

# Legislative Council.

Wednesday, 24th August, 1949.

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

## BILL—CANNING DISTRICT SANITARY SITE ACT AMENDMENT.

Read a third time and *passed*.

## BILL—LAND SALES CONTROL ACT AMENDMENT (CONTINUANCE).

*Second Reading—Defeated.*

Debate resumed from the 9th August.

**HON. E. H. GRAY** (West) [4.37]: I do not intend to speak at length on the Bill, for the simple reason that important developments have occurred since the measure left another place. The Select Committee appointed under the chairmanship of Hon. F. J. S. Wise has carried out its duties and has done a splendid job. Printed copies of its report were issued today, and I think the Committee deserves the thanks of the Government, Parliament and the people of this State. I would advise every member to obtain a copy of the report because it confirms to the fullest extent statements made in this House and in another place concerning the failure of the present legislation.

It is stated in the report that more than one reliable witness declared that black-marketing has taken place in respect of 90 per cent. of the transactions in the metropolitan area and in other parts of the State. It has been confined to residential properties and has not been prevalent in farming areas to the same extent. The evidence and the conclusions of the Select Committee are of such a startling character that I am expecting the Minister to withdraw the Bill and introduce other amending legislation or else to

advance some solid reasons why that is not possible. On his statement will depend the attitude I shall adopt towards the second reading of this measure.

I do not think that any other enactment has ever existed that has been so wholeheartedly condemned by those engaged in the activities dealt with by the legislation as in this particular instance. When it is considered that at least 90 per cent. of the transactions covering residential properties have been on the black market, we cannot afford to sit down and take no notice of such a document. The report of the Select Committee is well worth reading and I hope the Minister will be able to give this House an indication of what the Government intends to do to meet what I consider to be a grave emergency. The report concludes by saying—

1. From evidence submitted, the Committee is unanimously of the opinion that black-marketing in residential properties affects a high percentage of transactions.

2. Such transactions and related happenings are well known to the Controller who had advised the Minister of certain aspects of them.

3. No positive steps which could lead to effective control have been taken by the administration to use the provisions in the Act to overcome the malpractices obtaining since the State assumed control. The policy appears to have been that no prosecutions shall take place.

4. Evasion of the law on such a large scale has a demoralising effect on the community and engenders a general contempt for authority.

5. A large number of land agents—both those belonging to the Real Estate Institute and those who do not—arrange sales above the approved price, and although Mr. Langsford stressed the probity of all members of the Institute, other witnesses gave evidence which placed much doubt on this.

6. The supply of vendors willing to sell at 32¼ per cent. above 1942 values is practically exhausted.

7. The values based on 1942 price plus 32¼ per cent. is unrealistic and unrelated to present costs and values.

8. Being unreal, the approved values in the strict enforcement of the Act encourages black-marketing and makes a farce of the law as at present administered.

The recommendations of the Committee are as follows:—

1. With land remaining uncontrolled in regard to price, residential improvements should be valued for approval at up to 66½ per cent.

above 1942 values. Rural lands should be pegged to 1942 values with a loading of up to 25 per cent. on the 1942 value of improvements.

2. The Act should be amended as quickly as possible to provide for the following:—

(a) The valuation of properties to be the subject of sale shall be determined by an official departmental approved valuer whose assessment of price shall be the price approved by the Controller.

(b) The price approved by the Controller to be subject to appeal to the panel of valuers, whose decision shall be final.

(c) The panel of valuers to consist of four persons:—

(1) The Chief Valuer of the Taxation Department.

(2) One approved valuer of urban lands.

(3) One approved valuer of rural lands.

(4) One representative of the Real Estate Institute.

The Chief Valuer to be Chairman.

(d) Section 20 to be remodelled to prescribe for the appointment of an Inspector who should be vested with powers similar to those possessed by the Official Receiver in Bankruptcy.

(e) Section 21 to be amended to remove the provision for the consent of the Attorney General for permission to prosecute.

(f) Section 22 to be amended to enable the time limit of six months for prosecution to be lengthened to at least twelve months.

