, workers of Western Australia would be very much worse off. For many years our basic wage has been the highest or practically the highest in Australia. It has been very considerably higher

than the Federal basic wage declared for Western Australia. Today, while our State basic wage is practically the highest in Australia, the basic wage declared for Western Australia by the Federal Court is the lowest.

Hon. C. G. Latham: You are only doing now what we suggested long ago.

The PREMIER: The State Arbitration Court confers many benefits upon the people of Western Australia. These would be lost to us under the Federal Court. We are also very dissatisfied as a State Government with the lack of consideration given by the Commonwealth Government to our claims for munition and other secondary industries. It will be remembered that a committee, of which the present Prime Minister was a member, was appointed last year to consider this question. That committee made certain important recommendations, among which was the appointment of the Western Australian Industries Expansion Commission. It was hoped that great things would result for the State from the appointment of this commission. Instead, we have received from the Commonwealth Government a list of the various recommendations put forward and the way in which they have been disposed of. Practically all of them have been side-tracked in a typically departmental manner. Very few have been adopted, despite our persistent efforts. The great difference between the recommendation of the committee and the commission as appointed is that the commission is now only an advisory, instead of an executive body. It was thought that it would be an executive body with certain powers, so that it could make decisions and proceed with necessary work; but everything now must first be submitted to the Commonwealth Government. We find that the commission is a great departure from what was originally intended, and that has been a tremendous disappointment to me.

Hon. W. D. Johnson: Hear, hear!

Hon. C. G. Latham: There has been a change of Government since then. Don't forget that!

The PREMIER: Yes. As I said, that has been a tremendous disappointment to me personally as well as to the Government, and no doubt to all members. The Commonwealth Government's doctrine referred to is a masterpiece of evasive action and departmental pigeonholing. It abounds in such phrases as, "The views of the committee

have been communicated to the Department of Commerce," "The assurance of the Department of Munitions was noted that the resources of Western Australia will not be overlooked if it is at all practicable to utilise them." It can well be seen what fate would await us if we were to place ourselves entirely in the hands of the Commonwealth Government. That perhaps is not the fault of the Commonwealth Government itself, but rather is it due to the influence of Commonwealth Government departments and the knowledge which they possess of activities being carried on in such places as Sydney, Melbourne, or even Ballarat. Those Commonwealth public servants, however, have not a complete knowledge of what can be done in Western Australia in regard to the manufacture of munitions. Those officers seem to think that we have but few technical advisers and technicians and consequently that it would be difficult to execute that work in this State. I have no doubt that the present and past Commonwealth Governments were sincere in their desire to bring about decentralisation of the war effort throughout Australia.

From what I know of the actions of Ministers in the present and the preceding Commonwealth Governments, they have endeavoured to bring about decentralisation; but they have been thwarted by departmental circumlocution. They have had various specious reasons advanced to them, with the result that their genuine efforts to bring about decentralisation have not proved effective. I am not indulging in carping criticism of the Curtin, Menzies or Fadden Governments, but I do say that the members of those Governments could not be expected to deal with all these various difficult matters. They have had to depend upon the advice of departmental officers, and that advice has been disadvantageous to Western Australia. In the circumstances, that is but natural, when one considers our isolation.

The outstanding objection to the Commonwealth proposal for the institution of a uniform tax is one of principle. It must be recognised that the right to tax is fundamental to the right to govern; and that if the States forgo their right to tax they cease to be able to function as governing bodies. The State would suffer all the disabilities of unification without enjoying any of the benefits. When Federation was instituted, the rights and obligations of the Common-

wealth and the States were clearly defined; and though, as I have said, the experience of the past 41 years has been one of almost continuous whittling away of State rights, the States have been able to function more or less adequately as members of the Federation. But if this present proposal is adopted the States, as States, will cease to exist; they will be no more than departments of the Commonwealth Public Service. The outlook for a State like Western Australia, in these circumstances, would be nothing short of tragic. With the clash between our interests and those of the wealthier Eastern States, what chance would we have of survival?

I told a Premiers' Conference, which met last June to consider a somewhat similar proposal, that there exists in Western Australia a dormant hostility to the exploitation of Western Australia by Eastern States interests; and though my Government over the past nine years has effectively silenced any real desire to sever the ties that bind us to the Commonwealth, nothing would be more likely to arouse afresh this hostility than the suggestion that we should lose our right to manage our own affairs. I was a young man when the Federal Convention met. Federation was then looked upon as a joining together of the States in partnership for the purpose of carrying out various functions, some of which were to be handed over to the Federal Government, such as defence, post office, quarantine, and so on. It was never envisaged, however, that the Federal Government would be the dominant partner and that it would seek to impose its will on the States in all matters of policy. But that has been the trend of various Commonwealth Governments, whether Labour, National, Country Party or U.A.P.

No matter what the political principles of the various Commonwealth Governments happened to be, they were absolutely unanimous in their desire to extend the power of the Commonwealth at the expense of the States; they have persistently and consistently brought forward proposals designed to have that effect. When the original partnership of the Federation was evolved, there would have been no possible hope of the peoples of the States agreeing to the proposals if anything like the present position had been envisaged. I do not think Western Australia would have agreed to them. This State held two referendums before it

agreed to enter into Federation; but it would not have so agreed had it thought that in the last 40 years—a comparatively short time—the present situation would have arisen. I cast my vote in favour of Federation; it was the first occasion on which I exercised the franchise, but I had not the slightest idea that Federation would work out in the way it did.

A definite constitutional contract was entered into, with the right of free peoples to alter it in a democratic way. Instead, many things have been forced on the States under absolute duress. The invariable practice of Commonwealth Governments, of whatever political principles, has been to whittle away the autonomy of the States and extend the powers of the Commonwealth, without any alteration to the Constitution. We thought in our ignorance, or our unsophistication that whenever there was to be a change it would be effected in the manner set out in the Constitution; but big and important changes have been introduced by various subterfuges, and the whole effect has been to exalt the powers of the Commonwealth Government at the expense of the States. A significant fact is that whenever an alteration of the Constitution has been suggested to the people of Australia, almost invariably—I think with only one exception—they have expressed the opinion that the Commonwealth Constitution should remain as it is. I think the amendment regarding the Financial Agreement was the only one which was passed, and that was because under duress the States agreed to recommend to the people the passing of that amendment.

The present proposals constitute an alteration of the Federal Constitution and a drastic alteration of the Constitutions of the States. We cannot get away from that fact. The opinion of the people of Australia, expressed at the time the Constitution was framed, was that before alterations were made the people should agree to them, but we have been given no opportunity to agree to these proposals. This system is going to be forced on us unless the Commonwealth Parliament reviews the whole position. I have no faith in the protestations that these proposals are for the duration of the war only. I do not doubt the sincerity of the present Government. I think the members of that Government mean what they say, but they cannot bind the future. All our experience shows that, once having surren-

dered a power or a principle, the States never have it returned.

Take the question of income tax, for instance! Income tax for Commonwealth purposes was imposed for the duration of the last war only, but it has never been removed. Solemn promises were made that it would be abolished when the first world war ended. We were told that the needs of the Commonwealth in regard to war finance were great and that more revenue was needed, but that we could rest absolutely assured that the Commonwealth Government had invaded this field of taxation for the duration of the war only and that immediately the conflict was over, and the need for war finance had vanished, the Commonwealth Government would vacate this field of taxation which would be restored to the States.

Mr. Hughes: It will be wanted for post-war reconstruction.

The PREMIER: All sorts of excuses could be made. That is one instance of a right being taken by the Commonwealth and not restored. I have no doubt that the Commonwealth Government of that day was sincere in its protestation. I consider that the present Government is also sincere, but the inexorable march of events is such that with all its sincerity and anxiety the Government will find that financial considerations make it impossible to give effect to promises made.

Mr. North: Would you favour a Federal Convention for the purpose of overhauling the Constitution?

The PREMIER: Not at the present stage. Our job is to concentrate on a united effort to win the war. I do not think that we should tackle controversial subjects at conventions or in any other way. We have one big job and we should concentrate our attention on that particular job, which is tremendously important. I am not in favour of conventions or anything else of that kind at present. They would disturb the unity of the people. We have attained a large measure of national unity in Australia, better than was secured during the last war, and nothing should be thrown into the arena to disturb that unity of which I think every Australian is proud.

Mr. Berry: Does that mean that we must accept the proposals?

The PREMIER: No. But in reply to the suggestion of the member for Claremont (Mr. North) that a convention might be held, I assert that I do not want any con-

vention or any time-wasting effort of any kind that would distract us from the task of conducting the war to a satisfactory conclusion. All our many experiences demonstrate that it is impossible to regain any power or right surrendered to the Commonwealth or taken by the Commonwealth under specious promises. After the Financial Agreement, the smaller States found themselves in such a hazardous position that grants had to be made to them so that they could maintain some semblance of solvency. They have had to tax their citizens on at least a higher rate than the other States of the Commonwealth in order to qualify for portion of the grant. We were told that under Federation the stronger States would help their needy sisters, but instead of that the position is getting steadily worse.

Gold, our main industry, was singled out for heavy taxation on production, a unique principle applied with dire effect only to this industry. Our wheat production was subject to compulsory reduction on a different and much more drastic basis than that applied to the other States. Instead of our State falling into line with the rest of Australia and increasing industrial production actually, in contradistinction to the other States, our factory personnel is only being maintained, if not actually being reduced, in a period of the greatest industrial expansion in the history of Australia.

Mr. Berry: Why pay Federal taxation at all?

The PREMIER: Is this to be all the reward for Western Australia's great war effort? We have made the maximum proportionate contribution to war savings certificates with the exception of the ultra-wealthy State of Victoria. Our enlistments have been used to make good deficiencies and slackness of recruiting in other States. We make the sacrifices; other States get all the benefits. Now the right to tax ourselves, which we want to use in our endeavour to expand industrially is to be forcibly—that is the only expression to use—taken from us. The impression created on the taxpayers of Australia by the publication of the tables set out in the report of the committee is that the vast majority will have less tax to pay, but that is insidious propaganda, particularly as the Commonwealth Government has not said that those rates are to be adopted. Most people when they see figures published in regard to taxation look

down the list to discover how the proposals affect them personally. If they find that they have to pay £5, or even £1, less, principles are thrown away and they say, "This will do me. This is all right." And they agree to the proposal. The short view is taken.

Mr. Patrick: There is no guarantee that these proposals will be adopted.

The PREMIER: That is so. It is just a suggestion of the committee published so that people will get it into their minds that they will have less taxation to pay, whereas as a matter of fact the whole trend of the proposition is that the Commonwealth Government shall have added taxing power, and that people shall pay more in order that the Commonwealth shall be able to prosecute the war. I said at the conference that the publication of these rates was a sugar-coated pill designed to persuade people that they would pay no higher taxation, whereas the avowed object of the change is for the States to get the same amounts and for the Commonwealth to obtain a greatly increased amount for war purposes. I do not quarrel with that very much.

In reply to objections by the States, Mr. Curtin said that the Commonwealth was spending two or three hundred millions of Commonwealth money amongst the people of Australia on the war effort and that, in effect, raised the States' incomes. He also said that all the profit that was made by anyone out of the national effort should be reserved to the Commonwealth for taxation purposes and carrying on the war. I do not disagree with that, but even more than that will be raised by increased taxation. People who have swallowed the sugar-coated pill that they will have to pay less taxation will wake up to find that they have to pay more.

During the depression in Western Australia an anti-Labour Government, by direct taxation, abrogated all the exemptions of the Income Tax Assessment Act, starting taxation without any statutory deduction, with no deduction for children and with no concessions. Only after six years of effort have we just got back to equitable and scientific principles, recognising domestic responsibilities. We have got back to a system which in effect gives social justice to people so far as taxable capacity is concerned. A Government of different political complexion, however, might undo the work of years of

political effort in our State. There is no guarantee that the present Government will be in office for long. I hope that it will exist for years, but my hopes are not of much value. Stern inexorable facts may lead to a state of affairs different from that which I hope to see exist, and a Government of a different political complexion may be in power and decide to levy taxation on low incomes. If that is done, such a Government must do it on its own responsibility, but I do not want it to have the right in this State if the people of Western Australia do not agree.

It has been said in our Parliament that every citizen, no matter how small his income, should pay some taxation so that he would realise the responsibilities of citizenship. I do not agree and will not sanction any alteration that would allow any Commonwealth Government, perhaps even in ten year's time, to impose that principle. We have a very big State—about a million square miles. We are forcibly reminded in these times that our job was and is to develop and populate it. The northern part of this State has about half-a-million square miles and 5,000 people in it. Its emptiness is a menace to Australia. My experience, particularly since the Financial Agreement has operated, is that successive Commonwealth Governments have always endeavoured to limit the expenditure of loan funds by our State. The Treasurer of this State has to make a tremendous effort when attending the Loan Council meetings to get even a measure of justice and to receive the necessary money for the development of this State. It is a tremendously hard battle to secure finance. We cannot get loan money very easily, and it is a particularly difficult job to get it now. Under this proposal we shall not be able to get money even from revenue to develop the State.

The Commonwealth Government has the right to determine the amount of what it calls the compensation payable to the States for having surrendered their taxation powers. The Commonwealth Government can give whatever it likes. We have no say. It says inferentially that the determination of compensation will be the task of somebody appointed for the purpose, preferably the Grants Commission, which has a knowledge of the various States and their respective capacities. If the compensation works out detrimentally to some particular State that State may, by petition to this particular

body, be able perhaps to get a little more. All it will be able to do, however, is to submit a case.

The effect of the Commonwealth proposal is to limit our loan policy. It has always been a difficult matter to obtain money from loan funds, but if the people of this State were determined to achieve industrial progress and were prepared to tax themselves in order to provide the necessary funds, it could not now be done. If they were prepared to do as was done in Queensland where a development tax imposed some years ago now returns to that State about £500,000 annually with which new industries may be established, Western Australia, too, could produce a somewhat similar amount for the establishment of industries here. Now, however, we have not the right to do so because of the Commonwealth Government's determination. We are hamstrung, and tied hand and foot. We shall have no hope of doing anything if the proposals of the Federal Government are adopted and put into effect. If we are limited not only in respect of loan expenditure but also regarding finance necessary for the payment of our interest charges, it puts a period to our efforts to develop the State.

If the Commonwealth Government feels that it is precluded from raising the maximum amount of taxation for war purposes because of the wide divergence in the rates of the States' taxes, surely some method of overcoming the difficulty could have been devised rather than to enforce the drastic change now directed. As I understand the position it is that of the six States four have rates that are fairly comparable; only two States—Queensland and Victoria—give indication of a wide divergence in rates. During the discussions at the conference table I said that if the States had been asked to get together to formulate some scheme, it would have been far better rather than to have this pernicious principle forced upon us. An alternative was to alter the rates by arrangement at the conference.

Although I might not have been in agreement with any such determination that could have been arrived at, I might have been prepared to sink my principles in order to fall into line with the best agreement possible, so that the taxation imposed in the various States would be as nearly uniform as possible, thereby enabling the Commonwealth to superimpose whatever additional taxation

was necessary. I think something of that sort could have been done. I think such a procedure would probably have resulted in success being achieved, but the States were not asked for any suggestions nor were they asked to give consideration to a scheme. First the invitation was to go to Canberra but this was later changed to Melbourne. The States received the intimation: "Come to Melbourne. I am going to tell you what you have to do." That has been the attitude of the Commonwealth Government. The Federal Treasurer did not ask us to furnish our ideas on the problem with a view possibly to modifying his attitude. The fact was that before the conference was held, Caucus had considered the matter and arrived at a decision. We had the assurance that it did not matter what the States thought or what they might do; what Caucus had decided had to be done.

Hon. C. G. Latham: The main thing was to have the advantage of Caucus approval.

The PREMIER: I object to being called to Melbourne, to travel some thousands of miles, only to be told something that could just as easily have been indicated in a letter. There was no shadow of consultation about the matter at all. We were told, "You have got to accept this; we are going to do it. We shall be glad if you agree, but we will take no notice of any point of disagreement. We are going ahead straight away." That is no way of securing unanimity among the people and among Governments!

Hon. C. G. Latham: It would provide striking evidence for production at a Privy Council appeal.

The PREMIER: Yes, but as a matter of fact, the Privy Council has nothing to do with such matters, which must be referred to the High Court.

Hon. C. G. Latham: But there can be an appeal.

The PREMIER: Without desiring to utter remarks derogatory in any shape or form to the High Court, I do know that matters respecting which there have been considerable doubts and which have been referred to the High Court by the Federal Government, have always been resolved in favour of the Commonwealth.

Hon. C. G. Latham: The States have not secured any verdict.

The PREMIER: I do not wish to impugn any member of the Federal High Court but it is a fact that the Federal High Court in

dealing with such matters does so not from the standpoint of absolute law but from that of common policy, much like the American High Court.

Hon. N. Keenan: But there is no American High Court.

The PREMIER: Yes, there is.

Hon. N. Keenan: There is the Supreme Court.

The PREMIER: But that is analogous to what we term in Australia the High Court! I mean the court which is in a position similar to the Federal High Court, which has the right to determine constitutional questions.

Hon. C. G. Latham: We have never had the equal of Judge Marshall here.

The PREMIER: It is entirely foreign to my nature to endeavour to impugn the probity of judges or anyone else. I have no desire to do so, but the fact remains that when a matter affecting the Commonwealth Government is referred to the High Court, the High Court generally accepts the Commonwealth point of view.

Mr. Patrick: But appeals can be taken to the Privy Council.

The PREMIER: No.

Hon. C. G. Latham: They can be taken to that court.

The PREMIER: I think my two learned friends on the front Opposition cross-bench will agree that under the Constitution all points affecting the Federal Constitution are reserved for determination by the High Court.

Mr. Patrick: But what about the dried fruits case?

The PREMIER: That was an appeal by an individual respecting individual rights and it was not in respect of a constitutional matter.

Mr. Hughes: All that would be necessary would be for an individual to refuse to pay the tax and the matter could be taken to the High Court and on to the Privy Council.