(g) The Act and the regulation under it should clearly define the types of properties controlled and not controlled.

(h) Requisite administrative machinery including regulations must be set up to enable the Act to be enforced.

3. There should be strict enforcement of the principle that furniture or other assets including additional uncontrolled blocks of land should not be part of a contract to sell residential property.

4. Consideration to be given to ways and means necessary to tighten up the issue of land-agents' licenses.

5. Consideration to be given to the appointment of a senior State officer of the Lands Department to be Controller.

6. If a system could readily be devised to provide one valuing authority for the State, whether as a Commonwealth or as a State Department (but not both) a Valuer-General's Department should be set up.

Those are the recommendations of the Committee and I repeat that I hope the Chief Secretary will be able to make an important announcement on the question. It is a document the like of which I have never before seen presented to Parliament, condemning the administration of the department and the way in which people engaging in such

transactions have successfully defied the Government and its officers. Black market transactions vitally affect people arriving in this State. I suppose all members of this Chamber know of cases where new arrivals, ignorant of the values of properties, have been taken down, while the law has been absolutely defied and nothing has been done about it.

One of the main defects in the present legislation is that the Attorney General has to give his permission before a prosecution can take place. I cannot understand why that provision was allowed to remain in the Act for so long. A thief, a rogue or one engaging in black market transactions should be prosecuted, irrespective of what the Attorney General may think about it. The report speaks for itself and the measure deserves careful consideration by this House.

**HON. C. F. BAXTER** (East) [4.48]: We have had the experience of vacant lands being uncontrolled, and the result has been that they have reached bedrock values. That would apply to all properties, and particularly agricultural properties, if controls were lifted. The present restrictions are holding up the sale of hundreds of agricultural properties as well as residences. The increase in values suggested by the Select Committee will not improve the position at all, and we will still have a black market.

Until such time as the restrictions are entirely removed we will be unable to prevent black market transactions. Most of the agents selling properties are strictly honourable and will not operate on the black market, with the result that the few who do so have a free run. Those who are honest lose business accordingly and to my mind that encourages the payment of higher prices for properties than would be the case if sales were uncontrolled. What sort of a department are we going to establish in order to give effect to the recommendations of the Select Committee? It will be tremendous—but to what purpose?

**Hon. E. M. Davies**: To protect the people.

**Hon. C. F. BAXTER**: It will do nothing of the sort. Can anyone tell me how the proposed valuations committee will agree on values? Mr. Hunter, who has performed

such excellent work under extraordinary circumstances, has even failed to get the information required. If we are to have as members of the committee those persons whose ideas of land values are formulated principally on a taxation basis and are arrived at only after consultation with road boards, I do not think the proposed set-up will be satisfactory. The only direction in which this Bill should go is out! I will vote against the continuance of the legislation because if the measure is defeated, after a little while properties will revert to their true values without control. Let us return to those values instead of continuing them on a false basis because of restrictions.

**HON. E. M. DAVIES** (West) [4.51]: I am unable to agree with Mr. Baxter's remarks regarding vacant land. There is a difference between selling vacant land and selling real estate including houses. Ample land is available in Western Australia and if people do not desire to pay the price asked for a certain block, there are other lots from which they can choose. At present many people are house-hungry and with the object of getting a roof over their heads they are prepared to pay any price that is demanded. Therefore, I feel that the Act should be continued for some considerable time or at any rate until the housing problem has been solved.

Recently I received a message from a friend in Melbourne. He happened to notice in a newspaper an advertisement offering a property in Nedlands for sale. It seems remarkable that such a property should be advertised in the Eastern States. The price asked was £2,000 and my friend requested me to inspect the property. I did so and found that its true value would be £700 or £800. It was an old house but because it contained a few sticks of furniture the owner made use of that fact in an attempt to extort from intending purchasers the sale price of £2,000. I know it will be said that such practices will continue even if the recommendations of the Select Committee are adopted, but I would remind members that criminal offences are committed, such as burglary and murder, even though they are against the law.