The PREMIER: I know the hon. member has devious ways by which he can achieve objectives.

Mr. Hughes: That is the way it could be done.

The PREMIER: The fact remains that the right to interpret constitutional matters is vested in the Commonwealth High Court.

Mr. Hughes: That is so.

The PREMIER: It may be said that it is the policy of the Labour Party to exempt from taxation the people with small incomes; to apply low rates to those who are a little better off and to raise the bulk of taxation from those more happily circumstanced. The Government has already done something along those lines but we believe anything of that nature should be done in a straightforward and constitutional manner. Even if it could be demonstrated that the Commonwealth Government's proposals under discussion are for such a purpose, I would not be a party to giving effect to Labour policy in such a manner when at the same time I would be helping to undermine and destroy a far greater fundamental democratic principle—the right of the people to say by referendum whether they desired any alteration in the Constitution of the nation, before any such alteration was put into effect.

These are the reasons briefly that actuated my opposition to the proposals put forward by the Commonwealth Government at the Premiers' Conference. I can assure the House that we had many strenuous arguments while in Melbourne. I do not desire to cover the whole ground during the course of this debate. I have already made statements in the Press regarding my view of the conditions sought to be imposed on the States. I assure members it was not very pleasant to be forced into the invidious position in which it was said I was attempting to block something proposed ostensibly to help Australia's war effort.

Hon. N. Keenan: Why "ostensibly"?

The PREMIER: Because I do not think the proposals are essential to our war effort. To an extent I think some step in this direction may be necessary, but I am also of the opinion that it would have been possible for the States by agreement to have indicated their disposition to overcome the difficulty so that the Commonwealth Government could have secured its taxation requirements in a more straightforward manner.

Mr. Berry: On what ground did the Federal Government claim this scheme was necessary to help Australia's war effort?

The PREMIER: Queensland imposed a tax of 9s. in the pound, and had the Commonwealth imposed its tax of 18s. in the pound, that would have represented a total tax of 27s. in the pound which, of course, obviously would be an impossibility. There-

fore the Federal Government claimed it was hamstrung in its efforts to impose taxation on the rich people of Victoria because of the rate of tax imposed on the people in Queensland. I am still of the opinion that that difficulty could have been overcome by agreement.

As I have already indicated, it was not a very pleasant experience during a time of national crisis to have to disagree violently with the Commonwealth Government, which is charged with the serious responsibility of conducting the war effort on behalf of the people of Australia. It was not pleasant that I and other State Premiers should have the pistol pointed at us and that we should be told we were blocking the war effort. I did not enjoy being in such a position, and it should have been possible with the application of a reasonable measure of conciliation and deliberation, to reach a solution without any such violent disagreement, without the finger of obloquy being pointed at the State Premiers and the Eastern States Press suggesting that "these people will not co-operate in Australia's war effort."

Despite our record of co-operation with the Commonwealth Government, the implication is that we are open to the charge of being unpatriotic because we will not fall into line in this matter. There is no lack of patriotism whatever involved. I am satisfied that if the attempt had been made there was a reasonable prospect of securing the desired end by other and less drastic means. Fortunately in Western Australia we have a wonderful record of patriotic achievement. I would undoubtedly be out of step with the rest of the people here if I did or said anything that would hamper Australia's war effort or was not in conformity with the overwhelming spirit of sacrifice that is apparent in Western Australia.

Mr. Berry: Were you convinced that the Commonwealth proposal is actually in the interests of Australia's war effort?

The PREMIER: No, I was not.

Mr. Berry: Then surely you were at liberty to say so.

The PREMIER: The desire of the people is to co-operate fully with the Commonwealth Government and no question of lack of patriotism enters into it. I am certainly satisfied that the proposal by the Commonwealth is not vital to the success of our war effort. In face of the propaganda that was

indulged in, it was very difficult for the States to take a stand in opposition. It was not easy for the representatives of the State Governments to oppose what the National Government claimed was essential in the interests of Australia's war effort. In the circumstances the Government has placed the matter before members and asked for their support. If the unanimous support of the State Parliament is forthcoming, it will serve to indicate clearly to the Federal Government that Western Australia, the patriotism of whose people cannot be questioned, is convinced that the matter should be dealt with in another way. I am convinced that the people of Western Australia have done more from the standpoint of enlistments as well as in respect of the contributions to war loans and so on—

Mr. Berry: That is something to be proud of.

The PREMIER: I know I am safe in saying that they have done immeasurably more than any other section of the Australian public, and therefore there can be no charge of lack of patriotism levelled against our citizens. If we take a stand on this proposal of the Federal Government, we shall be the ultra-patriotic State. No charge of lack of patriotism can impugn our honour.

Mr. Stubbs: Which is about all there is left to us.

The PREMIER: There may be something in that. As I have already said, I am satisfied that the Federal Government's proposals are not vital to the war effort, yet that has been claimed for them to obtain support, and the additional bait held out was the implication that taxation rates would be reduced. Western Australia cannot be impugned in the manner attempted. If the Government considers a proposal is not in the interest of the people of Western Australia which comprises one-third of the Commonwealth, then, even though our patriotism may be challenged, I am prepared to suffer the stigma rather than weakly allow the proposals to go through, merely because I am afraid that someone may suggest we should not advance contrary views. I do not think I could continue as Premier of this State for ten minutes if the people had any idea that we were not fully, whole-heartedly and absolutely behind the Commonwealth in its war

effort. I do not think that anybody could form a Government and meet this House successfully for two minutes if there was any doubt as to the attitude of that Government towards the war effort. No matter what others might say, we certainly cannot be successfully charged with any lack of patriotism.

I have endeavoured to deal with this matter from the standpoint of principle and without entering into any details, but some of the details are unsatisfactory. There is no provision for the amount accruing to the States to fluctuate with any alteration in the value of money. If the value of money decreased, the amount we would receive would, in effect, be reduced. If, on the other hand, the value of money increased, I am sure that the Commonwealth Government would make a corresponding reduction in its contribution to us. Members appreciate that we are getting gradual inflation now. It might be that the purchasing power of money will decrease still more seriously. This question, however, is entirely subsidiary to the main principle involved, and it is with the main principle that we are primarily concerned.

In conclusion, I wish to say that this is another step, and perhaps the most important of all processes, in the subjugation of the States by the Commonwealth. I said at the Premiers' Conference that the States, in creating the Federation, had created a Frankenstein monster that now threatened to devour them. I see a dismal future for the State in the lack of progress we will make in development if, simultaneously with the practical control of our loan expenditure being taken by the Loan Council, the control of our revenue from taxation passes to the stronger partners of the Federation through the Commonwealth Government, which is really, in effect, the proposal we are dealing with. If we desire to exploit the potash and alumina of Lake Champion, the iron ore of Yampi or other places, or any of our mineral or other potential resources, we may first be blocked by a restriction of loan moneys and then, as a last straw, by inability to raise money by taxation. We have to fight hard now to prevent Eastern States' exploitation. We shall be tied hand and foot if these proposals are put into effect.

I protest most emphatically against any further surrender of State rights and power

to the Commonwealth. If a proper and equitable scheme of unification were formulated with proper safeguards, and if, after a referendum had been taken, the people of the other States as a whole expressed their approval of it, even though Western Australia voted against it, I hope I should be a big enough Australian and sufficiently democratic to accept the verdict. But to have this foisted upon us without any safeguards, or to submit to gradual strangulation without protest, I think, would be recreant to the interests of the people of Western Australia. Consequently I ask the House to support the motion.

On motion by Hon. C. G. Latham, debate adjourned to a later stage of the sitting.

MOTION—GOLDMINING INDUSTRY.

As to Review of Manpower Position.

THE MINISTER FOR MINES (Hon. A. H. Panton—Leederville) [12.7]: I move—

That in view of the vital importance of the goldmining industry to Western Australia and the decision of the Federal Government, as announced by Mr. Dedman, the Minister for War Organisation of Industry in the Commonwealth Parliament, and as published in the "West Australian" of Friday the 8th May, 1942, "That there cannot be any protection given to the goldmining industry from the call-up for military service of men directly or indirectly engaged in the industry," this House emphatically protests against the manpower proposals in connection with goldmining, which will constitute a disastrous interference with the major industry of Western Australia.

While fully recognising the vital needs of the war situation, we demand that the manpower position be reviewed and that a reasonable amount of labour be conserved to this most important industry so that it may be maintained.

It is with some regret that I move this motion because every member of this House will appreciate the fact that the goldmining industry not only put Western Australia on the map but also has proved to be a major industry practically ever since gold was first discovered in this State. As a matter of fact, I consider that the Eastern States owe a great deal to the goldmining industry of Western Australia. I have very vivid recollections of having, as a young man, come here from Victoria. That State was then in the doldrums. There were places like Bendigo, Clune and others that were practically denuded of their men, who went away to look for work in Western Australia. Tens of thousands of pounds were transferred

through the post office every week from Western Australia to the Eastern States. We can say also that the secondary industries, particularly those of Victoria and New South Wales, got their first good start from the patronage accorded them by the men in our goldmining industry.

Those who were on the goldfields in the early days will recall many of the commodities we ate out of tins, which commodities, to a large extent, were put up in Victoria and New South Wales. In its early days, Western Australia's goldmining industry gave the Eastern States Colonies, later States, a particularly good start-off after the severe times they had experienced owing to bank failures and other disabilities. Western Australia's position is that its State Governments have spent millions of pounds—I can say that without exaggeration—to assist the goldmining industry by way of railways and water supplies especially. I venture to say there would have been no goldfields water supply but for the goldmining industry. Very appropriately, there sits in the Speaker's gallery a gentleman who played a highly important part in the launching and execution of that scheme. This State has also spent a great deal of money on schools, hospitals, and other social services for the goldfields.

And not only was that course pursued in the early days but in recent years Western Australia has spent large amounts of money on a railway from Wiluna to Meekatharra and a pipe line from Coolgardie to Norseman—all for the purpose of advancing the goldmining industry. The consequent cost to the State may be described as tremendous. Even the sums advanced by State Governments to various mines and mining properties, for the purpose of encouraging the industry, amount to a large total. To give hon. members an idea of the position in that respect let me quote some of the advances that have been made—

	£
1930 Wiluna Gold Mines, Ltd.—Guarantee	300,000
1933 Lake View and Star, Ltd.—Guarantee	51,500
1936 Consolidated Gold Mines, Ltd. (Tindals)	60,000
1928 Sons of Gwalia, Ltd.—Advance	75,000
1939 Consolidated Gold Areas, N.L. (Celebration)	
—Advance	17,800
Do. do. do.	3,400
1940 Mt. Magnet Gold Mines, Ltd.—Advance	11,236
1939 Porphyry 1939 Gold Mines, N.L.—Advance	5,582
1941 Ora Banda United Mines, Ltd.—Advance	9,400
1940 Norseman Associated Gold Mines—Advance	3,000
1940 Norseman Development, N.L.—Advance	3,000
1927 Ives Reward Gold Mines, N.L.—Advance	6,645
1936 D. A. Wilson (Leonora)—Advance	3,068
1935 G. Simpson (Nullagine)—Advance	4,250
1936 Weerlanna Gold Mines, N.L. (Roebourne)	
—Advance	2,000
1941 Good Brew Syndicate—Advance	1,425

These are but a few of the many advances made and guarantees given by successive Governments of Western Australia for the purpose of assisting the industry. Most of the mines and propositions thus aided have proved particularly good producers, and are producers today, and I venture to say that if the opportunity is given they will continue to be good producers for many years to come.

In addition, State Governments have spent huge sums under the provisions of the Miners' Phthisis Act and in connection with the Mine Workers' Relief Fund. Under the former head Western Australia has spent no less than £1,002,698. And there is another financial factor which is causing much concern and anxiety to the Mines Department, especially that section of it which is in charge of the administration of the Mine Workers' Relief Fund. Certainly there is about a quarter of a million sterling in that fund, but it has a liability towards upwards of 15,000 men. The fund was created, as most members will be aware, for the purpose of assisting men retired from the industry because of disablement, after they have exhausted the amount of £750 to which the Miners' Phthisis Act entitles them. Every mine worker contributes 9d. per week to the fund, the employer contributes 9d., per week, and the State a similar quota.

Thus the fund is under an obligation to pay mine workers who have become advanced silicotic a certain amount per week for the remainder of their lives, and also similarly to support their wives, and again to support their children up to a certain age. A very few months ago not less than 15,000 men were employed in the industry, and those 15,000 workers would be contributors to the fund. Today the number is down to 10,000; and if the system of continually withdrawing men from the mining industry goes on, we shall have no mining industry, so far as I see, and therefore no contributions going into the fund, while the State will still carry the liability under our legislation. I am not suggesting that the whole of the 15,000 men, or 10,000 men, will become advanced silicotic; but it is possible, though not probable, that the majority of them will eventually become a charge on the fund. That matter, too, was taken into consideration when we discussed the question of goldmining with the Federal Government. Unfortunately,

the Eastern States people have never, at any rate through the Mines Department according to my knowledge, made any endeavour to obtain the necessary information as to how the continual withdrawal of men from the industry will affect not only the industry itself, but the various funds and the State.

It has been highly difficult to maintain touch with information as to what is going to happen to the industry. Unfortunately, in the Federal arena there appears to be a system of individual members making statements which may be looked upon, or else may not be looked upon, as authoritative on behalf of the Federal Government. Such statements are certainly made from time to time by various Federal Ministers. I desire to give the House some idea of the difficulty the State Government has experienced in trying to deal with the various statements that have been made by Federal Ministers. During the last few days—in fact, on Friday last—what in our opinion is a very definite statement was made by Mr. Dedman, and made in the Federal Parliament. The matter has been discussed there, and Mr. Dedman's statement has never been repudiated by any other Federal Minister. We have the right to assume, therefore, that his statement expresses the decision of the Federal Government, whatever Ministers may have said previously and then denied having said.

Hon. N. Keenan : Denied ?

The MINISTER FOR MINES : I shall deal with the denials in their turn. Much has been said as to what this Government has done or might have done, but I assure the House that right from the very first rumble or rumour of interference with the goldmining industry this Government has been alive to the necessity for keeping up with, or in every instance endeavouring to follow up, every statement of the kind that has been made, in order to ascertain exactly how far it goes and exactly what it means. As far back as December last, when I accompanied the Premier to Canberra, Mr. Dedman, speaking at the conference then held, discussed the question of manpower ; and the Premier asked him a question regarding the goldmining industry. Not being highly satisfied with the reply we got, we asked Mr. Dedman did he consider the goldmining industry to be of importance to the winning of the war and the war effort. Mr. Dedman replied in the affirmative. He

was then asked in what priority the industry stood. His answer was, "Right at the top."

And it is to be noted that Mr. Dedman was not at that conference by himself, but that he had the Prime Minister and the Federal Treasurer and other senior Federal Ministers with him, and that not one of them had anything to say as to whether Mr. Dedman's statement was right or was wrong ; nor, so far as I am aware, has any one of them said anything of the kind since. Accordingly, the Premier and I came away convinced that all the rumours we had heard of interference with the goldmining industry had very little indeed to back them up. After all, when a Minister of the Crown makes a definite statement such as that made by Mr. Dedman, we are entitled to accept it as authoritative.

Next, a statement was alleged to have been made by Senator Collings, another member of the Federal Government. The Press reported him as having stated that gold was of no value, and the goldmining industry of no consequence, to the war effort. As soon as our Premier read that statement in the newspapers, he wired across to Canberra. I thought his message was rather impertinent, but at all events it was sent.

Hon. N. Keenan : When was that ?

The MINISTER FOR MINES : Towards the end of January. A reply came from Senator Collings that he had never made any such a statement, and he added that the goldmining industry did not come under his department.

Mr. Patrick : He let the statement go in the Press for a week before he denied it.

The MINISTER FOR MINES : He denied it as soon as we asked him about it. I am merely giving the facts as we found them. Things proceeded rather calmly then. I admit that continual recruiting campaigns were being held on the goldfields at the time. It is interesting to note that some 12 or 18 months ago Major General Lloyd, who was in charge of the recruiting campaign, visited Western Australia. He expressed himself in the Premier's office as very perturbed about the numbers of our goldminers and coalminers who were enlisting at the time.

I readily concede that 12 or 18 months is a long time in the history of the war ; but Major General Lloyd then requested me to forward a circular to the coal and gold

mines requesting the men to remain at their work, because both coal and gold were essential commodities. I complied with that request and got a great deal of abuse, particularly from the miners at Collie. I was invited to state my reason for asking them not to join up. That is the starting point, and since then recruiting of miners has continued. I was even invited to make speeches on the goldfields about the necessity for subscribing to loans and for keeping the goldmining industry at work. At the same time, recruiting officers were doing their best to enlist the young men working in the industry. It was a definite mix-up and one found it difficult to know which way to move. After the Senator Collings episode, matters became fairly quiet.

The next big bomb we got was when Mr. Victor Johnson, M.H.R., arrived in Kalgoorlie. Until the big deputation waited on the Premier at the conclusion of Mr. Johnson's stay, neither the Mines Department, the Premier, nor I knew what was going on, except from what had appeared in the Press. I heard Mr. Johnson speak at that deputation, and having heard what Mr. Dedman had said on the Sunday afternoon we put in with him, I then knew that there was very little difference between what either of them had said. Just what brought Mr. Johnson to this State I do not know; but I repeat that, officially, neither the Mines Department, the Government, nor I knew what was going on. We do know that Mr. Johnson caused a big commotion in the goldmining industry.

At that time, contradictory statements were being made by Ministers of the Federal Government. One was made through Mr. Johnson and another by Senator MacDonald, who had it from another Minister. So we had on this side of the continent one thing being said and on the other side something else. I mention these facts to show that, although the Government was on the track of every rumour of interference with the goldmining industry, it was exceedingly difficult to pin any statement down, because various Federal Ministers were making different statements, while none of them was prepared to make an authorised statement. The Minister for Works (Hon. H. Millington) was in Melbourne at the time, and we became so concerned that the Premier wired to him to get from the Prime Minister a statement on behalf of the Federal Government in regard to the goldmining industry. The Minister for Works

is very persistent when he sets out after anything, but he has not yet got that statement from the Prime Minister. Mr. Dedman (Minister for War Organisation of Industry in the Federal Government) made a statement in the House of Representatives concerning the goldmining industry, and we consider we are right in assuming that his statement is the decision of the Federal Government. I propose dealing with it from that point of view.