No matter what legislation is introduced, there will always be some people prepared to commit breaches of it. Such individuals

will continue to take advantage of the position in which we find ourselves today and endeavour to extort from home seekers as much money as possible. I received a communication only recently from another friend who lives in Narrogin. He had answered an advertisement for a house for sale in a part of East Fremantle that is one of the oldest in the Fremantle district. The houses in the locality are not of great value. Yet, when this man inquired the price of the property that had been advertised, he was told that it was £2,500. He was also asked, if he were interested, what price he would be prepared to pay.

There members have another instance of a property being offered for sale at a fantastic price, because its true value was not more than £500 or £600. As I have said, regardless of the legislation we have on the statute book there will always be some people who will endeavour, by blackmarket methods, to evade the law. However, what if we had no law in this respect? Would people be asking those prices for homes? Of course they would.

**Hon. H. K. Watson**: Would not a man be a fool to pay that amount for a home?

**Hon. E. M. DAVIES**: There must be a lot of fools.

**Hon. L. A. Logan**: Let them be fools!

**Hon. E. M. DAVIES**: Very well, as the hon. member says, let them be fools! He might be in league with those people who extort money from intending house buyers!

**Hon. C. F. Baxter**: The New South Wales Government is dropping the restrictions next month.

**Hon. E. M. DAVIES**: I am interested in this State and not in what occurs anywhere else. This law is necessary until the acute housing shortage is overcome, and I think the House would be right in permitting the Act to continue for at least a further 12 months.

**HON. G. FRASER** (West) [4.55]: I was about to move the adjournment of the debate but I think every member has made up his mind how he will vote. I intended looking up the report of the Select Committee to see what suggestions had been made to improve this legislation. Realising the number of jokes that are put over in the selling of properties, I had

in mind that the Select Committee might have dealt with that aspect and suggested a method to overcome the difficulty. I admit with other members that there are many schemes by which people are able to evade the law at present.

I had hoped that some suggestions might have been put forward by the Select Committee to overcome the practice of selling furniture with a house. I realise that there are quite a number of genuine cases where a house is sold on a walk-in-walk-out basis, and I believe there would be difficulty in segregating the sale of a residence by itself from the sale of furniture, but in view of the limits to which the sale of houses with furniture has gone, I thought the Select Committee, in the course of its investigation, might have received some evidence to show how that difficulty could be overcome.

We know that another means by which jokes have been put over is the sale of vacant land alongside the property offered for sale. Mr. Baxter has said that it is a good thing when places are sold not subject to control. Of course it is a good thing when a property has been sold subject to the vacant land alongside it being bought as well. That has been the means by which blackmarketeers have been able to sell the property. They advertise a house with vacant land alongside it for £2,000 but when the Controller has fixed the price of the house at £1,000, they then say to the intending purchaser that the price of the house is £1,000 and that of the block of land £1,500, and so they work the joke that way.

Quite a number of methods have been evolved and the Select Committee might have been given some information on that score. I would like the Minister, when replying, to tell us whether the Government intends to make any attempt to overcome these black market methods or is it merely going to agree to the increase of 64 per cent. in values, and leaving it at that. If that is to be the position, then I agree with Mr. Baxter that the increase in values by that percentage will not stop black-marketing.

Hon. G. W. Miles: It is 66% per cent.

Hon. G. FRASER: I knew it was something in the 60's. Anyhow, the hon. member is always so precise; he will even correct me on a 2 per cent. basis! I realise

that a certain amount of blackmarketing will be stopped by the increase in values; but, of course, that will mean nothing to blackmarketeers because they go out for a 200 or 250 per cent. increase. There are, however, some people whom it will satisfy. Quite a number of people are not prepared to sell on the 32 per cent. basis, as they consider they would not be getting a fair deal; but others will sell on the 66 per cent. basis, as they believe that would give them the margin of profit to which, in their opinion, they were entitled and which they would have lost if they had sold on the previous basis. Therefore, the increase now made will bring more houses on to the market.

I am surprised that some members are prepared to vote against the measure, because the alternative will be, so far as prices are concerned, that the sky will be the limit. We know there are some people who, having the necessary money and desiring to buy a house, will pay any price for it, notwithstanding that they know they are being fleeced. I think it was Mr. Logan who said by way of interjection, "Let the fools pay it," but he should realise that it is Parliament's responsibility to pass legislation protecting fools from rogues. That remark applies to the measure before us. We should not allow any person to take a mean advantage of someone in poor circumstances. We should do all we can to bring about honest dealing not only in connection with property sales but also in all business transactions. The present increase in the percentage basis will achieve something towards that end. I hope the Minister will give us further information as to the Government's attitude and intentions so far as this phase is concerned. I support the second reading.

Hon. W. R. HALL: I move—  
That the debate be adjourned.

Motion put and negatived.

**THE CHIEF SECRETARY** (Hon. H. S. W. Parker—Metropolitan-Suburban—in reply) [5.3]: Mr. Gray referred to the report of the Select Committee. If members will read the recommendations made by that Committee—

Hon. Sir Frank Gibson: We have not the report.

The CHIEF SECRETARY: The report has been distributed. The first recommendation is—

With land remaining uncontrolled in regard to price, residential improvements should be valued for approval at up to 66½ per cent. above 1942 values.

If 66½ per cent. were added only to the improvements, it would be possible to sell land at any price. The Government did not think that right; it considered there should be an increase on the 1942 values of 66½ per cent. That has been done.

Hon. H. Tuckey: That is on residential properties.

The CHIEF SECRETARY: Yes.

Hon. H. Tuckey: There are other properties besides.

The CHIEF SECRETARY: Yes. As to rural lands, the Committee's recommendation was that these should be pegged to 1942 values with a loading of up to 25 per cent. on the 1942 value of improvements. But at present the base is 32 per cent. of the 1942 values and therefore the Government came to the conclusion that this recommendation of the Select Committee was not reasonable. It could see no reason why residential properties on rural land should not be entitled to the same increase as residential properties in towns. The Government consequently decided that a fair and proper basis would be a 10 per cent. increase on the present permitted prices of rural lands, plus 66½ per cent. on the value of the residential buildings. That is now the law.

As regards blackmarketing, the Commonwealth Government passed legislation early in the war to deal with this matter, but found the greatest difficulty in securing the necessary evidence on which to found a prosecution. The Government will at all times prosecute if evidence is available, but it is not easy to obtain. Personally, I always feel that with regard to legislation dealing with blackmarketing and secret commissions—we have a statute dealing with secret commissions in this State—such legislation exists for the moral effect it has. I have never known of a prosecution in this State under the Act dealing with secret commissions. As a general rule people are honest and do not like blackmarketing. As

regards the few who indulge in it, members can rest assured that the Government will take action should the evidence be available.

Hon. E. H. Gray: The witnesses before the Select Committee said that 90 per cent. indulged in blackmarketing.

The CHIEF SECRETARY: I think the evidence was that 95 per cent. of the people who had property transactions did indulge in blackmarketing; but they represent only a small section of the community. Many wild statements are made from time to time which cannot be proved. People will not come to light with the necessary evidence of blackmarketing. It is all very well to make such statements, but the evidence must be available before it is possible to take action. I think members have had sufficient time in which to consider the Bill and I sincerely hope they will vote for the second reading.

Question put and negatived.

Bill defeated.

### **BILL—PRICES CONTROL ACT AMENDMENT (CONTINUANCE).**

#### *Second Reading.*

**THE CHIEF SECRETARY** (Hon. H. S. W. Parker—Metropolitan-Suburban) [5.9] in moving the second reading said: This Bill, although only a continuance measure, is extremely important and I am afraid I shall have to deal with it at some length in order to show how absolutely essential it is to continue the parent Act. I point out that even if the Act remains operative the Government will nevertheless have the right to decontrol various commodities.