Before doing so, however, it will interest members to know what occurred at the latest Premiers' Conference. I accompanied our Premier on that occasion, and one of the items on the agenda which we thought particularly important was the goldmining industry. It was very interesting to attend that conference and try to obtain an idea of what the goldmining industry meant to Australia as a whole and not Western Australia particularly. The senior Premier—the Premier of New South Wales—was in the Chair, and so the first speaker was the Premier of Victoria, he being next in order of seniority. The chairman decided to speak last on that occasion. The Premier of Victoria put forward his case. Admittedly, he did not have anything like our case, because, after all, Victoria is fortunate in that its mining centres are surrounded by agricultural, horticultural, and other industries. I started my mining career in Victoria; and even at that time places such as Ballarat, Creswick, Maryborough, and Rutherglen were surrounded by the industries I have mentioned. Therefore, goldmining was to Victoria a relatively small item. The Premier of Victoria put his case fairly. South Australia, of course, has no goldmining industry at all, and therefore is not interested in the subject. Queensland produces gold as a by-product of copper, which is an essential commodity just now. Generally speaking, the Premiers of the other States evinced but little interest in the subject. When it came to the turn of the Premier of Western Australia to speak, the conference seemed to be of the opinion that it was no use proceeding further with the matter. I felt a chill run down my back, as I had been keyed up to make a speech. I got my say, but did not have a very attentive audience.

Mr. Marshall: Were any other industries listed for special discussion at that conference?

The MINISTER FOR MINES: No.

Mr. Marshall : Why single out the gold-mining industry ?

The MINISTER FOR MINES : Because it was the one industry that was being murdered ; the others were not. This Premiers' Conference was held before we met the Prime Minister and his colleagues. We were in conference with them for two days, but did not get even a chance to discuss the matter there. I mention these facts because I desire members to understand that Western Australia, so far as the goldmining industry is concerned, is practically on its own. In my opinion, we are getting no support in this matter from the Eastern States. Already some hard things are being said about what our members in the Federal Parliament are doing in regard to the industry. When the number of Western Australian members in either Federal House is considered and it is remembered that nobody from the other States is very much concerned with the goldmining industry, it will be seen that however big the voice with which the Western Australian representatives speak, they will not carry much weight when it comes to a question of votes. I am quite satisfied, as a result of my visit to the Eastern States, that any fight that is waged in regard to the goldmining industry in Australia will have to be waged from Western Australia, and that this State will have to fight practically the rest of the Commonwealth.

Before we left for the Eastern States, the Premier and I hoped to meet Mr. Dedman over there. He, however, had decided to come over here, and several telegrams and telephone messages passed between Canberra and Western Australia on the matter. Mr. Dedman finally came here and gave a guarantee that he would not make up his mind until he saw the Premier and myself in the Eastern States. We spent three hours on the Sunday afternoon in Melbourne with Mr. Dedman, and he made no bones about where he stood. He said very definitely that so far as the goldmining industry was concerned every man up to 45 years of age who was physically fit had to serve in the Army. Further, that we had to find our quota for what he termed allied works, which would take 2,500 to 3,000 men from the industry. The Premier and I pointed out—when one was not talking the other was—that it was quite a fallacy to believe that it was possible to take a tremendous number of men who had

been underground for many years—and most of the men who have worked underground know this—put them on the surface, and expect 100 per cent. efficiency from them, such as they had been giving when they worked as miners. That is common knowledge. Mr. Dedman's reply was very short and sweet. He said, "We have got to the stage at which, if we are unable to get one man 100 per cent. efficient, we will have to take two men, each 50 per cent. efficient." That was his answer, and that knocked out all the arguments we had to put up to Mr. Dedman at that stage.

One interesting fact emerged from the discussion. He made a very definite statement that when he was discussing this matter with the Chamber of Mines in Kalgoorlie, the Chamber of Mines definitely told him that even though men up to 45 were withdrawn from the industry, the industry could be carried on. I want it to be remembered that 60 per cent. of the men in the industry are under 45. I am speaking of those who are left, for about 7,000 have gone into the various services. Those are the latest figures.

Mr. Hughes : That is because they die younger than do men in other industries.

The MINISTER FOR MINES : I agree with the hon. member. Since the introduction of the Miners' Phthisis Act the industry has been full of young men. It is impossible for a man to obtain a certificate to work in the mines if he is of advanced age. As I have said, 60 per cent. of the men are under 45. Mr. Dedman told us that the Chamber of Mines was satisfied that even after men up to 45 who were physically fit had been released and the industry had provided its quota for allied works, the industry could reasonably carry on. Those were his words. I was annoyed over that because I had a long talk with the Chamber of Mines before I went to the Premier, and the Chamber of Mines told me a different story. As a matter of fact, the Chamber of Mines sent a wire to the Premier, after Mr. Dedman had left, informing him that under Mr. Dedman's scheme the mining industry would be bled to death. That message came to us between the time of their seeing Mr. Dedman in Kalgoorlie and my arriving in Melbourne. We produced that wire to Mr. Dedman. I said, "That is a peculiar statement you have made in view of this wire that has arrived." He replied, "That is what they said." Mem-

bers can imagine the feelings of the Premier and myself when we had been trying to put up a fight for this industry and heard what had been said by men who represented the employers' point of view.

When we returned, the representatives of the Chamber of Mines were at Kalgoorlie waiting to see us. We saw them, but before they had a chance to argue with us the Premier tackled them in regard to this matter. Their only answer was that they did not want to be put in the position of seeming unpatriotic and disloyal, and so they gave way to Mr. Dedman. The Premier and I, however, were expected to do the fighting. It did not matter about our appearing to be disloyal! That is the reply of the deputation that waited on us. As we went round and talked with different mining managers, however, we found that only a few of these men met Mr. Dedman, and it was generally agreed that they did not represent the mining industry. The unfortunate part about the Chamber of Mines at the moment is that people in Norseman, Gwalia, and other places think that they represent only what is termed English capital in and around Norseman. I do not know whether that is correct, but that is the argument. I have had men coming from Norseman and Gwalia wanting me to do this and that. I have told them that the Chamber of Mines is a world-wide organisation and carries a lot of weight, and that it is not much good for Alec Panton to say something. If anything has to be said it should come from the Chamber of Mines. I am much afraid—and I regret to say it—that the Chamber of Mines has not given the Government all the assistance it might have, either in this or in the matter of the imposition of the gold tax.

Since the Premier and I returned from the Eastern States, another gentleman, Mr. Stagg, who is the chief lieutenant of the Director of Manpower, has arrived in Western Australia and met Mr. Stitfold, who is Deputy Manpower Officer in this State, and has also interviewed the Premier. There was a long discussion with the Premier who suggested that Mr. Stagg should go to Kalgoorlie and obtain a proper view of the industry. Nobody can do that simply by flying over to Western Australia, coming to Perth and talking to the Minister for Mines or anybody else. Anybody desiring to get a proper perspective must see the place for himself. He agreed to do that, and last

Saturday night he, Mr. Stitfold, Mr. Taylor, the Auditor-General, who is also a member of the organisation, together with our mining engineer, Mr. Wilson, left for Kalgoorlie. They should arrive some time today. They had not arrived just before I started to speak.

I have been told—I am repeating this for what it is worth; it was telephoned by Mr. Newman of Gwalia—that Mr. Stagg has now agreed to prevent any further withdrawals from the industry—incidentally 450 men were to have left yesterday—pending his return to Melbourne and subsequent discussion of the position with Mr. Dedman. That was telephoned to my Under Secretary yesterday. First of all Mr. Newman rang and said, "Everything looks O.K." Then later he said, "It is not quite as O.K. as I thought. This is what has happened." I have given members that message from Mr. Newman, whose information I have always found to be pretty accurate. That is something, very briefly related, of the history of the industry and of the attitude of the State Government in regard to this matter.

Now we come to the question of the value of gold. I have no intention of entering into or starting an academic discussion as to whether gold is of any value at present, or whether it will be after the war. I have met a number of people in the Eastern States, and some in this State, who believe that gold is of no value, never was of any value and never will be. There is a definite school of thought which holds that opinion, and some of the members are in very influential places. That is the position.

Mr. Doney: Mr. Dedman did not express himself along those lines.

The MINISTER FOR MINES: No. I did not hear him, but a lot of people close to Mr. Dedman can and will. I am not, however, going to enter into any discussion along those lines. It may be a fantastic theory or it may not, but what is interesting to me is that every gold-producing country in the world is strenuously extracting all the gold it possibly can at the moment. "Whitaker's Almanack" for 1941, the last available issue, gives the following interesting particulars of the annual gold production in fine ounces:—

South Africa heads the list with 12,820,000 ounces; Canada comes second with a production of 5,100,000 ounces, and third on the list is Russia with 3,000,000 ounces. The United States of America, not satisfied with purchasing from other countries and hoarding enor-

mous quantities of gold, produced during the year 4,250,000 ounces. Japan, which is fifth on the list, has been working with feverish energy to increase her gold production, but is a long way behind with 1,800,000 ounces, and Australia is still farther behind with 1,600,000 ounces. The Philippines come next with 1,000,000 ounces, and then Mexico with 980,000 ounces. Rhodesia, the Gold Coast, the Congo, Chile, India, Columbia, and other countries are gold producers. It is curious indeed if the people of all these countries are wrong in prizing gold and that the few theorists should be right in thinking that gold would become valueless.

That is "Whitakers' Almanack."

Mr. Hughes: Do you accept that as the final word?

The MINISTER FOR MINES: I do not accept anything as final, apart from when I am buried. When this rumour concerning the closing down of the gold industry first started, I was interested to know what was happening in South Africa, so I got my Under Secretary to write to the Under Secretary for Mines in South Africa. He received an interesting letter in reply, only a few days ago. It is dated the 25th March last and is as follows:—

With reference to your letter of the 5th February, 1942, I have to inform you that the goldmining industry is the mainspring of the Union's economic system. Ordinarily, the industry accounts for an appreciable proportion of the net income of the country and contributes a very considerable part of the annual revenue of the State. Important as the industry is in normal times, it is of even greater importance to the war effort of the Union as it not only provides a very substantial part of the revenue required for the financing of the war but also plays a great part in maintaining the economic stability of the country as a whole. In addition, the industry is making a valuable contribution to the war effort by the production of considerable quantities of munitions and other war supplies in the mine workshops. The goldmining industry is, in consequence, regarded as of vital importance to the undertaking of the war and the maintenance of the economic basis of the country and it is the policy of the Government to maintain the output of gold.

Through the relaxation to some extent of the Mines and Works Regulations it has been found possible to release a certain number of mining employees for service with the military forces. In view, however, of the vital necessity for the maintenance of the gold output, employees in the goldmining industry are regarded as performing work of national importance, and their release for military service to an extent likely to affect the output is viewed with strong disfavour. The industry has consequently been able to retain sufficient manpower for the maintenance of output.

It may be added that in the Union military service has, for reasons of State, not been made compulsory and men for the Forces are recruited on a voluntary basis.

Mr. Patrick: Already the Western Australian output has gone down.

The MINISTER FOR MINES: The industry has had 7,000 men taken from it! I have another interesting document—an extract from the "Canadian Mining Journal" of January, 1942. I desire to read this extract, not that I have any wish to put forward an argument against what is termed the "fantastic theorists," but I think it is my job to point this out. The extract is headed "Where Stands Gold?" and is as follows:—

Anyone who is observant is bound to have noticed that as soon as abnormal events breed abnormal conditions, we always get a certain amount of subnormal thinking. This is perfectly illustrated by the fact that we are now going through a period of loose thinking about gold.

Goldmining has for many years occupied an important place in the social and economic life of this country. That place has been, and still is, so important that it is difficult to imagine any sane person questioning it, but the amazing fact is that, here and there in various parts of this country, we find so-called intelligent people breaking into print about this very subject and inflicting upon us a variety of dizzy opinions and ideas which range all the way from the suggestion that gold mines be shut down so that the labour employed can be diverted to the "war effort," to "what's the good of gold anyway? We dig it up and bury it again."

It is a human failing that the exigencies of the moment should so often obscure the light of practical reason, and it is tragic that memory should be so short; but these things seem to be, which is one reason why we might all quite profitably remind the general public of a few matters which were terribly important to this country before we entered war prosperity and for sake of emphasis we might enumerate them and punch them home.

1. Goldmining has employed many thousands of men, and it still is employing many thousands of men. This may not be so important today in these times of labour shortage, but the time will come when it will be more important than ever.

2. Goldmining has provided one of the main items of export in our international trade, thereby establishing foreign credits. In war or peace that is a matter of prime necessity.

3. Goldmining has contributed heavily to the national income through wages, purchase of supplies and dividends. Under the false prosperity of a war economy this may not be so important, but when peace comes again—as it must—that great flow of national income will be vital again to the economic life-blood of this country.

4. Goldmining supports large social and business communities in all parts of this country, and it is presumed that the advocates of a cessation of goldmining, and the freak economists, would view with equanimity the ruin of large numbers of tradesmen, storekeepers and house-owners. If they had interests in any of these communities, it is a safe bet that their crackpot theories and misty suggestions would die stillborn because "it depends upon whose ox is being gored."

Mr. Hughes: Nobody is capable of thinking above his own personal interests.

The MINISTER FOR MINES: The article continues—

5. Goldmining is an integral part of the economic structure of this country, and an abrupt dislocation of it would bring a lot of things tumbling about our ears.

6. Goldmining saved this country from economic disaster in those tragic years of the great depression when the world of material things as we knew it rocked. All of us can look back and remember how newspapers, politicians, business men and in fact the whole country paid tribute to the debt Canada (and Australia) owed its goldmining industry. Amid the prostrated national industrial activity of this country during that time of stress, goldmining stood erect and gave work and substance to men, and its great expansion helped to keep the wheels of manufacturing industry turning.

Those were long years and lean ones, too, but memory is short. It is easy to forget them now when the factories of our country are humming with the production of tanks, airplanes, guns and the implements of war; but this will pass, and once again we shall have to lean heavily upon the basic industries of this rich land of ours. Goldmining is one of them, and yet there are men who would lightly discard it now and undermine it with fiddling economic theories and blind suggestions without a thought that there will come a tomorrow when goldmining may once more save this country of ours from disaster.

I do not profess to be an economist. The more I hear of economists and the more I read of their works, the more headaches I get. That article, however, right or wrong, aptly applies to Western Australia, because the goldmining industry has been the major basis of the economic life of Western Australia and, in my opinion, will continue to be so after the war has ended. It is easy, as the article says, now that the whole of the factories—particularly those in the Eastern States—are humming with the work of manufacturing munitions of war, to ignore what has been and will continue to be a basic industry of this State at any rate.

I am firmly of the opinion that the taking of men from our goldmining industry at the rate they are being taken should be pre-

vented at all costs. I am not satisfied that every other avenue in Australia has been explored to obtain the necessary number of men. Before this industry is bled white, which will mean its inevitable death, every other avenue should be explored. I may be quite wrong in the opinion I am about to express, but I am inclined to think that this industry, with 10,000 men working in it at the moment—a few months ago the number was 15,000—looks too nice a plum and offers an easy way of doing things, and the Commonwealth authorities are going to pick this plum because there appear to be 10,000 men ready and available to be passed into war work.

Mr. North: And there is also the machinery.

The MINISTER FOR MINES: Machinery to the value of tens of thousands of pounds, perhaps even millions, is employed in the industry, and that will naturally deteriorate.

Hon. C. G. Latham: The machinery is useful for mining purposes only.

The MINISTER FOR MINES: The bulk of the machinery has been provided for the purpose of extracting gold from various kinds of ore, and would be of little value for anything else.

Mr. Hughes: It might be more valuable as scrap iron.

The MINISTER FOR MINES: I cannot agree with that suggestion. My motion has been moved on the assumption that goldmining is still and will continue to be a basic industry of this State. If I am wrong in that assumption, members of the House can disagree with me and vote against the motion. So far as the Government is concerned, the motion is moved on the assumption that gold is and will continue to be one of the basic industries of this State.

There should be no necessity for me to dwell at any length upon the importance of the industry to Western Australia. The part it plays in the economic life of the State is well known to everybody. Goldmining contributes at least 25 per cent. of our national income, and if the industry is closed down the loss to Consolidated Revenue alone, estimated by a highly competent committee drawn from the Statistician's Office, the Treasury, and the Mines Department, will be £2,300,000 a year.

Mr. Patrick: Do the Commonwealth authorities propose to compensate you for that loss?

The MINISTER FOR MINES: They have not said so. There would also be lost approximately £1,000,000 which the Commonwealth Government is drawing from the industry today. Leaving out of consideration Hall's Creek, Marble Bar, and the Nullagine, we have 800 miles of auriferous country extending south from Nullagine to Ravensthorpe, and in that area are 20 towns of reasonable size. Those towns have a population of 57,161 males and females, who are occupying dwellings to the number of 15,424. If the goldmining industry goes out of existence—and Kalgoorlie and Boulder, with a population of about 29,400 people, will be included—we shall be faced with the position of 20 towns being closed down in a night, as it were, and of 57,161 people moving out and 15,424 homes being left vacant.

Speaking as Minister for Civil Defence for a moment, I assure members that we have quite enough worry with people in the metropolitan area without bringing another 57,000 down here. It is all very well for the Commonwealth to say that if it puts those men from the mining areas into work at various places, their womenfolk and families can remain where they are. That is all bunkum. They would not be game to remain there; they have not the amenities of life that exist in the metropolitan area; the cost of living on the goldfields is about 18s. or 20s. a week higher, and those women and children are not going to remain there after the menfolk have left. Why should they? Thus 800 miles of our territory will be depopulated if the goldmining industry goes out of existence.

Mr. Hughes: But see what a saving there would be in transport!