It is alleged by some persons that the referendum on price control was defeated because the people wanted price control abolished. I say definitely that was not so; but it was considered that the State could act far more efficiently and that it was in a much better position to judge local conditions than was someone in Canberra. It will be remembered that the Commonwealth Government, without previous notice or warning, handed price control over to the States and also discontinued a number of subsidies which it had granted in order to keep down the cost of living. In other

words, by cutting off the subsidies the Commonwealth Government did embarrass the States in administering price-fixing and, of course, knew that prices must rise. The object, no doubt, was to make the public sorry for what it had done at the referendum.

In Western Australia, price control was taken over on the 20th September, 1948, and immediately a number of items were de-controlled in all States. The same Prices Commissioner in Western Australia continued in charge of the department and controls were taken over without any disorganisation of industry or embarrassment to the people. In fact, State control has given more satisfaction, because merchants and consumers are in close touch with the department and the Minister controlling it, and are able to make direct representations and get almost immediate replies.

There has been no substantial criticism of the manner in which price-fixing has been carried on in this State. The only criticism is of the kind one expects to get, no matter how perfect the system may be. The Government has to face criticism as some people feel that, come what may, whether the system be good or bad, they must, in order to justify their existence, find fault with it. The fact is, of course, that State price-fixing is better than Federal price-fixing.

Hon. H. Hearn: In what way?

The CHIEF SECRETARY: If the hon. member will listen instead of interjecting, he will learn. Complaints may be made direct to the Minister on the spot. The critics of State price-fixing allege that increases have not been justified since the States took control and that if it had been left to the Commonwealth Government, these increases would not have been made. The suggestion is that costs are really not rising at all, but that firms are able to persuade State price-fixing authorities that they are. Those critics must have received a very painful shock when the inter-State conference on prices was held in Perth last May, because the chairman of that conference, a Labour Minister from New South Wales (Mr. F. J. Finnan) expressed the view that the States had done "exceptionally well" since they took over control of prices from the Commonwealth. Mr. Finnan said—

It had been predicted that there would be no unanimity of policy among the States, but that prediction had been proved wrong, as prices were still well under control.

Hon. H. Hearn: That does not amount to much.

The CHIEF SECRETARY: I suggest to the hon. member that if he thinks I have said anything wrong, he would be kind enough to take a note of it and make his explanation to the House afterwards. I have prepared these notes with a great deal of care. Mr. Finnan continued—

There had been some major increases, no doubt, but these were almost entirely due to the Commonwealth withdrawal of subsidies.

Mr. Pollard, the Commonwealth Minister for Commerce and Agriculture, said in Canberra on the 20th January, 1949—

Everyone was aware that the income of primary producers and exporters had risen enormously and had aggravated the rise in living costs.

So we have two authoritative reasons influencing the increase in prices. It was suggested in another place that a secret session should be held to debate something which cannot be discussed in public. What have the advocates of a secret session to hide? What is the object of Parliament? Is it full freedom of speech, even free of risk of libel? Is this suggested secret meeting to give those advocating it an opportunity to discuss wage-pegging by Parliament, and not leave the Arbitration Court free? It is asserted that the public is being exploited by firms who offer no service. This again is a somewhat nebulous complaint and one that any irresponsible person can make; but if that be so, why not inform the Prices Commissioner or the Minister so that full investigation may be made? Members may rest assured that if at any time anyone is opposed to the department's policy, he will not hesitate to state his case.

It is perhaps pertinent to point out that, irrespective of the upward tendency of costs, in August of last year, the State Executive of the A.L.P. raised its capitation fees by 50 per cent. Now it is alleged that the State's control has increased costs, but no increase has been deemed necessary since the States took control. The recent announcement of big increases in the Postal Department's charges shows clearly that the Commonwealth Government increased prices without regard to the effect on trade and commerce, or users

or consumers. Take the price of telegrams which has been increased by over 60 per cent. Telephone calls have gone up over 30 per cent. and Press telegrams have gone up 50 per cent. In trying to justify these great increases in the cost of living, the Prime Minister, Mr. Chifley, said that it was necessary to impose them to offset increases in the cost of labour and materials. He said—

The direct effect of recent wage increases and the 40-hour week cost an additional £5,000,000 a year. The department employed more than 70,000 people and even a small increase in wages meant a large rise in expenditure.

But if a company such as the Colonial Sugar Refining Coy., or the Broken Hill Proprietary Coy., or any of those big concerns that deal in millions, were to suggest at the present stage that costs were getting beyond them and they needed authority to raise prices, there would be indignant protests throughout the Commonwealth. On the other hand, the Postal Department, which showed a profit in 1945-46 of £3,680,000, and a profit in 1946-47 of £3,047,000, now asks for the right to increase its charges by as much as 60 per cent. Yet we find complaints that the Prices Branch has been the cause of increases in prices! Is that criticism reasonable?

The cry of the propagandists is, as a rule, that a big company used to making big profits should now be prepared to make losses and pay for those losses out of its previous profits, but the A.L.P. does not agree with that if it is a socialised industry, because the Postal Department has been used to making an annual profit of over £3,000,000 and it is now increasing charges in a ruthless determination to show a profit this year.

The part that high taxation is playing in the cost of living is not fully recognised. Taxation comes from all classes of the community and is subtracted from the proceeds of production; and it must be borne in mind that the Commonwealth has an enormous surplus each year. It stands to reason that, as taxation is a cost, it has to be applied to the prices of goods. Therefore, the prices of goods rise and no price-fixing authority, whether Federal or State, can deny the existence of taxation as a cost, and every price-fixing authority must endorse increases in the cost of living because of taxation.

Another point of very great significance relates to inflation. We all know that inflation, that is to say, available credit and

money in circulation, becomes attached to the prices of goods and increases the cost of living. Well, there is no doubt that a substantial measure of inflation is in existence today. The amount of money in circulation in 1949 is four times as great as it was 10 years ago, in 1939. On the face of it, this is an alarming figure, but it actually would not matter if the volume of production had risen parallel with the increase of money in circulation. We all know, however, that there has been no corresponding increase in actual production.

It is well to point out that the price structure is no more static now than it was when control was in Federal hands. Prices rose despite the heavy subsidies which the Commonwealth Government supplied in order to keep down the prices of certain commodities. Potatoes, clothing, coal and interstate shipping freights were some of the things that were subsidised by the Chifley Government and are not subsidised now. Only a few days ago an increase of 15s. a ton on interstate shipping freights was announced and that in turn will, of course, result in higher prices for the goods that are carried in interstate ships.

The main threat, however, to the price structure is associated with a recession of trade. At present, traders throughout Australia are carrying on with low margins of profit but with enormous turnovers because, as the Governor of the Commonwealth Bank, Dr. Coombs, has said, we are experiencing a kind of boom. When the boom subsides and trade falls to more normal levels, all these big trading firms will have smaller turnovers and consequently their profit margins which are now described as "dangerously low" will shrink and, in many cases, disappear. It will be then that prices will rise and occasion greater heart-burning and distress than they are causing now, and so there is a far greater need for careful watching by the Prices Branch on behalf of the State's economy.

In connection with prices, it is incumbent to make reference to the part played by the 40-hour week. This Government did not oppose the 40-hour week. It had to be neutral and leave the question for the appropriate court to make the decision. The decision having been made, and Australia having had more than twelve months' experience of the 40-hour week, we are all

now in a better position to judge whether the 40-hour week affected prices, which we now see have increased to a much greater extent since its introduction than they did in a similar period before its adoption. In the 14 months prior to the shorter week, the overall increase in prices of goods, principally home-produced, was 14 per cent. For the 14 months following—to the end of February—they increased by a further 23.5 per cent.

The rise in the price of food and groceries gives a specific example of price increases. In the 14 months prior to the shorter week, prices increased by 12 per cent. In the period following, they increased by a further 16.8 per cent. Prices of foodstuffs and tobacco increased by 11.5 per cent. in the period before, and a further 17 per cent. in the period following. Clothing prices rose by 5.8 per cent. in the 14 months before the adoption of the shorter week, and another 10.9 per cent. by the end of February—14 months after.