The MINISTER FOR MINES: Do away with the goldmining industry and there will be hundreds of miles of railway lines that will not be of any value at all, except perhaps for scrap metal or something of the sort. I cannot bring myself to believe that the member for East Perth regards this matter as such a joke as he pretends to do.

I do not propose to deal with the question at greater length. Members know exactly what the goldmining industry means to the State. That is all the Government is worried about at the moment—what the

industry means to the State. We do not contend for an instant that the goldmining industry should be carried on irrespective of whether the war is won or not. We could not do that. But we do say that this continual bleeding of the industry's manpower must inevitably lead to its closing down, and we maintain that there should be, and must be, a proper method of withdrawing these men from the industry. A committee should be set up representative of Mr. Dedman's department, the Mines Department, and whatever other interests he thinks fit in order that this most important matter might be considered from all angles.

Sitting suspended from 1.0 to 2.15 p.m.

[Resolved: That motions be continued.]

The MINISTER FOR MINES: I do not propose to delay the House much longer. No one can foretell when this war will end; but, however far off that may be, many thousands of men now producing munitions in Western Australia will not at once be able to turn to the beating of plowshares or some other work. There will be the necessity, too, for placing in employment the many thousands of men who have enlisted. I, personally, know of no industry which can absorb so great a number of men as can the mining industry, nor so quickly, provided the mines are kept in such a condition as to be able to start immediately. The industry can absorb at least 12,000 to 15,000 men. In addition, we have five other mines producing low-grade ore, say, 5.58 dwts. to the ton, which could be put in working order at once if the machinery were available. Technicians will be required to erect the machinery, for which the money is available. These mines could absorb another 10,000 to 12,000 men, so that upwards of 20,000 men could be employed in the industry. Young, strong, healthy men will be required.

Another factor to be considered is that the men at present producing munitions are working long hours and earning big money. They will not take kindly to returning to work at the basic wage. The goldmining industry will offer them the opportunity to earn high wages; mining is mostly done by contract. For that reason alone it is well worth while to keep the industry in such a condition as will absorb these large numbers of men. We know all the trouble we had in placing our returned soldiers after the

1914-18 war. Here we have an industry which can absorb large numbers of men with advantage to themselves and to the State. I feel, too, that the manpower of Australia has not been sufficiently investigated. It seems to me that in taking 10,000 men from the goldmining industry the Federal Government has followed the line of least resistance. I honestly believe that that is what has happened. Therefore, the Government has seen fit to submit the matter to members. The Government has done all it possibly can to stave off this trouble in the industry. I feel sure that members will appreciate the difficulties the State will experience should the industry be closed down. I submit the motion in all good faith and hope it will be carried.

On motion by Mr. McDonald, debate adjourned to a later stage of the sitting.

MOTION—UNIFORM TAXATION.

As to Protest by State Parliament.

Debate resumed from an earlier stage of the sitting on the following motion by the Premier:—

. That this House expresses its strongest opposition to what are known as the uniform taxation proposals. These proposals would deprive the States of their constitutional power to levy income tax and thus seriously impair the exercise of functions entrusted to them under the Constitution for the welfare of the people. They would effect a fundamental change in the Constitution of Australia in an undemocratic manner without reference to the people, and would violate the rights of the States and the people. It has not been shown that the proposals are essential for the war effort, and it is the opinion of this House that they should not be put into effect.

HON. C. G. LATHAM (York) [2.22]: In associating myself with the motion, I desire to say that this House must not be deluded by the high sounding name that has been given to the proposal of the Federal Government. It is not a uniform taxation proposal at all. It is simply intended to sabotage the sovereign rights of this and the other States of Australia. Once the proposal is adopted there can be no comeback, none whatever, as far as I can see. The proposal is intended to lead the Australian people into believing that they want a uniform system of taxation throughout the Commonwealth for the purpose of raising additional funds for war purposes. So far as this State is concerned, we have

done all that it is possible to do to assist the war effort. At all events, we have done all we have been asked to do. We have always endeavoured to meet the wishes of the Prime Minister of Australia from time to time in the prosecution of our war effort.

This proposal is the most serious the State has ever been faced with, should the Commonwealth Government give effect to its suggestion. I understand the Commonwealth Government intends to introduce legislation to implement its design. Therefore, I do not believe that the carrying of this motion will have any effect at all. It will be a pious resolution, of which very little notice will be taken by the Commonwealth Government.

The Premier: Unfortunately!

HON. C. G. LATHAM: The Premier told us that the matter had been submitted to the Labour Caucus, which had approved of it, so evidently the heads in the House of Representatives and the Senate have been counted. The Prime Minister is sure that his Government will have a majority voting for the proposal. If that is so, the great ideal of the founders of our Constitution must be absolutely lost. That ideal was that the States should have their interests conserved by the Senate. Accordingly, each State was given equal representation in that Chamber. The Senate can save the States if it desires to do so; as a public man, I say it ought to do so. The proper thing to do, as the Premier has pointed out, is to get the Premiers together in order that they may explain and expound their theories to the representatives of the people in the Federal Parliament. I contend that up to the present the Federal Government has not had a refusal from any of the State Premiers to fall wholeheartedly into line with the requirements of the Federal Treasurer.

If the motion is carried and the Federal Government then proceeds to pass its proposed legislation, I say that State Parliaments will have ceased to function. They will have no responsibility. I have already pointed out that the expenditure of State money is no longer a matter in the hands of members of this House. We have already, by legislative enactment, thrown the responsibility of such expenditure on to other people. I admit, nevertheless, that Parliament can amend those laws and again give itself control of the purse; but, by

statutory authority, we have committed the taxpayers of the State to very considerable expenditure. The Arbitration Court fixes wages; Ministers do not fix the wages of public servants employed in their departments, although these may be paid a rate over and above award rates. The Civil Service is paid by an arrangement with the Public Service Commissioner, subject to the appeal court.

The Premier: And the Arbitration Court.

Hon. C. G. LATHAM: Yes. What, then, are our functions? I point out that we could not pass a law involving the expenditure of money unless we were sure of obtaining the money, and unless we were sure how long we could obtain it for. I think, therefore, that the proper thing to do is not merely to carry this motion; the State Premiers should meet and approach the High Court for an injunction against the Commonwealth Government restraining it from introducing this proposed legislation.

Hon. N. Keenan: You must find out what the Commonwealth Government proposes first. What does it propose?

The Premier: The High Court cannot prevent Parliament from doing what it likes. Parliament is supreme.

Hon. C. G. LATHAM: But it could deal with the matter after the legislation has been passed.

The Premier: The High Court could decide whether the legislation was *ultra vires*.

Hon. C. G. LATHAM: Yes. The Premier is right there. I venture to say, however, that if all the State Parliaments make an earnest attempt, the Federal Government will be very reluctant to proceed with its proposal. It is not a question of party politics. I agree, when I look at the signatures to the report that has been given to us, that the proposal is loaded for a start. One of the signatories is an ex-Prime Minister of Australia, another is an ex-Minister, a member of the U.A.P., and the other is Mr. Mills, who is the Chairman of the Commonwealth Grants Commission. Speaking without disrespect, I repeat that that shows the proposal is loaded for a start. I trust we will not let the matter stand here. If the Commonwealth Parliament passes this law, then, despite what the Premier has said, it will be impossible to take any further action. Section 74 of the Commonwealth Constitution provides—

No appeal shall be permitted to the Queen in Council from a decision of the High Court

upon any question, however arising, as to the limits *inter se* of the Constitutional powers of the Commonwealth and those of any State or States, or as to the limits *inter se* of the Constitutional powers of any two or more States, unless the High Court shall certify that the question is one which ought to be determined by Her Majesty in Council.

It is in the hands of the High Court itself to refer the matter to the Privy Council.

The Premier: It has never done that.

Hon. C. G. LATHAM: It was done, to a certain degree, by the States. They nominated a citizen of South Australia for the purpose, but as a matter of fact this Treasury contributed a substantial amount to test the case. We paid somewhere about £3,000 or £4,000 as our share. I think it could quite easily be done in that way. I have always said in this House that our first thought and our first consideration should be 100 per cent. war effort, but I cannot see how this proposal will assist. If one glances at the returns on page nine of the report, one looks in vain to see in what way taxation can be improved, except to increase it, in any of the States outside of Victoria. I would not have said anything politically, but the Premier particularly pointed out what a wonderful job the present administration, in the Federal House, has made of the war effort. I do not agree with him in that respect. As a matter of fact, it has got every shilling it possibly can, but much has yet to be done in connection with watching expenditure.

The Premier: That always is so.

Hon. C. G. LATHAM: Yes, but it is of no use to ask people continually to put their hands in their pockets for money unless some watch is kept over the expenditure. Every State which has had a Labour Government for any length of time has very high taxation. The only State which has not had a Labour Government for a lengthy period is in a much happier position, and that is Victoria. That State had a Labour Government for a short time, kept in power by the support of Independent Country Party members.

The Premier: It is a very rich country.

Hon. C. G. LATHAM: That is so, but at the same time it has had very good Governments, and as a result its taxation is considerably lower than that of any other State. The Premier knows that.

Mr. Fox: What has that got to do with uniform taxation?

Hon. C. G. LATHAM: It has this to do with it: The Federal Government desires to get more money by this means and bring Victoria up to the same standard of taxation as the remaining States. That is what is intended. It could be nothing else. I have heard members in this House say that no man should have £3,000 a year and no man £5,000 a year. If anyone wishes to reply to that, he should read the table set out in "Rydge's Journal" of March, 1942, in an article written by J. M. Groom, A.I.C.A., a resident of Western Australia. It clearly sets out the position. I propose to read the article to show that it is impossible to increase taxation on the higher incomes, and the Federal Government realised that when it said that when a stage of income was reached at about £5,750, it would allow the income earner to retain 10 per cent. for his own use, and the rest of it to be taken in taxes. That meant that 2s. in every £1 earned went to the earner, and 18s. to State and Federal taxation. On page 146 of this journal are set out the anomalies between incomes, and it is well worth while for the House to have some knowledge of them. The article states—

Assuming that Western Australia will ultimately fall into line with the Federal authorities, the relief will commence to operate from a net taxable income of £5,725. On this income taxes payable at the present time are as follows:—

Federal income tax ..	£3,729	3	4
War tax	99	14	0
State income tax (W.A.)	1,288	2	6
Hospital contribution ..	35	15	7
	£5,152	15	5

This leaves a residual income of £572 4s. 7d., equivalent to approximately 10 per cent. of the net taxable income.

This relief is very necessary to the higher taxpayers and no doubt is much appreciated, but unfortunately it affords neither relief nor consolation to the taxpayers whose incomes fall between £2,300 and £5,725. The man whose income is below £2,300 is assured of an increase in his residual income as his taxable income increases, and the big taxpayer whose income is over £5,725 has at least the consolation that for every £1 he earns he is allowed by a benevolent Government to retain 2s. for his own use.

The taxpayer who has the misfortune to fall into the grade between £2,300 and £5,725 is faced with the appalling prospect of seeing for every 20s. earned an amount in excess of 20s. being extracted from him in direct taxes. The situation is reminiscent of Mr.

Micawber's celebrated recipe for happiness wherein he stated—

			s. d.
Income	20	0	
Expenditure	19	6	
Result			Happiness.
			s. d.
Income	20	0	
Expenditure	20	6	
Result			Misery.

One can only assume that the Federal Government had this formula in mind in striking their tax rate.

A graph has been incorporated in the article, but I cannot read it, of course. It is well worth looking at. The article continues—

The graph shows the amount remaining to the taxpayer in the income grades from £1,000 to £10,000 after payment of his various taxes. A man whose net taxable income is £1,000 will pay the following taxes—

Federal income tax ..	£166	13	4
War tax	31	14	0
State income tax (W.A.)	79	3	4
Hospital contribution ..	6	5	0
	£293	14	8
Residual income	£706	5	4

He is far and away better off than is the man on the bigger salary. The article goes on—

The residual income is gradually increased until the net taxable income reaches just over £2,300. At £2,200 the total taxes payable amount to £1,174 4s. 8d.; at £2,300 they total £1,273 12s. 2d., so that the extra £100 of income costs the taxpayer £99 7s. 6d. in tax and leaves him 12s. 6d. out of his £100.

After £2,300 the taxpayer starts on the down grade. Taxes at £2,400 total £1,377, that is to say the £100 increase of income costs the taxpayer £103 7s. 10d. in tax. The position deteriorates progressively until on the £100 income between £4,400 and £4,500 the taxes amount to £125 12s. 10d. At £4,500 the Western Australian tax rate reaches its maximum of 4s. 6d. in the £1 and the residual income then declines evenly until the minimum is reached at £5,725.

From the nadir at £5,725 the residual income increases steadily at the figure of 10 per cent. of the net taxable income.

The graph demonstrates the Gilbertian position which obtains. For instance, the residual income of taxpayers having a net taxable income of £1,000, £4,350, and £7,060 is the same. The man who, by dint of his labours, has earned £9,000 finds that his residual income is precisely the same as his less (?) fortunate fellows who earn £1,470 and £3,375 respectively.

Mr. Fox: He is very fortunate.

Hon. C. G. LATHAM: The more income a man earns the more he pays in taxation. That stops progress. Who is going to earn an extra £100 if he has to pay £126 to earn it? Nobody is. It is a negation of taxation principles.

Mr. J. H. Smith: Will the uniform tax remove these inequalities?

Hon. C. G. LATHAM: It may! If it does, then the amount received today will have to be made up from somewhere else, and where is it to come from? I think the hon. member is capable of expounding his theory in the House. The article in Rydge's continues—

A taxpayer with an income of £2,300 is monarch of all he surveys and need bow the knee to no man with an income of less than £10,250.

This in its way is all very interesting and amusing, but what will be its effect on industry, and on that large number of taxpayers in the £2,500 to £5,000 income class, of whom there are, according to the latest report of the Commissioner of Taxation, somewhere in the neighbourhood of 5,000 in Australia? Is the taxpayer to stop earning, or close his business down when his income has reached the optimum figure? Can he adopt such a course, or, more important still, will the Government allow him to do so?

There appear to be certain remedial courses open to the taxpayer:—

- (a) Reduction of income by cessation or curtailment of his activities.
- (b) Increase in expenditure by raising salaries, etc.
- (c) Making free gifts to the Commonwealth for defence purposes of amounts approximating the excess of net taxable income over £2,300.

To take a concrete example under "c." A man with a net taxable income of £4,500 will pay £3,838 11s. 2d. in tax, leaving him a residue of £661 8s. 10d. If he makes a free gift of £2,000 to the Commonwealth for defence purposes before the close of the year of income it will reduce his net taxable income to £2,500 and his taxes payable to approximately £1,600, leaving a residue of £900.

The Committee has pointed out these anomalies, but it has not shown how it is possible for the Federal Government to implement its income if it makes the necessary adjustments. I am sorry the Minister for Mines has gone away because he is also Minister for Health in this Government. I will wait until he returns before dealing with the patricular matter I have in mind.

On top of this it is proposed to close down the Western Australian mining industry which produces about £1,500,000 of revenue. If that amount of revenue ceases to exist, it will have to be made up from some other source. If one carefully analyses the ap-

pendix to this report—and I think all members have had a copy of it—he will see where the Federal Government, by means of its uniform taxation, proposes to get its money from. I warn members that it must be from the lower incomes. It can be from no other place. What I am afraid it is worrying about is that the State Governments may get in first and tax the lower incomes before it is able to do so. It does not want to have competition. The important thing, however, is not that, but what the Premier pointed out—the taking away from the citizens of this State of their sovereign rights to control the destinies of the State and its people. So I cannot support anything that is going to deprive the people of this State of their rights. The Minister for Health has returned to his seat, and I should like to ask him a question. Does the Commonwealth, in relieving this State of collecting taxation, propose to take the hospital tax?

The Minister for Mines: Yes.

Hon. C. G. LATHAM: That is a very improper thing to do, because it will put our hospitals back into the beastly condition they were in when that tax was imposed.

Mr. McDonald: We will get it back from the Commonwealth, you know.

Hon. C. G. LATHAM: The member for West Perth is not so simple as to believe that. We know what great difficulties Ministers for Health experienced prior to the introduction of the hospital tax in order to get enough money from the Treasury to run the hospitals decently. When the legislation authorising the hospital tax was agreed to, Parliament stipulated that the money was not to be placed in the hands of Treasury officials, but was to be put in the hands of the Minister, who was made responsible to Parliament for its expenditure on hospitals. The appalling thing to me is that this piece of Commonwealth legislation will take that right from the people of this State.

I know what will happen. The committee sets out a proposal to return to the State a certain amount of money. But for how long will that be? No period has been fixed. If uniform taxation is adopted, I do not think there will be anything for State members to do. We will be in a maze all the time. We will have no idea of what we can or cannot do. I do not know how the Treasurer is going to prepare his Estimates. They can only be prepared on the year's income and, even in the case

of Federal grants, we have frequently been half way through the year before we knew what the amounts were going to be. I do not envy the Treasurer his task under those conditions.

If this legislation is passed by the Commonwealth and the State Premiers representing the people do not do their utmost to test the validity of the law, the best thing members of State Parliaments can do will be to resign because there will be nothing for them to do and they will be accepting money under false pretences. Under such a scheme, there can be nothing for State members to do. As a matter of fact, we will not have the right that local authorities enjoy. They at least have the right to rate their people according to requirements. Perhaps I should qualify that statement by saying that we shall have the right to impose a land tax. A few rights will be left to us, but not many.

The Premier: The Commonwealth is talking about taking away the entertainments tax.

Hon. C. G. LATHAM: Yes, and I suppose it will not be given back to the States. If the Federal Government is in need of any assistance, I suggest that it has not used the State officials to the extent that they might have been used. No one knows the people of the State better than do the State officials, but the Commonwealth authorities send men here from the Eastern States to try to run their business for them in circumstances with which they are not acquainted. We could save the Commonwealth a considerable amount of money—much as I disagree with the policy and some of the ways and means adopted by the present Government—and obviate the necessity for this subterfuge which the Commonwealth calls uniform taxation. That is a misnomer; it is nothing of the sort.