It would appear that the shorter working week has failed to give the extra output and the lower production costs which would have reduced prices; instead it has increased costs to an extent that has forced up prices to a much higher level than in the period prior to its inception. Retail prices are closely linked with wage rates and hours of work. Unless the wage increases received since the introduction of the 40-hour week are accompanied by a corresponding increase in output, production costs will rise and retail prices must increase. An increase in wages under the system of limited production is an outright acceptance of the principle of inflation, such as we now have in augmented measure. It benefits nobody; least of all the producers in secondary industries. They get more money but pay it out in increased prices.

As this subject of cost of living and price control is continually cropping up it is, perhaps, appropriate that it be dealt with now. We have the evidence of Professor Copland—the man whom the Commonwealth Labour Government entrusted with the task of administering the price-fixing machinery throughout the Commonwealth—and if anyone should know a lot about it, he should. If anyone should be able to say, on the facts, that the Commonwealth had made a success of price-fixing and that the States

had failed, it should be Professor Copland. Does he make that kind of an accusation, or anything like it? He does not. He said on the 6th February of this year—

Figures suggested that in the December quarter of 1948—the first full quarter of State control—the rate of increase slackened a little to 8.8 per cent. a year, compared with 10 per cent. in the June quarter, and 10.4 per cent. in the September quarter.

He further said—

Export prices, three to four times their pre-war level, had given export industries a very high income, which had generated an all-round increase in wages, incomes and costs. There was no obvious end to this process of adjusting incomes and costs until other local prices had caught up reasonably with them or until the reverse occurred.

There is little prospect of any serious downward movement in export prices in the immediate future. There was also little prospect of the inflationary process being checked.

These words, no doubt, inspired Mr. Pollard to make the remarks already quoted by me. So, the expert in price-fixing does not join in criticism or condemnation of State Governments over price-fixing. And members will note that Professor Copland, as was to be expected, came to his conclusions as the result of a study of facts and figures, not as the result of political bias and prejudice.

We have now had the views of three authorities—Mr. Finnan, Mr. Pollard and Professor Copland. Let us carry on along these lines and give some attention to the views of the Prime Minister, Mr. Chifley. In the Commonwealth Parliament on the 15th February of this year he said—

Costs and prices have been rising at an increasing rate. In part this follows from influences held back during the war and early post-war years by controls and offsetting measures such as subsidies, but which had sooner or later to be allowed to pass into the economic system. More significantly, however, it reflects the continuing lack of balance between total demand and the supply of goods.

Again, Mr. Chifley on the 31st May of this year said—

Because of the very great spiralling of prices throughout the world, I have always believed that some measure of recession would take place although I will not attempt to predict how much.

A point of special interest in those two statements is that in neither of them did Mr. Chifley resort to the cheap, easy and false charge that rising prices were due to



the failure of the Labour and non-Labour State Governments throughout Australia. In neither of those statements did Mr. Chifley claim that if price-fixing were restored to the Commonwealth Government, it could force prices down to a level that would give satisfaction to critics of this Government. Mr. Chifley was correct when he said that prices were rising because of the lack of balance between total demand and the supply of goods. He acknowledged the importance of the old law of supply and demand, which some people seem to forget.

The sound and practical authorities on prices in Australia are abstaining from political bias, and are endeavouring to assess the real causes of the increases. Many people who attack the State price-fixing system are more concerned about politics than they are about prices, and the real causes of increases in prices. Further evidence that price-fixing is no cure-all for high prices, is supplied by Professor Mauldon, who is Professor of Economics at the University of Western Australia, who, on the 3rd June of this year, said—

Since 1938-39 for reasons over which price control had little influence wholesale prices had risen by 84 per cent. up to last February.

I call attention to the professor's observations that price control was unable to keep down wholesale prices and that, in spite of price control, these prices had increased by approaching 100 per cent. in 10 years. Dr. Coombs, the Governor of the Commonwealth Bank, said at Fremantle on the 31st May of this year—

A high rate of spending made an upward pressure on prices, and over the last 12 months prices had risen rapidly.