Mr. Marshall: That is the name employed to get the people to swallow it.

Hon. C. G. LATHAM: Yes. We should educate our people to a knowledge of the fact that this will mean the end of State Parliamentary government. Western Australia, of all the States, has everything to lose. There will be unification, and we shall have all the disadvantages of unification and none of the benefits. It will be all right for New South Wales, Victoria, Queensland, South Australia, and even little Tasmania, which State is only a short distance away from the centre of Commonwealth administration.

Its Ministers will be able to see the Commonwealth Ministers without much trouble. But how long does it take our Ministers to get to Canberra? Air transport, doubtless, will be greatly developed and our Ministers might be able to get there in a day, but that will be too late, because Federal Ministers will make their decisions as they learn that our Ministers are on their way.

I do not think anyone can subscribe to a policy such as this in a new State like Western Australia, where there is so much to be done. I am not blaming the present Administration but, looking back over Federal history, I know of no instance where the Commonwealth has ever given back anything it has taken. We laid the foundations of unification when we ratified the Financial Agreement of 1928, and these taxation proposals will be consummating the departure made at that time. Of this there can be no doubt, and I am satisfied that it means the end of State Parliamentary government. We have industries just on the verge of being developed, industries with great possibilities ahead of them, but if we can judge by the only standard available to us, namely the Federal Government's administration of the Northern Territory, we must conclude that there is a very poor outlook for this State. The northern part of Western Australia has much to complain about because of its long distance from the metropolis of the State but, when we have to look to Canberra for everything, the prospect for us will be very bad indeed.

I hardly know what to suggest. If we asked for a delegation from this Parliament to point out the terrible mistake that is being made by the Commonwealth Government and the unfair way in which the people are being treated, I do not believe for one moment that it would have much influence. I am afraid that any appeal would fall on deaf ears. Still, we should use every method open to us, and I will back every method possible. I regret, with the Premier, that this issue has been raised at a time when we should be 100 per cent. Australians and when there should be no friction between Governments. To prevent friction, we provided for the postponement of Parliamentary elections, and authorised local authorities to postpone their elections. The decision of the Commonwealth does not appear to give consideration to the representatives of the people who are in closer touch with the community than is

anyone else. I am afraid there is an atmosphere in the Federal arena that is not conducive to good, stable Government. Men who have occupied seats in this House and who were great sticklers for the preservation of the sovereign rights of the State have, after being elected to the Commonwealth Parliament, exhibited a kind of tolerance towards us. We are not on the high plane on which they place themselves !

The Minister for Mines : When they get over there, they seem to become inoculated.

Hon. C. G. LATHAM : I regret that the Federal system has developed in a way that is not conducive to harmony between the Commonwealth and the States. It is very regrettable that the Prime Minister has attempted, in this undemocratic way, to force upon us the Labour policy of unification.

The Premier : Other Governments tried to do the same thing.

Hon. C. G. LATHAM : I admit that the Labour Party is not the only one that has attempted it. I am afraid that the Federal atmosphere breathes unification. The Commonwealth authorities want more power. When the Constitution was framed, the States gave to the Commonwealth certain powers, and said, "If you want any more powers, you must proceed in a constitutional way to get them." As the Premier pointed out, nearly every reference to the people by way of plebiscite has gone against the Federal Government. I think when the Hon. W. M. Hughes was Prime Minister, three references submitted by him to the people were refused, and the only one I can remember as having been carried over a long period of years was the one endorsing the Financial Agreement.

The Minister for Works : The States accepted that because there was nothing else they could do.

Hon. C. G. LATHAM : At that time there seemed to be an unholy alliance between political parties. I still think I was right in my attitude of opposition at that time, but the people said I was wrong. I am not sure at the moment whether Western Australia carried the referendum on that occasion.

Mr. Patrick : Yes.

Hon. C. G. LATHAM : Then the people in the other States considered I was wrong. If unification is desired, the proper thing to do is to bring it about in a constitutional manner. This move by the Commonwealth

could never have been anticipated by the framers of the Constitution. If we read the history of the Constitution, we find it was never intended that the Commonwealth should enter the field of income taxation at all. It was considered that the Customs and Excise duties would be the main sources of revenue for the Commonwealth, and provision was made for the return of a percentage of the Customs duties to the States. I remember having read somewhere a statement that it was anticipated that the greatest amount of money the Commonwealth Government would require was £15,000,000 a year. What the Commonwealth has always done has been to take anything that has been lucrative or financially sound, and leave the States with all the expenditure. The Federal authorities have never taken over education from the States—one of the departments that costs a lot of money and from which there is little revenue. I have a statement showing how expenditure has increased in Federal departments. It reads—

In 1910-11 the population of Australia was 4,455,000 and Commonwealth departmental expenditure was £13,158,529. In 1936-37 the population was 6,806,752 and Commonwealth departmental expenditure was £66,509,429. Actually the total was £81,531,419, but from this I have deducted £15,021,990, representing payments to or for States. The population of Australia increased by one-half, but Commonwealth departmental expenditure increased five times over the intervening period.

If the people expect to receive any relief from taxation under these proposals, they are doomed to keen disappointment. I am satisfied, as I always have been, that immediately money is made available to departmental officers, they build up departments to such an extent that there is no end to their financial requirements. The main object in their minds is to go on increasing the expenditure, increasing the staffs. Apparently, the more staffs are increased, the better ! It seems to me the military authorities are embarking on a similar course today. I believe that if I were permitted to go through headquarters quite a number of persons would be looking for other employment. If we continue to take men out of industry—we are forced to do it today—for war effort, eventually there will be few taxpayers left. There is the problem ahead for Commonwealth Government and State Governments alike. I regret that this State Government did not adopt the advice I gave when war broke

out, and look to the expenditure side. Our Government did not do it, and it has not been done by any other State Government or by the Federal Government. I have here an extract from "Hansard" which is worth quoting inasmuch as it illustrates what I have been urging. The extract relates to an incident, quoted by the Minister for Railways, that happened some time back—

I can quote an instance that occurred years ago. An engine-driver in Kalgoorlie came to me and said, "Do you know I am the lowest paid engine-driver in the Railways, although I am a senior?" I inquired why. He said, "Well, I like to run on time and do run on time, but I am not paid any overtime."

If members like to inquire into the case, they can satisfy themselves as to the correctness of my quotation from "Hansard." There is no need to kick up a row. It is an indication that we have been expending public money on inefficient service. Instead of a reward for efficiency, there has been a reward for inefficiency.

The Minister for Justice: There is nothing whatever in what you have quoted.

Hon. C. G. LATHAM: This kind of thing has been going on for a long time in Western Australia. In fact, it goes on everywhere. A good worker who does a job in half the time occupied by an inefficient worker in doing it, is paid only half the money that is received by the man who takes twice the time. A system has been built up by that class of caucus which says, "We must have legislation of this nature." Unless we speedily get back to Mother Earth, we shall be forced back. Not so long ago we were compelled to realise what we were up against. The figures I have quoted clearly demonstrate, when things are examined thoroughly, that first of all we should ask ourselves where are we to get revenue from, where are we to find income-earners.

Here in this State companies are being liquidated, the farmer has nothing and is never likely to have anything under existing conditions; the mining industry is to be closed down. Where does income arise from? From wealth production! And this State is going out of wealth production. I do not know what the Minister for Works will do when his revenue is cut off, because he has commitments. He has to pay interest and sinking fund on the cost of his pipe-line, for instance; and he will not receive revenue from the pipe-line if the

goldfields people cease to use the water. There is a terrific problem! Members who desire to see a high standard of living—and I am prepared to back them in that respect—must recognise that we have gone ahead too quickly. We are even paying aborigines pensions and child endowment, whilst the State has to incur, under legislation, other expenditure on their behalf. Industry cannot stand all these things.

Mr. Needham: But we can expend millions on wars!

Hon. C. G. LATHAM: Yes, and what are we up to now? As I quoted earlier, for every £100 earned under certain circumstances, we take £126 from the individual. That is the most successful way of killing industry. Let my words be marked, if the Government of this State and the Federal Government have to continue obtaining money to further the war effort, they must come on to the earners of lower incomes.

Mr. Patrick: Just as New Zealand has done.

Hon. C. G. LATHAM: It is impossible to go on borrowing money as in the past and succeed. Every time a man is taken out of the mining industry or the farming industry, or a manufacturing industry, there is one less taxpayer. I do not altogether blame the Federal Government for this; I blame the State Governments, who, without inquiring where the money is to come from, have increased expenditure to such an extent that they cannot make ends meet.

Member: What about the Federal Government?

Hon. C. G. LATHAM: The Federal Government is plainly worse. Moreover, that Government is not called upon to render costly social services. Those services it has left to the States. If the proposed Federal legislation is to pass next week, then, if the Premier has any public conscience at all, he will find a few worries ahead of him. Some members may be satisfied with the present Labour Government, but they may have a U.A.P. Government that will give all its funds to Victoria and other congested areas whence they expect to derive their political power. In fact, the motion before this House is a mere bagatelle. No notice will be taken of it. I call to mind a suggestion made by an hon. member to the farmers: "We all ought to walk across to Canberra."

We represent a wonderful State with a great future before it; but we are tying a cord around the neck of success, a cord

that will strangle success. I say frankly that I never have been a secessionist, but this proposal will raise that issue in Western Australia. Our isolation puts us in a different position from that held by the Eastern States. I may add that a time is liable to come when the Eastern States will be very sorry to lose the custom of Western Australia. What silly legislation the Federal Government proposes just when all Australians ought to be unanimous! The Party on this side of the Chamber has got behind the Premier to help him, and will continue to do so. The Federal Government must be reasonable and allow us to flourish by means of industries in the same way as the Eastern States do. Our industries have meant a great deal to the Commonwealth. Our wool and our wheat industries have exported great values.

The Premier: And our mining and timber industries as well.

Hon. C. G. LATHAM: Yes; especially mining in recent years. I shall not talk on that aspect now, as it will come up under another motion. If there has been any panic legislation, it is the legislation introduced into the Federal Parliament. No-one engaged in industry, as things are now, can possibly know where he stands for a week ahead. Is there anything more senseless than the statement made last Saturday as to rationing of clothes? The action taken represented the worst that could happen to the father of a large family without surplus cash. I do not know exactly what the position is, not having been into a draper's shop during recent days. However, I know that a mother with eight or nine children during these last few days has not been able to get a pair of socks for even one of them.

Mr. Berry: The Federal Government has actually hit the working class.

Hon. C. G. LATHAM: Then there is the rationing of tea.

Mr. SPEAKER: I do not think there is anything about rationing of tea in the motion.

Hon. C. G. LATHAM: No, Sir; but the Federal Government is asking for more money simply because it has not administered its departments soundly. Presently the people will wake up and realise exactly what this means. The opening words of the motion should be struck out, because the objective of the Federal Government is not unification. Its object is the sabotag-

ing of sovereign rights of the States. I wish to see some action other than this motion taken. I do not know whether we ought to send a delegation from both Chambers to tell the people in the East that we cannot carry on with this sort of thing. Certainly we ought to make a noise. There is an old saying that the wheel which squeals most gets the most oil.

After this Chamber has carried the motion, we should send a resolution to the Commonwealth States House (the Senate) telling its members that we expect them to safeguard the sovereign rights of this State. That is the duty of the States House. I do not blame any Government or any party in this connection. If every State is to be affected in the same way as proposed for Western Australia, the Prime Minister will have to find some other method of financing his war problem; and in that matter we shall be prepared to help him. I do not mind if he comes here and says to the State Government, "Let us go into your budgetary position and see where your expenditure can be reduced." In the Eastern States there is much Federal employment, and national incomes there are much higher. The question of expenditure refers not so much to the political side as to the civil services, which hate to surrender any ideal they have set up: they want those ideals to come to fruition. I repeat, while supporting the motion I want to see something further done. I do not think it would be in my power to ask members of this Chamber to go across to the East as representatives of this Parliament.

The National Security Regulations are awful. Under them the Federal Government can do almost anything it likes. Therefore, their employment should be obviated as far as possible. To use them where it can be avoided is very improper, but it is proper to use them if such a course cannot be avoided. We should do something to protest. Our industries will go; there is no doubt about that. There can be no possibility of the introduction of legislation that requires the expenditure of public funds, because we shall not know what is likely to be our future financial position. We shall have no right to impose taxation. If anything develops that might become a very lucrative taxing proposition, the Federal Government will take it. It will not be left to the State Treasurers. I suppose we can expect increased taxation in the few directions that are left.

The Minister for Works: Will there be anything left?

Hon. C. G. LATHAM: Yes, but I am not mentioning the things that will be left! I am concerned about the position. If I could see any industry that could assist, I would not mind. Unfortunately, I know the state of our farming community and what is likely to happen in the mining industry. The timber industry is limited to the shipping that can be obtained. The markets for butter, dairy produce and that sort of thing are limited, and I do not know what we are going to do. However, I am 100 per cent. behind the Government in its effort to retain for the people of this State their sovereign rights.

MR. McDONALD (West Perth) [3.16]: When the Premier was speaking in support of this motion he said he was convinced that, if the Federal Government had approached the matter in the right way by consultation and collaboration with the Premiers, some plan or formula could have been evolved which would have met the objective of this proposal of uniform taxation. I think that in those words the Premier touched the real core of the matter. The difficulty that this House and many people experience with regard to the proposal for uniform taxation does not relate to the objectives sought to be attained but to the method by which it is proposed to attain them. Perhaps I may make that a little clearer later on. I feel sure that above all things we should not regard this matter in the light of a peace-time proposal. In times of peace this would be a matter of very great importance. In the present time it becomes a matter of very minor importance if the adoption of the proposal gives any real support to the war effort of the Commonwealth.

There is no doubt at all that the basis of our income taxation in Australia is far from sound. We have a Federal Government and six State Parliaments all imposing taxes on income, and they do not restrict themselves to one tax on income. Different legislative authorities may impose three or four taxes—at all events three taxes—on income. The anomalies that are taking place were referred to by the Leader of the Opposition. A number of us have read that illuminating article in *Rydges* issue of March last. It is quite obvious we cannot

allow those anomalies to continue, and I think it is equally clear that we need to review the incidence of our taxation. If we do not do so not only the Federal Government but the State Government will be met with a falling return from income tax sources.

I am not worried about the rich people or the better-off people from the point of view of having larger incomes. I am concerned about them only from the viewpoint of their ability to pay high taxation, their taxable capacity to assist our war effort. I know, however, and many members know, that there exists today a distinct tendency on the part of people who can earn higher incomes to earn lower incomes. They have reached the stage when they desire to reduce their incomes, because on the higher incomes they will perhaps pay not 20s. in the pound but, as the Leader of the Opposition pointed out, 25s. in the pound on income earned beyond a certain figure. Those people who have big incomes and therefore a big taxable capacity, and who consequently are a great factor in providing money for our war effort, are sometimes people who get their money easily. There are not many of such people in Australia, however. On the whole I think they are people who have a great capacity for work or more than the usual business ability or skill or who are prepared to take risks in business enterprises and in industry, in order to earn money, who are prepared to put money into new enterprises.

Under our present system I fear that those people—or at least many of them—are now saying, "We will not take these risks, because if we make more money we will be worse off than if we did not do so, and we are not going to burst our boilers when the extra money we earn will cost us 25s. for every £1 so earned." That may not be patriotic, but at all events it is human. In addition to that, there are the differential rates between the States, and whereas we know that the Federal Government could explore or exploit for the war effort the untaxed taxable capacity of Victoria, it cannot do so because it must impose uniform taxation.

The Premier: We have not very high rates here, only 4s. 6d. in the pound.

Mr. McDONALD: That is so, but if we take the taxation rates of Queensland and

Western Australia we find they represent the two highest figures of all the States.

The Premier: No.

Mr. McDONALD: I think so, but I will defer to the Premier's superior knowledge. But, if I recollect rightly, the incidence or severity of taxation in this State is second only to that of Queensland according to the Grants Commission. The result is that there are some States—in particular Victoria—which have a reserve of taxable capacity for the war effort which is not being touched and cannot be touched under the existing system. By a different procedure, whether we call it uniform taxation or some new formula, it will be possible to ensure that all the people in Australia contribute on a uniform scale to the services of their States and to the war effort of Australia. It will be possible to ensure that States that are not bearing their fair share of the burden of taxation for the war effort will be brought in and made to carry their fair share. I refer in particular to the rich State of Victoria which is so well able to carry at all events a share equal to that carried by the people of the other States.

The Premier: Our State is the second lowest taxed on incomes of £10,000 or over.

Mr. McDONALD: That may be so, but people with incomes of £10,000 or over in Western Australia are practically non-existent.

The Premier: That is an argument for extra taxation.

Mr. McDONALD: That may be so to a certain extent, but I do not think the Government expects to get much from those with £10,000 and over. It desires to get from those with incomes below £10,000 and down to £500, an additional amount from certain States which are not bearing taxation according to their full taxable capacity. In the "West Australian" of the 8th of this month there was a statement from Brisbane that the Treasury return for Queensland for the first ten months of the financial year showed a surplus of £900,000. That State, which is the highest taxed in Australia, shows the possibility of a surplus of £1,000,000, while the Commonwealth Government on present indications is going to show a deficit of £70,000,000. That alone shows that there is something which is not right in the burden being borne by the

States and the Commonwealth and the relative taxable capacity of the States and the Commonwealth.

This leads me to say that I am prepared not to oppose this motion insofar as it represents a protest against the arbitrary and dictatorial tactics of the Federal Government. I think that they can well be a subject of protest by this House and by this State. To the principle of a reform in the income tax position of the Commonwealth and the States in the direction of uniform taxation, I personally offer no opposition. This measure, if it becomes law, is expressly stated to be for the duration of the war and for 12 months afterwards, and if uniform taxation is imposed by the Federal Government, then when that period expires, the rights of the State to resume taxation for income purposes must be restored unless the Constitution is altered by a referendum held in the usual way.

Hon. C. G. Latham: Could not the Commonwealth extend the duration of the Act without any referendum?

Mr. McDONALD: I do not think it could. It would have to hold a referendum to alter the Constitution in order to take away the right of the States to tax on income.

The Minister for Works: I think it could absorb the whole field of taxation.

Mr. McDONALD: It could, because it has a prior power of collection, but I do not think—if we assume that people in the Federal Parliament have any sense of responsibility, and I am prepared to assume that they have—that it would endeavour to abrogate the Constitution of Australia by some side-path such as that.

Mr. Patrick: They have used the big stick before, you know!

Mr. McDONALD: They may or may not have done so, but at any rate not to a great extent, and I do not think that in a matter of this description, which is of such importance, the Federal Government or the Federal Parliament will fail to observe the constitutional method of arriving at any change in powers, if change is sought. All that we shall do under the Commonwealth Government's proposal is to surrender our control, or a great deal of our control over the taxation of incomes for the duration of the war and 12 months afterwards.

Hon. C. G. Latham: You mean they are taking it; we are not surrendering it.

Mr. McDONALD: So far as I am concerned—

Mr. Patrick: You are!

Mr. McDONALD: I do not propose to stand in the way of any system that will provide another battalion of a thousand men to aid our war effort, or the saving of £250,000 a year in administrative expenses while at the same time saving I do not know how much to the general public by means of the simplification of our income taxation measures. I am not frightened of what may take place after the war; it will be for the people themselves to decide. If they want a uniform tax imposed by one authority—the Federal authority—then they can say so by way of referendum. They will decide that issue whether we have, or have not, the present uniform taxation proposal.

Mr. Needham: Unless all parties are agreeable to that course, such a proposal could not be carried.

Mr. McDONALD: When that time arrives, if it ever does, and the people of Australia have the opportunity to vote by way of referendum to decide whether they will have uniform taxation imposed by one taxing authority, then in my humble opinion that vote will be carried in the affirmative. Further, in my humble opinion, if that question were put to the people of Australia today, the vote would still be carried in the affirmative.

Mr. Tonkin: Notwithstanding the vote on secession?

Mr. McDONALD: Yes.

Mr. Doney: Then you think that the six State Premiers did not express the view of the people generally in respect of this matter?

Mr. McDONALD: I do not think they did. If they disagree with my proposition, then I do not think they represent the views of the people on this question. The commercial people and the general public are getting very tired of having to make out taxation returns.

Hon. C. G. Latham: Very little has to be made out for State purposes.

Mr. McDONALD: Many concerns have separate departments doing little else than filling up taxation returns.

Hon. C. G. Latham: For the Federal authorities.

Mr. Boyle: The Federal Government's proposals will not alter that.

Mr. McDONALD: They will represent some alleviation. Then again, I speak with some little diffidence because I can only express my personal opinion, but I think the Federal Government's proposals represent only the start towards securing a great deal more uniformity in taxation, and the control of all other measures of taxation by one Commonwealth authority.

Mr. Doney: You do not anticipate any financial alleviation in consequence of the imposition of uniform taxation.

Mr. McDONALD: No, I do not at present. I have no illusions regarding uniform taxation. If that principle is adopted, it will mean that the people of Australia, in whichever State they may reside, will bear an equal burden of State and Federal taxation. I realise it will mean that, and I have no illusions regarding any possible decrease in the burden of taxation. I think that burden will be increased. I believe the Federal Government intends there shall be an increase, and knows there must be an increase, in the total taxation derived from income.

Hon. C. G. Latham: And on which section of the community do you think that extra taxation will be imposed.

Mr. McDONALD: I am not concerned about that. The Federal Government will impose the extra taxation where it is considered that extra taxation can most fairly be placed, taking in all classes of taxpayers.

The Minister for Works: Do you agree that the Federal Government should arbitrarily fix the amount that this State should receive?

Mr. McDONALD: Who else could fix it?

The Minister for Works: Should it not be done by agreement?

Mr. McDONALD: Let me put it this way: It cannot be left to us to fix the amount to be paid to Western Australia.

The Minister for Works: We would like to have a shot at doing so.

Mr. McDONALD: We might ask for too much.

Mr. F. C. L. Smith: We are too modest.

Mr. McDONALD: In this instance we must bear this fact in mind: Our responsibilities are great and important but they pale into insignificance when compared with the responsibilities borne by the Federal Government. The proposal under discussion represents merely a wartime measure—no more. I am sure that in fixing the amount

to be paid by the Federal Government to the State by way of compensation for the loss of income tax, the Commonwealth authorities will have due regard to the requirements of the State. If that is not done, and when the last word is said by the Federal Government, even then I shall not be alarmed at the prospect, because I think the Federal Government's last word would be said having regard to the needs of the Commonwealth for money for its war effort. With that principle I would not quarrel. Under the proposed system, while paying the same total amount of income tax, the people of Australia will make an equal contribution and shoulder an equality of sacrifice from the point of view of income taxation, and if they are called upon, as they will be, to pay more money by way of income tax, then under the proposed system they will continue to meet that added burden upon the basis of equality of sacrifice.

Mr. Doney: You are trusting!

Mr. McDONALD: I think the Premier will agree that the present taxation system has its defects. I do not desire to misinterpret his remarks because he suggested very properly that had this matter been approached right from the start from another angle, there should have been no difficulty in arriving at a formula that would have removed some, or all, of the objections to the system now to be applied.

The Premier: Could not the States have been asked to endeavour to make their taxation rates fairly uniform without their being deprived of the right to tax?

Mr. McDONALD: That question might well be asked.

The Premier: That was asked by me, and that is the basis of my quarrel with the Federal Government.

Mr. McDONALD: The Premier was well justified in his quarrel and in airing before members of this Legislature his grievance regarding the treatment that has been meted out to the States under which their just claims to consultation have largely been ignored. Had the Federal Government gone about the matter in the right way, as suggested by the Premier, and said to the State Treasurers, "These are our objectives; we want to reach them by agreement and to carry them out inside the ambit of State laws and State powers," thus giving the State Treasurers an opportunity to con-

sider the matter and reach agreement, I agree that would have represented the best course to be pursued.

The Premier: That was the suggestion put forward at the conference.

Mr. McDONALD: Yes, certainly that would have been the better way. If the Federal Government, in its wisdom or unwisdom, decides that it must be done another way by taking from the States for the duration of the war and for 12 months afterwards, the power to impose a tax upon incomes, then I quarrel with the Prime Minister regarding the method he has followed, but I do not protest against it, if it achieves the same results and if those results are so essential, as I believe they are, to our war effort or an important part of them. If we achieve what is the real objective—the saving of unnecessary governmental expense and the achievement of equality of sacrifice now and in future respecting the payment of income tax; that is the real thing we are aiming at—then if the Federal Government goes about the assumption of powers with that object in view but does so in the wrong way, I am prepared to submit, rather than that we should not do it at all.

The Premier: You do not agree that we should make an attempt to do it in the proper way.

Mr. McDONALD: I agree with the Premier that we should try to get the Federal Government to adopt another course if there is a better way within the functioning of the relative powers of the State and Federal Governments and Parliaments. I agree that the Premier could very well protest against the almost incredible disregard of the rights of the States of Australia in some respects, but I do not propose to take part in any protest against the objective sought, however much I may protest against the methods pursued. If the method adopted is the only one that can be followed, and if the Federal Government is right in that respect and the method employed is the only effective way of reaching the objective, we must accept the position, but I do not suggest, nor has the Premier done so, that the objective could not have been obtained by means other than those adopted.

The Federal Government's proposals, if adopted, mean that for the duration of the war and for 12 months afterwards, the State will probably receive as much income taxation as it would have received had it re-

tained the power to levy that tax. Under the scheme the State will receive the equivalent of the taxation derived in the two years during which the returns from that source were the heaviest in the history of the State—the years 1939-40 and 1940-41. To that extent we surrender for a defined period some part of our power over the purse. Unless later on the people decide by referendum to eliminate the powers of the States to impose a tax on incomes, then that very important part of our powers will revert to us. For the time being, however, we do surrender part of our sovereign powers—but only part of them.

The Premier: The Federal Government is not doing this under the National Security Regulations but under legislation.

Hon. C. G. Latham: Yes, under legislative enactment.

The Premier: And so could presumably do the same in peace-time.

Mr. McDONALD: If I understand the position, the Federal Government is doing this by imposing taxation part of which will later be allocated to the States but the effect will be to deprive the States of the right to impose the tax. Is that so?

The Premier: Yes.

Mr. Patrick: And you say that is within the powers of the Commonwealth Government?

Mr. McDONALD: Yes.

Mr. Patrick: Yet you said just now that a referendum would be required to enable this to continue.

Mr. McDONALD: I say that the Federal Government may, within its Constitutional powers, pass legislation the effect of which will be to nullify the powers of the States to levy income taxation. Although that may be within the powers of the Commonwealth Government, it is clearly, if regarded as a permanent measure, outside the intention of the Constitution. I believe the intention of the Constitution. I believe that when the war is over, and the period has expired for which the Commonwealth Government states this measure should apply, if the Commonwealth Government desires to continue to eliminate from the States the right to exercise taxing powers on income, its duty is to do that by means of an amendment to the Federal Constitution, it will be recognised as the only proper way in which to achieve that object.

The Premier: It has never previously taken up that attitude.

Mr. McDONALD: When powers have been taken in the past without a referendum, they have been comparatively unimportant powers. I do not know of any major power that has been gradually taken by the Commonwealth Government that has not been taken by constitutional means.

The Premier: What about income taxation?

Mr. McDONALD: That is one power that was taken. The Commonwealth Government has always had constitutional power to levy income taxation. If there is one trend in the world today—it has been going on for the last two or three decades, but is likely to become more intensified in the future—it is the elimination of small sovereign authorities. Power will be vested in much fewer sovereign authorities.

Hon. C. G. Latham: Do you think that will apply in Europe?

Mr. McDONALD: I do.

The Premier: I think the States would combine for their own protection.

Mr. SPEAKER: Order!

The Premier: They would not allow themselves to be nipped off, one by one.

Mr. McDONALD: I think the States will recognise that if their territories are going to be able to compete with other countries, their central Government must be armed with wider powers than are possessed by them today. I look forward to the time when the States will concede wider powers to the Federal Parliament. Unless it has those increased powers, because of the competition between the countries of the world for trade, this country will never be able to survive. If those powers are put into the hands of half-a-dozen States, all having different ideas, they will be knocked down one by one by their competitors in the economic fight. It is no surprise to me that this trend, which has been recognised by writers for the last ten years, men who stated that countries must now use their trade as weapons directed by the States in order to ensure their survival in competition with other countries, should bring about a position when the Commonwealth Government was obliged to extend its powers, and to impose income tax in order to enable it to exercise these added powers.

The Premier: Do you think that private banking would survive under the conditions you have outlined?

Mr. McDONALD: I think so. Private banking will have to come into line with the policy that will be adopted by the central government and the central banking system in regard to international affairs.

Hon. W. D. Johnson: Then why have private banking, in such circumstances?

Mr. McDONALD: If we come to that, why have private anything?

Hon. W. D. Johnson: You admit that the private banks will be under control; then why have them?

Mr. McDONALD: To answer the hon. member, I believe there is a place for the initiative and freedom of the individual in all activities. In future I think they will be more controlled by the Government in the public interest than has ever been the case before. That is why I say that whilst I believe there is a place for private banking, for private brickmaking, and for private bricklayers, in the future they will, in the interests of the community, be subject to more control than has been the case in the past.

Hon. W. D. Johnson: You have had your ear to the ground all right.

Mr. McDONALD: I have had my ear to the ground for the last 25 years.

Mr. Marshall: Then you must be deaf.

Mr. McDONALD: If I am, that must be due to my proximity to the hon. member. I have been led into side paths. This measure will not interfere with the basic wage, with all respect to the Premier, or our hospital tax.

Hon. C. G. Latham: It will be necessary to cut down expenditure to such an extent that we do not know where this will lead.

Mr. McDONALD: If the report of the committee is authoritative, we are going to get much the same income as we have had each year for the last two years. All our functions will continue under our sovereign control, without their being affected to any great extent. I am not at present concerned as to whether the limit of our State powers is being invaded by the Federal Government, or whether the powers of the Federal Government are being invaded by the State Governments.

The Premier: It all depends on whether they are necessary or not.

Mr. McDONALD: I think we can regard the Governments of the States and of the Commonwealth as merged. They are one Government. If we spend our time arguing about the relative spheres, then I say we are living in an unreal world. I am not criticising the remarks of the Premier. I think he is thoroughly justified in what he has said in regard to the method of imposition of obligations upon the States. Where there is an objective worth while as a result of any change that is proposed, although we may disagree with the method by which that change is being effected, I do not think this is a time when we can argue about it.

The Premier: Who started the argument?

Mr. McDONALD: If the Federal Government did so, it is to blame, but if we continue it we are perhaps to blame.

The Premier: But we must resist these proposals.

Mr. McDONALD: The Premier is in a somewhat invidious position because he does not wish to be accused of any desire to hamper the war effort. For my part, I do not wish to be accused of any desire to limit the powers of the State. We have to deal with only one consideration now, and that is to put forth our maximum effort to win the war. Whilst I do not oppose the motion, I think it is a question not of method but of objective, and I do not think that the method itself is of great importance.

HON. N. KEENAN (Nedlands) [3.55]: It is generally said outside the House, and has been said during the debate, that the proposal under discussion is the first step towards unification.

Hon. W. D. Johnson: The Financial Agreement was the first step.

Hon. N. KEENAN: I think the Premier described this as being the first overt step which leads to unification.

The Premier: Quite right.

Hon. N. KEENAN: It is nine years since I told the people of Western Australia that they would either have to secede, or the day would come at no distant time when unification would be forced upon them because of the fact that we were incapable of holding our own against the huge financial strength, the industrial strength and the political strength of the Eastern States. It has been said with great truth that we only have a fraction of influence in the Federal Parliament; all the rest of that Parliament is

representative of the Eastern States. It is of no use to go over the years that have passed and what has happened in those years, but I would like somewhat to clear up the position in which we stand today and with which this motion deals. In the third paragraph we are asked to affirm that the uniform taxation proposals will effect a fundamental change in the Constitution of Australia in an undemocratic manner without reference to the people and would violate the rights of the States and the people. It is obvious that the word "undemocratic" is wrongly used, and that "unconstitutional" is the word.

Hon. W. D. Johnson: It is superfluous and is not wanted at all. If it were cut out, the motion would read quite well.

Hon. N. KEENAN: It is obvious that the argument is that the action is unconstitutional, not undemocratic. It is possible to do many democratic things which may be very unconstitutional, and this may be one of them, but the argument of the Premier is that the action itself is unconstitutional, and that is the word that should be used.

The Premier: The greatest principle of democracy is government by referendum: not government by Parliament. That is the way the Constitution is framed.

Hon. N. KEENAN: If the Federal Parliament is constitutionally entitled to impose this new law, it is not in any sense an undemocratic act. That Parliament was elected by the people of Australia, and given power to make laws. Consequently it could undoubtedly pass this law if it was constitutional to do so. The report of the committee on uniform taxation sets out to say that amongst the other benefits that would accrue from the adoption of the policy, would be that it would effect a saving of £250,000 to the public purse, and therefore to the Commonwealth, a matter of great importance at present.

The Premier: That figure was challenged by people who knew.

Hon. N. KEENAN: I have seen no challenge. Consequently, the committee says it would mean that 1,000 men would be eligible for war service, and that, too, is of the greatest importance at the present moment.

The Premier: That was a wild guess.

Hon. N. KEENAN: Of course, it is easy to say that.

The Premier: It is easy to say anything.

Mr. SPEAKER: Order!

Hon. N. KEENAN: I presume this committee did take some means to find out the facts. It made some inquiries. It was a responsible committee consisting of a former Prime Minister of Australia, a Minister in an Australian Government, and a very distinguished man in the world of economics. The committee also points out that if the proposal is adopted the States will receive the average of their revenue derived by taxation on income of their respective subjects during the years 1939-40 and 1940-41. The committee gives the figures in a column which appears in the report. It will be noticed, if I may draw attention to that for a moment, that the committee certainly has not been ungenerous in that respect; because, although no one for a moment would imagine that Western Australia presents the same legitimate opportunity for income taxation as South Australia does, with its numerous secondary industries, nevertheless the committee proposes to give Western Australia £160,000 more than to South Australia. Therefore I do not think there can be any suggestion that the committee was ungenerous in the figure at which it arrived.

The Premier: I did not say the committee was. I said I was not quarrelling at all with the details, but only with the principle.

Hon. N. KEENAN: It is also said that this is only a proposal which, if given effect to by the Federal Parliament, is to endure for the duration of the war and for one year thereafter. That is said to be valueless for two reasons: First of all, it is not possible to bind future Parliaments, which is quite true; and, secondly, because past experience has taught us that little reliance is to be placed on promises of that character. But, as was pointed out by the member for West Perth (Mr. McDonald), if the Act is to be only for that term, it will be necessary—I am assuming for a moment that the Bill is actually constitutional and that it will be for that term—to bring in another Bill for the purpose of extending it. Surely, at a time when it is absolutely necessary that the Federal Government should be given the funds necessary to carry on the war, no objection will be raised to its proposal to continue this state of affairs.

The Premier: The problems of reconstruction after the war will be tremendous.

Hon. N. KEENAN: They will be as great for the State as for the Commonwealth, perhaps greater. If the question of continuing this proposal—should it become law—is to depend on the requirements of the Commonwealth or the requirements of the States, the States, as the Premier agrees, will probably have a greater need for money. It is suggested by the Premier that this proposal should have been the subject of a referendum before being brought down to the Parliament of the Commonwealth. But that is a misconception which, if I may be pardoned—as I hope I will be—for being somewhat dry in my argument, I shall explain to the House.

In 1900 this State and all the other States of Australia were sovereign States. They had all the powers that are today and were then enjoyed by the House of Commons. They were prepared, by the consent of the people of Australia, to delegate a certain number of those powers to a central authority, to be called the Commonwealth of Australia. They assented to a Bill, which was known as the Commonwealth Constitution Bill, and which afterwards became an Act. Every single State assented to that Bill. Under it the States gave to the Commonwealth powers which were clearly defined. One of those powers—it can be found in Section 51—was the power of taxation, subject only to one limitation, and that was that the right of taxation was not to be exercised in any discriminatory manner between one State and another.

The Commonwealth could not impose, for instance, income tax on Victoria of a higher rate than it could impose on Western Australia, or South Australia, or any other State of the Commonwealth, and so with land tax and other taxes which came within the purview of the Commonwealth. In the same Bill, by another clause, it was agreed by all the States, including Western Australia, that if at any time a law of a State was in conflict with a law passed by the Commonwealth Parliament within the powers given to it under the Constitution, then the law of the State lapsed and the Commonwealth law alone prevailed. What is the meaning of that? Taxation is a law. All taxes are imposed in consequence of laws that are passed.

Mr. Marshall: Bare-faced robbery, to put it in its proper category.

Hon. N. KEENAN: Consequently, the Commonwealth at all times since 1900 has possessed the power, if it likes to exercise it, of taking 20s. in the pound of the income of every single citizen of Australia. As the Premier pointed out, and as we all know, if the sum total of the income is taken, nothing is left. The States would get nothing and could get nothing; it requires no alteration of the Constitution to do that. The Commonwealth can take any part it likes up to the whole of the income of any of its citizens. Of course, the Commonwealth must treat all persons alike. It cannot select one section; but it can take the income of all of us up to the last limit of the amount we earn and receive, and that would leave nothing for the States.

Mr. Tonkin: Would the Commonwealth take their tax in priority?

Hon. N. KEENAN: Of course, because its law prevails. As I pointed out a moment ago, taxation is a law. It is imposed pursuant to statute, and the Commonwealth law prevails. So there is no question of a referendum barring the way to the Commonwealth taking as much as it likes, up to the very last penny of the income of every citizen of Australia.

The only part of the committee's report which, in my opinion, is unconstitutional, is the part in which it recommends that the Commonwealth Parliament should operate as the sole taxing authority. I have no doubt whatever that it is absolutely and grossly unconstitutional for any statute to be passed by the Commonwealth constituting itself the sole taxing authority. Every State has a right to impose an income tax, if there is anything left to tax. It may be that the Commonwealth might take everything, but every State has the right, and has enjoyed it since 1900, to tax so far as that is possible. Therefore, no doubt exists in my mind for a moment that if a statute was passed by the present Federal Parliament giving the Commonwealth the sole authority to levy taxes, that would be immediately upset by the High Court.

There would be no difficulty in taking the proceeding; it could be taken by the Attorney General of any State, instructed by his Government. He would claim, in the form of proceedings that are specially provided for in the High Court, that the law was unconstitutional and invaded the

rights of the State which he was representing as Attorney General. I have no doubt that the High Court would say that, whilst the Commonwealth could have taken the very last penny out of the pockets of every one of its citizens, it had no right whatever to say that the State could not levy taxes if there was any field left for the State to levy on. But that would not be the concern of the Constitution; that would be a concern for the relative authorities of the States on the one hand and the Commonwealth on the other.

Mr. Patrick: The Commonwealth cannot compel the States to tax.

Hon. N. KEENAN: The Commonwealth cannot prevent the States from taxing, but it can absorb the whole field, having the right to pass such a law. I agree therefore, with the motion so far as it alleges—assuming that the word I have pointed out is changed—that this is an unconstitutional proceeding, if given effect to. All we know at the present is this: That a committee has met and received certain evidence and made certain reports to the Treasurer of the Commonwealth. At this stage we are in a large measure sparring in the dark.

The Premier: The Commonwealth Government has expressed its intention to introduce a Bill to give effect to it. That has been published in the Press.

Hon. N. KEENAN: I have seen a great many things in the Press, but I have not seen a statement by the Federal Treasurer himself.

The Premier: It was reported that the Prime Minister had said the Commonwealth Government intended to deal with the matter this week. It intends to pass a measure introducing uniform taxation.

Hon. N. KEENAN: Apparently, then, that is so; but that does not say it has advanced beyond the stage of a mere report and is on its way to complete enactment.

I share very much the views that have been expressed by the member for West Perth (Mr. McDonald). Had my own personal hopes been realised, we now should be entirely free from the incubus of the Commonwealth, but that is all done with now. Never, in my opinion, can it possibly be revived, because our position will be so hopelessly a

debtor position. We shall never be able to face the necessary liquidation of our debts in order to get free. So we must try to arrive at what has been properly described as a very desirable end; a very desirable object to achieve; and that is to have the whole burden of this war, so far as it is possible to do so, equally distributed over Australia. We know today that that is not the case because, as I pointed out, the Commonwealth cannot impose a single tax heavier, in the case of Victoria for instance, than it imposes in Queensland or Western Australia. The burden today is not, therefore, being equally borne and the Commonwealth is not getting the money from the taxes imposed that it is entitled to for the progress of this country.

I quite agree with what has been said that colossal waste is taking place, and that if that waste had been controlled it might not be necessary to seek so much money from the citizens. But still war is always a waste and always will be a waste. In every war that has ever been fought there has always been a large number employed, and paid by the citizens, whose services were not worth a snap of the fingers. At the same time there were numbers who more than gave value for the money they were paid, otherwise we should not be in the position in which we find ourselves today in this Empire of ours. But there must be waste in war and it is useless saying that the Commonwealth could, while eliminating that waste, avoid the necessity for a proposal of this character. It wants that money to win the war.

If we do not win the war, what on earth will be the good of any of our institutions, any of our rights, or anything else? For my part, strongly as I feel that if the terms of the report of the committee be given effect to, they will be unconstitutional, I say that this is not the time when we should raise constitutional issues, but rather that we should seek for the most rapid means by which Australia can be armed and by which our forces can be raised to the maximum strength that we can put in the field; and when we have saved our lives and our fortunes, then let us turn and wrangle about constitutional issues. Although I strongly feel that this proposed course is unconstitutional, I do not care very much for this motion. I do not intend for one moment to oppose it but it does not create any enthusiasm in me whatever.

MR. MARSHALL (Murchison) [4.20]: I do not propose to let the motion pass without saying a few words in support of it. I wish, at the outset, to say that I am sadly disappointed in the utterances of the member for West Perth (Mr. McDonald), who seemingly has never profited by experiences which he and other members must have had during this last decade or two. He went out of his way to point out that unless we have centralisation of authority we must ultimately fail in our competition against other nations, clearly indicating, of course, that he has not learned anything from the two wars which have taken place during his life. He is quite satisfied to accept the propaganda and let it rest at that. Surely he knows that international competition breeds wars. It fomented international strife until an ultimate clash is reached. The very advocacy which he puts forward in this Chamber is the principle involved in all wars—the struggle of each and every nation to build a tariff wall around itself to prohibit the importation of outside goods, and at the same time forcing other nations, if possible, to accept its products.

Mr. McDonald: This is a struggle between the States and the Commonwealth.

Mr. MARSHALL: If there is a struggle between the Commonwealth and the States it was created by the Commonwealth which should have been the last Government to foment strife, particularly having regard to the very generous and loyal support offered by the States not only during war periods, but during all periods.

Mr. McDonald: Hear, hear!

Mr. MARSHALL: I need not stress the point raised by the Premier, who clearly showed that we have, on all occasions, and more particularly since war confronted us, done our utmost. That loyalty has been displayed under the difficulties and inconveniences which we have experienced in our desire to help not only the present Commonwealth Government, but its predecessor during this war period. In turn they may have been generous enough to realise the loyalty of the States and given them some opportunity of presenting their case—the other side of the picture—rather than place themselves in alliance with those nations that we are endeavouring to defeat—the dictators. There was no conference, no reference, or request to present a case but—“Do as we tell you.” Hitler carries on in

the same way, and so does Mussolini. They offer no inducement for conciliation. So I fear we are agreeing, by our loyalty, our silence and our sacrifices, to the very thing which we are sacrificing the manhood of Australia to defeat.

I remind the member for West Perth that the late Woodrow Wilson, President of America, a few days before he died, sad at heart no doubt because it was his nation which formulated the 14 principles upon which peace was arrived at after the last world war said, when he visited the conference on the Continent of Europe, he found no other nation to support him though he found Germany was defeated, and he left that conference broken-hearted. He made this statement and I conclude my criticism of the contribution of the member for West Perth with his words—

Who is it that does not know the causes of war? Even a child 14 years of age knows, if he gives it any consideration, that the root cause of all international conflicts is brought about by keen successful commercial rivalry.

Let us not pretend that other factors foment war so much as that. I disagree with the member for West Perth in his great desire to carry on the system that will ask the present girls and boys of Australia to struggle along through life and bring into existence more men and more women, and foster them and succour them until they reach the age of 20 years, when competition—international competition—will again provide the very spectacle we have today.

Mr. McDonald: I did not say I favoured international competition.

Mr. MARSHALL: The utterances were along those lines.

Mr. McDonald: I said it existed.

Mr. MARSHALL: The hon. member pointed out that unless we centralised the whole of our authority we would find ourselves in the invidious position of not being able to stand up to the competition which other countries would bring into existence.

Mr. McDonald: You will not abolish competition tomorrow nor in five years' time, nor in 10 years' time.

Mr. MARSHALL: I understand the hon. member fairly well. I think I do, anyhow. He went on to say that if we did not do that, we would be divided into six parts and “taken on”—I think were the words he used—by international competitors, and knocked off one at a time. So he said he believed we must centralise. He did not use that

word, I will admit, but the substance of his argument was that we should concentrate the whole of our authority and the control of our industrial life into a few hands. That is in essence Communism.

Mr. McDonald: It is imagination.

Mr. MARSHALL: The member for West Perth should explain himself better when he makes these statements. He cannot blame me if I misrepresent them when he does not explain them. I am entitled to put my construction on any utterances made by members.

Mr. McDonald: The utterances speak for themselves.

Mr. MARSHALL: I do not wish to say anything further. It will be a sorry day for Australia, or the Australian people, when we endeavour not to prevent the centralisation of control.

Mr. McDonald: You should take unification out of your platform!

The Premier: He took it off a while ago.

Mr. MARSHALL: I know that unification was a plank in the platform of the Labour Party. It was put there many years ago, and probably at that time it appeared to be the right and proper thing to do.

Mr. McDonald: There must be a lot of dead wood in it.

Mr. MARSHALL: I suggest unhesitatingly that there is. There are many other planks in the Labour Party's platform, one of which is the initiative and referendum. I think the hon. member will agree that that plank is used not so much by the Labour Party as by those who sit opposite. When the people initiated the question of secession and demanded a referendum and got it, they gave a very emphatic decision.

Mr. McDonald: It was not carried into effect.

Mr. MARSHALL: That is another point. I respect the ballot box and so does the hon. member. We cannot always subscribe to all the planks of a platform, but the hon. member would accept one of our planks and subscribe to it when it suits his case and adopt a policy of hush-hush about the others. There is much inconsistency in his attitude. It is not sufficient to say that unification is a plank of the Labour Party's platform. If that is to be accepted as a logical argument, the whole of the platform should be reviewed, not merely one particular plank of it. This State gave an emphatic decision on the secession issue and I respect that decision.

There is another aspect upon which I wish to offer a few observations. All speakers so far, and particularly the two members sitting on my right, have gone out of their way to use the fact that a war is raging in order to bolster up a case or at any rate show no enthusiasm for the motion. Certain things which could never be attempted and which no politician would dare to attempt in normal times can be done under the guise of war necessity. Though he would not dare to do those things in peace-time, he is able in war-time to play upon the passions of the people and picture the ghastly things that might occur as a result of the war. Having frightened or intimidated the people and played upon their passions, he gets them into a frame of mind when he is able to do things that he would not dare in time of peace. Consequently I feel very sceptical about such men.

These taxation proposals have been successfully attempted in other parts of the British Empire. Perhaps members are unaware of that. The remarkable thing is that just as it happened in Australia, so it happened in another Dominion. This is the second occasion.

Mr. McDonald: Has it been very successful in Canada?

Mr. MARSHALL: The hon. member will recall that when Mr. Spender was Commonwealth Treasurer he put up a like proposal, and at about that time a similar proposal was put up in Canada. Strange to relate, in neither Dominion was it successful. In Canada I think there were two provinces that opposed it, but so much publicity was given to the proposal that it fell through. It was not proceeded with in Australia, either.

Mr. McDonald: Was it not passed in Canada?

Mr. MARSHALL: Yes, but what I wish to point out is that only recently in Canada the self-same thing was done as is being proposed here. The States of Canada were coerced into agreement. They were not asked a second time; there was no conference; the power was taken by the central authority. Two States—Ontario and Alberta, I believe—accepted under protest. Is it not remarkable that the same thing should happen on opposite sides of the globe? It indicates clearly to me that there is an unseen hand behind many of these happenings.

We have been told by the Prime Minister that this is a proposal to release manpower for service in the army, and that it would enable economies in expenditure to be effected that would be valuable to the war effort. I do not know what arrangements exist in the other States for the collection of taxation; I can only speak of Western Australia. So far as this State is concerned, the Prime Minister, under his proposals, will not release one man for the army. It may be news to some members that the Taxation Department here has long been working overtime endeavouring to catch up arrears. This being so, how can the Prime Minister get further manpower from that department? If the staff cannot keep pace with the work by working normal hours, there will be no manpower available from the department, and this change of policy will probably necessitate the employment of further labour. New procedure usually has that effect, so as regards Western Australia we can readily see that there is no chance of Mr. Curtin's hopes of releasing manpower materialising. So far from the Taxation Department here providing more men for the army, it will need more labour.

On the question of economy, both Commonwealth and State taxes here are collected by the one authority. Consequently there can be no economy effected in this State. I must look further than the Prime Minister's statement for the reason for the imposition of these proposals. I think there is something more behind them. I am beginning to think that what is really behind them is what has been told us by the member for East Perth. Consider the lag of industrial development in Western Australia! We know the reason for it. Every member is well aware that when private enterprise sets out to establish an industry in Western Australia, it is a very doubtful venture. The individual concerned invariably finds himself in hot competition with Eastern States investors. We have suffered from this for years.

We know that private enterprise has made many attempts to establish industries here, but without success. Consequently I believe that behind these taxation proposals is a desire further to centralise the industrial life of Australia. For some years the State Government has been very active in endeavouring to get industries of importance established here. The Government has gone out

of its way to encourage individuals to establish themselves in industry. Out of our taxation we have contributed large sums of money to support the establishment of local enterprises. If that support can be continued, if we can keep inducing private enterprise, by granting State aid, to establish industries here, I believe that ultimately we shall defeat the competition that comes from the Eastern States. But if this proposal is adopted I venture to say there will be no allowances for subsidising private enterprise in Western Australia. Further, I venture to suggest that we shall not get one pound to help to defeat Eastern States competition or to deprive that competition of Western Australian markets. I visualise complete centralisation in accordance with the ideas underlying the proposal. That, practically, is the motive behind the proposal, more than the desire for further manpower for the army, or for economies.

Again, the public is not the big fool that some politicians believe it to be. It is true that the Australian public is most trusting and that it will continue to carry burdens for quite a long time, not because it consists of fools but because it is patriotic and loyal as well as trusting. However, a time comes when the public realises that it has been deceived and cheated. In Western Australia that time has actually arrived. It is not an uncommon feature of our everyday life nowadays to hear people pass such remarks as "I cannot understand the Federal Government; they want men for the army and are closing down vital industries in Western Australia, and side by side with that they are creating a multiplicity of boards." If the boards created were the only power involved, the position might not be so bad. But once a board is created, it gathers around itself an army of officials to carry out the duties of the board.

If an illustration is required, let us look at the Liquid Fuel Board. Many people believe that board to be none other than the Transport Board, because on the surface it seems that the Transport Board does the work. I invite any member who has not yet visited the office of the Liquid Fuel Board to go and have a look at the amount of labour absorbed there, though not uselessly nor unwarrantably from this aspect, that all the employees of the board are busy enough. But an enormous quantity of lab-

our is absorbed by all these boards, and the public is rapidly waking up to that feature. At the same time the public is told, "Every shilling you have must be put into war savings certificate and thus help to win the war." Nevertheless we have these boards created, with chairmen on salaries of £1,500 a year and expenses allowances of 30s. per day. The Federal Government is beginning to show consciousness of the fact that the public is waking up to the position regarding these boards.

Let me add that many chairmen of boards get far more than £1,500 a year and 30s. per day expenses. The public is beginning to jib because of Federal Government extravagance in connection with the war effort, and the public will not be fooled all the time. I want the Commonwealth Government to give far more cogent proof of its desire to secure all possible support for the war effort and to set a much better example of economy. There should be far stricter economy in the expenditure of moneys derived from war savings certificates and of loan moneys. When that position has been achieved, the Federal Government may be able to convince the public that such a proposal as this is warranted.

I regret that the Premier worded his motion as he did, making reference to "uniform taxation." The proposal is not for uniform taxation. I do not know that uniform taxation has ever been suggested in connection with the proposal. I argue that what we have from the Commonwealth is not a suggestion to bring about a uniform tax.

Mr. Doney: The report says it is.

Mr. MARSHALL: Yes, but the hon. member interjecting cannot have looked at the names of the persons who drew up the report.

Mr. Doney: Yes, I have.

Mr. MARSHALL: If he has, he should be more particular about accepting that statement. The proposal is not for unification either. If it is an endeavour to impose unification, the Commonwealth Government should be frank about the matter. I would be prepared to accept that Government's denial, but there has been no denial from it. I believe the Federal Government to be sincere in its promise to restore the powers in question 12 months after the war is over. Nevertheless, I declare that the proposal is confiscatory, insofar as it repre-

sents confiscation of the sovereign rights of the State, as suggested by the member for Nedlands (Hon. N. Keenan). It is confiscation without reference to the Parliamentary representatives of the people of Western Australia. I say quite openly that this is a move to centralise authority and to concentrate the industrial and economic life of this country as a method that has been attempted along the line of internationalism for years past.

Strange to say, Labour Governments as well as anti-Labour Governments have failed to observe that fact. We are even told that this is part of the Labour Party's platform. It is nothing of the kind. It comes from the same source as that from which the unification proposal, "Union now," proceeds—the unseen hand. The more centralised authority is, the easier control becomes to it. I am afraid Labour Governments are unaware of the fact that they are proposing to put into effect a policy which will ruin democracy in Australia—destroy it entirely—because that premise is the essence of dictatorship. Dictators ride into power on it. It seems as if some figures in the Federal arena are beginning to believe that they are set up in authority by some divine power. They seem to regard their present objective as the great one for Western Australia. In the course of time, however, it will bring ruination, if not entire desolation, to this happy land of ours. Therefore I agree with the Premier.

It is no use at all for the Federal Government to put forward the argument that all this is necessary for the financing of the war. Had I known that I was to address this Chamber today, I would have had in my possession some of the writings of the present Prime Minister of Australia, which contain his definitely expressed opinions on war finance and on finance generally. If the Prime Minister says that the present proposal is essential as a war contribution, he stands condemned by his own writing, because he cannot be right in both cases. He must be wrong in one. He has made it clear that while this nation has men and materials to work on and has the Commonwealth Bank to make available the necessary funds there need be no retarding of a vigorous war effort. Well, the Prime Minister has got the lot.

Men and materials should be the only limit to the Commonwealth Bank making available to the Treasurer any sum of money he

requires. That, and that only, should be our limit. When we have every person and every robot doing their utmost to make the munitions required for war, then we shall have achieved the limit. Money should never come into the picture. No one has been more eloquent, or has written more brilliantly, than our present Prime Minister on that very subject. I am proud to say I have many of his writings in my room. The Prime Minister of the Commonwealth cannot argue that this proposal is necessary as a contribution to the war effort. It is the hand of international finance desirous of closing down democracy, and shutting up State Parliaments, and then doing as it likes with the industrial and economic life of the country. Unfortunately we find brilliant men doing the work of those individuals, though for what reason I cannot say. One would have to be a member of the Federal House to drag out of some of them the reason for their inconsistencies. As a member of this Chamber I am not able to do that.

I issue a warning to the people of Western Australia in regard to this proposal. Although this is not the very worst that could happen I want them to be mindful of the fact that astute politicians, professional politicians, rarely display accuracy when seeking endorsement of their proposals. As a matter of fact, if one follows the records of most professional politicians, one will find that almost invariably when a proposal of importance to them is being submitted, it is glossed over or concealed in a cloak of deception. Time has proved, that, as time always will. And if the people of Western Australia imagine—having regard to the present monetary policy in respect of this war—that they are going to be relieved of taxation for any lengthy period, they are due for a very rude and sad awakening.

We had an example of what happens, when Nippon came into the war. The advent of Japan into the conflict gave the Federal Government an opportunity. People were frenzied. They were frightened and intimidated. Japan was approaching us and ungrudgingly people took what was handed out to them. It was not necessary, but they took it. Here we have a proposal to centralise power and people are baited with the promise that they will not have to pay so much taxation. If they fall for that they will suffer as acutely as they have ever suffered from taxation, for at the very first

opportunity taxation will be imposed on a heavier scale. We need no better example than is afforded us in the events of 1931.

In 1929 Australia produced more wealth than ever before. It was never richer than then in real wealth—that is, in men and materials, goods and services. In 1931 the representatives of the international bankers—I refer to Sir Otto Niemeyer and a Jewish German named Professor Gregory—said that a financial crisis had occurred. Although we were producing more wealth than we had produced before or are likely to produce until there is a change in our monetary policy, we found a Labour Government ready to slash into wages and invalid and old-age pensions. I warn people about this, and I am very sincere about it, because I am confident that if this proposal goes through and if the people of Western Australia agree to it, they will have some justification for withdrawing their consent in the very near future.

Western Australia has never been treated as a State of importance in this Commonwealth. You, Mr. Speaker, as one who has lived and laboured in the more isolated portions of this State and we who have done likewise, realise that when people are removed from the seat of government and are outnumbered, and are isolated or segregated from the main body of people, the worse the deal and the less the consideration they receive from the Government of the day. They are not numerically strong enough to impose their wishes upon the Government. That, too, has been the experience of this State in relation to the Federal arena. We are too far removed from that seat of Government and therefore we need not expect very much from it.

I venture to suggest that before very many years have passed Western Australia will be a mere skeleton of what it was a few years ago. I can see the writing on the wall. Industries will be centralised as the member for West Perth wants them to be. Economic life will be centralised and authority will be centralised, and gradually but surely we will be swallowed up by the Eastern States' monopolies and combines. We will be hewers of wood and drawers of water. We will grow only the quantity of wheat the Eastern States desire us to grow and will produce only that quantity of wool that they desire us to produce. Our

hope of establishing secondary industries will be remote. I do not look to the future with very much hope unless there is a big change, and I do not think this proposal has any other purpose than to deny us still further the right to control our own affairs in our own way because we are making far too much industrial progress and we must be stopped. There is far too much criticism here and that must be stopped.

This proposal is a step in the direction of silencing us in this Parliament and preventing us from developing our own resources. That is the proposal in essence. It is not a proposal to bring about uniform taxation. No one can say what it would bring about so far as taxation is concerned. Who would venture an opinion as to what will be done by the Federal Government? Nobody can make any forecast as to whether taxation will be uniform or otherwise, but we do know without doubt from history and experience that it will be mighty severe. At the very first opportunity, at the first crisis, taxation will be increased to the limit on all sections of the community, poor and rich alike, because that is the great objective of the unseen hand.

I regret very much that any Commonwealth Government should have fallen for it. If this Premier of ours had co-operated with the Premiers of the other States to force the Federal Government out of the income taxation field, it would have been logical, and the right and proper thing to do. For under our Constitution, State Treasurers or Premiers have no control over issues of credit or money. That is the sole prerogative of the Commonwealth Government, which can do that as it wishes. Our only chance of existence as a democratic institution—if one can call the right to tax a person democratic—lies in our right to impose taxation. These people have another avenue to which they can go and it is limited only by the quantity of material and the number of men in the Commonwealth. They can get any sum of money.

It is altogether illogical, therefore, for them to be crushing the States out of the field of taxation, which is their only source of revenue, when they have the alternative of using their own powers under the Constitution and using the Commonwealth Bank—may I suggest to the member for

West Perth—in strict accord with the Labour Party's platform. Let me say this for him; he agreed. It is the first time he has confessed it here to my knowledge and I congratulate him. It is high time that policy, so far as banking is concerned, was in the hands of the supreme government of the Commonwealth; and, when I say policy, I do not mean banking technique or methods. I mean policy only as set down by the Banking Commission which rightly said that is where the power should repose, namely, in the government of the nation. I congratulate the member for West Perth. Though I did not agree with him when I started, I finish up in strict accord with him.

I am not too particular about anyone calling me disloyal, and telling me that I am doing something that is retarding the war effort. People can say that if they like. I remember the last war. I have not a very short memory; it is fairly retentive. I remember all that was said about us and how true it proved when we had the platform kicked from under us. Time proved us right. Those who fought in the defence of their country walked that country in search of food, clothing and shelter. I am not too concerned whether people say I am disloyal because I do not agree with these proposals. One great writer said that patriotism was the last refuge of a scoundrel; that when he could hide behind nothing else, he took to patriotism.

All I can say is that I am just as anxious as anyone in this State that we should win the war in order to hold the institutions so cherished by the British Empire. If the leaders of the British Empire are sincere there will be no doubt of the outcome, but we have to get some indications of their sincerity. Proposals like this are the very reverse, for I will never agree that we should tax people into a state of poverty in a country that can produce plenty. Not one of our leaders in any part of the Empire has endeavoured to lead us along a correct and more up-to-date system of financing the war. I love my country as dearly as does anybody else and am prepared to do as much as anyone in its defence. Most anxiously I desire a military victory, but I hope that military victory will not be achieved at the cost of high taxation and ultimate slavery to another enemy within the Empire.

Mr. Hughes: You do not want an economic defeat, do you?

Mr. MARSHALL: I hope that does not happen. Institutions within the British Empire are well worth any sacrifice. The freedom and the right of the individual are paramount in my opinion but, if we are going to be abject slaves by virtue of oppressive taxation when the war is finished our military victory to preserve our institutions will have been in vain. That is what I am worried about. These are all the remarks I have to make, and I hope I have not offended anyone. I admit that sometimes I am carried away by my sentiments and may give offence in the heat of argument, but I can assure the House that when I realise what has happened, I am more hurt than anyone else. I support the motion.

HON. W. D. JOHNSON (Guildford-Midland) [5.16]: I shall not deal with the subject matter of the motion, which, I submit, is very badly worded. I would not like this Parliament to pass it in its present form. For instance, reference is made to the fact that the decision of the Federal Government regarding uniform taxation would effect "a fundamental change in the Constitution of Australia." As the member for Nedlands (Hon. N. Keenan) pointed out, it does not make any change whatever in the Constitution of Australia. I am afraid that if the motion is carried in its present form an argument will arise based on its wording, and critics will direct their attention to that phase rather than to the subject-matter of the motion itself.

Then again it sets out that the proposals would "deprive the States of their constitutional power to levy income tax and thus seriously impair the exercise of functions entrusted to them under the Constitution."

Why go any further? It will impair all the functions entrusted to the States under the Constitution. Why add the words "for the welfare of the people" The member for Murchison (Mr. Marshall) dealt with secondary industries and other matters, and that, of course, has a bearing on the welfare of the people. If we include deliberately the words "for the welfare of the people," we might convey the impression that we have in mind only social considerations that are specially provided for the welfare of the people.

The Premier: Is not the promotion of industrial development for the welfare of the people?

Hon. W. D. JOHNSON: Yes, but the trouble is that the inclusion of the words "for the welfare of the people" limits, and does not expand, our protest. Therefore I do not like to see them included. The third sentence of the motion is to my mind positively worse in its construction inasmuch as the Federal Government's proposal does not make a fundamental change in the Constitution of Australia, but only in respect of the financial relationship between the Commonwealth and the States, which change is fundamental. I suggest that we amend the motion by striking out the words "for the welfare of the people" and strike out the third sentence with a view to inserting other words that I shall suggest. Then the last sentence will link up in proper sequence. I trust members will not agree to the motion in a form that will leave it open to criticism, more particularly seeing that the member for Nedlands, who is recognised as a special authority in this connection, has drawn attention to the position.

I shall not deal with the subject-matter of the motion. I hold views slightly different from those of some other members. To an extent I differ from the opinion held by the Premier who indicated that he was opposed to the principle involved but did not intend adversely to criticise the details. I view the matter from a totally different angle. I adversely view the details but do not generally oppose the principle. I think it is definitely wrong as explained to us in the Press statement by the Prime Minister and in the comprehensive statements by the Premier after his return from the conference in Melbourne. The Federal Government's proposals are, in my opinion, economically wrong from the State point of view, and I am opposed to them. I am prepared to go to the extent of admitting that the change regarding the financial relationship between the Commonwealth and the States is fundamental, and that such a drastic change should not take place without the people being consulted by means of the referendum. In order to place the motion in a proper form, I move an amendment—

That in lines 7 and 8 the words "for the welfare of the people" be struck out.

Amendment put and negatived.

Hon. W. D. JOHNSON: I move an amendment—

That in lines 8 to 12 the words "they would effect a fundamental change in the Constitution of Australia in an undemocratic manner without reference to the people and would violate the rights of the State and the people" be struck out, and the words:—"It is declared further that such a fundamental change in the financial relationship of the Commonwealth and the States should not be endorsed until the people of Australia have been consulted by means of a referendum made available under the Federal Constitution" inserted in lieu.

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

Ayes 13

Noes 26

Majority against 13

AYES.

Mrs. Cardell-Oliver	Mr. Raphael
Mr. Johnson	Mr. Shearn
Mr. Keenan	Mr. J. H. Smith
Mr. Marshall	Mr. Watts
Mr. McDonald	Mr. Willmott
Mr. McLarty	Mr. Hughes
Mr. North	

(Teller.)

NOES.

Mr. Boyle	Mr. Nulsen
Mr. Coverley	Mr. Pantou
Mr. Cross	Mr. Rodoreda
Mr. Doney	Mr. Sampson
Mr. Fox	Mr. Seward
Mr. Hawke	Mr. F. C. L. Smith
Mr. W. Hegney	Mr. Triat
Mr. Hill	Mr. Warner
Mr. Latham	Mr. Willcock
Mr. Leahy	Mr. Wilson
Mr. Mann	Mr. Wise
Mr. Millington	Mr. Withers
Mr. Needham	Mr. J. Hegney

(Teller.)

Amendment thus negatived.

On motion by Mr. Watts, debate adjourned.

MOTION—GOLDMINING INDUSTRY.

As to Review of Manpower Position.

Debate resumed from an earlier stage of the sitting on the following motion by the Minister for Mines:—

In view of the vital importance of the goldmining industry to Western Australia and the decision of the Federal Government as announced by Mr. Dedman, the Minister for War Organisation of Industry in the Commonwealth Parliament and as published in the "West Australian" of Friday the 8th May, 1942, "That there cannot be any protection given to the goldmining industry from the call-up for military service of men directly or indirectly engaged in the industry"—this House emphatically protests against the manpower

proposals in connection with goldmining, which will constitute a disastrous interference with the major industry of Western Australia.

While fully recognising the vital needs of the war situation, we demand that the manpower provision be reviewed and that a reasonable amount of labour be conserved to this most important industry, so that it may be maintained.

MR. McDONALD (West Perth) [5.27]: In extending my approval to the motion moved by the Minister for Mines, I desire to make a few references to the subject-matter under discussion. When speaking to the previous motion, the Premier made some observations that seemed to indicate a rather uncanny knowledge of the law. I refer particularly to his references to the Privy Council. His remarks made me feel rather as though this Chamber was in the position of the Privy Council in dealing with the case—Panton (plaintiff), versus Dedman (defendant). We have heard the argument by the plaintiff but the defendant Dedman has not appeared, and we do not know what he has to say.

Hon. C. G. Latham: We can go on ex parte statements.

Mr. McDONALD: It is always awkward to proceed on ex parte statements. The plaintiff has quoted a Canadian authority which, fortunately, he did not endorse on behalf of Australia because it seems to be a complete case for special pleading. For instance, it sets out that any person who proposes the cessation of goldmining must possess a subnormal intellect and be doubtfully sane. Thus if we follow that contention it must be that Mr. Dedman is of subnormal intellect and is doubtfully sane because he has suggested that there shall be practically a cessation of goldmining. I think members will appreciate the difficulty, which is the main difficulty of this proposition, is that they have not been informed what are the reasons that actuate the Federal Government in this very important and fundamental decision affecting the State of Australia. It is a grave fault on the part of the Federal Government that it has not acceded to the request of this State's Premier that the Prime Minister should make an authoritative statement on this question, telling the Western Australian people the reasons why the Federal Government proposes to take this drastic step interfering so greatly with our economy, and indeed our solvency and also our future.

If this motion is carried—as I have no doubt it will be—and there are reasons why the Federal Government should pursue the policy it has announced, then the blame lies entirely on the Federal Government because it has neither the sense of responsibility nor the sense of courtesy to inform the people of this State and its Government what are the reasons actuating the Federal Government in its decision. I am prepared to believe that the Federal Government has some reasons. I am not prepared to accept the dictum of the Canadian journal. I am prepared to believe that there are reasons underlying the Federal Government's policy. I only regret that that Government has not told us adequately what the reasons are. If it would do so, I would be prepared to revise my present opinion on the matter.

Mr. F. C. L. Smith: I do not think the Federal Government is able to state what the reasons are.

Mr. McDONALD: Then why not tell us that it is unable to inform us of the reasons? I would be satisfied even with that. If the Federal Government has international communications of a secret nature such as cannot be told to this Parliament, then let the Federal Government say so. We might then trust it and assume that its proposed policy is a policy of absolute necessity. I agree with the Minister for Mines when he says that it seems as if the manpower of Australia has not received sufficient investigation, and that the gold industry of this State has not had a thorough investigation to determine whether it is necessary that this industry beyond other industries should be singled out for what may amount to destruction. If this protest will lead to either of those two things—firstly, a statement, if it can be made, of the reasons for this policy regarding our gold industry, and secondly, a statement whether the carrying of this motion will lead to an examination of the manpower position and to an assurance that all other avenues of manpower are being equally explored—then the motion will have done good for the future of the State.

I want it to be clearly understood that if the Federal Government can show me—and I am sure that is the view of all other members and also of everyone engaged in the gold industry—that the safety of Australia requires that this industry, or any other industry, should be invaded in the way now proposed, then I agree, and I think every-

body will agree, that compared with the safety of the country no other consideration at present is worthy to be weighed against the primary consideration of our national survival. With those observations I am prepared to support the motion.

Personal Explanation.

The MINISTER FOR MINES: In explanation may I say that when moving my motion I stated that I had been informed by a Mr. Newman that the call-up of men from the mining industry had been postponed. I am now informed by Mr. Stagg that that was a misunderstanding, that the information is not correct, and that the call-up will continue.

On motion by Mr. Triat, debate adjourned.

House adjourned at 5.35 p.m.

Legislative Council.

Wednesday, 13th May, 1942.

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The PRESIDENT took the Chair at 11 a.m., and read prayers.

MOTION—NATIONAL SECURITY ACT.

As to Closing Hours of Shops.

HON. C. F. BAXTER (East) [11.5]: I move—

That this House urges the Government to proceed forthwith to have Clause 3 of the Closing Time for Shops Order, made under the National Security Act, 1939-1940, as published in the "Government Gazette" on the 24th April, 1942, so amended as to operate only in that portion of the State as is comprised in the definition of "Metropolitan Area," set out in the Hotels, Licensed Premises, and Registered Clubs (Closing Time) Order, made under the National Security (Supplementary) Regulations published in the "Government Gazette" of the 18th March, 1942.