Dr. Coombs in that statement draws attention to the high rate of spending, and no doubt his advice was sought by the Commonwealth Government before it launched the savings campaign which for some months has been featured in the Press and over the radio. In effect, Dr. Coombs blames the inflationary condition of today for the rise in prices. With four times the amount of money in circulation as was the case in 1939, it is no wonder there is pressure on the price structure of the Commonwealth.

Our trouble is too much money and not enough goods. Mr. Chifley touched on this in the Federal Parliament on the 15th February of this year when he said—

Local production had increased though not as fast as necessary in certain basic industries and other fields, and the volume of imports had risen. No possible rate of increase in supply, however, could have kept pace with the rise of nearly 50 per cent. in national income during the past two years.

The chairman of the Western Australian Prices Advisory Committee, Mr. C. W. Court, on the 29th May of this year said,—

Price control on its own could not prevent inflation or cost increases, but it could prevent any great disparity arising between the cost of production and the cost to the consumer.

There in plain words, Mr. Court tells us that the field of price-fixing lies between the cost of production and the cost to the consumer. The factors that make up the cost of production such as taxation, high wages, short hours, strikes, absenteeism, go-slow, interruptions to industry through lack of coal or lack of electricity, Postal Department increases, higher shipping freights, and so on, are outside the power of the price-fixing departments.

The Price-fixing Commissioner has no power, for instance, to stop the Commonwealth from increasing taxation or to stop Arbitration Courts from increasing wages and thus increasing costs. He has no power to prevent the coalminers, the steel workers or the lumpers of Australia from going on strike and increasing costs. He has no power to prevent the breakdown of power stations in the manufacturing cities, breakdowns which also lead to increased costs. The number of factors that have an influence on costs are multitudinous, and most of them are beyond the control of the Price-fixing Commissioner. These costs must automatically be added to the price of goods and services.

Just what the 40-hour week, for instance, has cost Australia in increased prices of goods is difficult to estimate, but it is safe to say that the amount will run into millions of pounds. There is a move on foot in Melbourne, promoted by the Australian Railways Union, to have hours reduced to 30 per week. Surely the members of the State council of the A.R.U. know that this will increase costs very considerably and it is the height of hypocrisy for union leaders in the circumstances to complain about the high cost of living. It is not so long ago that a news item appeared to the effect that lumpers in Adelaide were paid £4 9s. 2d.

a day for Sunday work. That is clearly an exorbitant wage in the circumstances, but shippers had to pay it, had to attach it to the cost of goods, and price-fixing commissioners had no option but to accept it as a contributing cost when fixing retail prices.

So it is not surprising when we read that the shipping freight rate between Melbourne and Sydney was 27s. a ton in 1939 and is now 82s. a ton. We must expect increases in the cost of goods carried by sea. We are more convinced of this fact when we learn that between 1937 and 1939 shipping in those two ports showed a discharge rate of 804 tons a day whereas the rate between 1945 and 1947 had fallen to 355 tons a day. No doubt examples of this kind could be supplied right throughout industry showing that less work is being done and less value being given for money.

I point these things out because I feel that a great deal of the opposition to price-fixing is caused through lack of knowledge of the subject, and also that people should be shown why prices have increased so much. Instead of the price-fixing system being to blame, the real explanation lies in the inflationary tendencies, not only throughout the world, but right here in our own midst.

It is a general practice to attack the business community and claim that exorbitant profits are being made. It is one thing to say this and another to prove it. The lump sum who demands £4 9s. 2d. a day on a penalty basis of double-time and a half is, in my opinion, as much to blame as the manufacturer or storekeeper who tries to extract more than a fair thing from the pockets of the consumers, and it is difficult to see why the lump sum should complain of high prices being allowed by the Prices Commissioner.

I venture to say that one of the greatest factors in forcing up prices in Australia today is the communist-controlled union which is slowing down production, dislocating industry and keeping goods in short-supply—all as part of a deliberate policy. It is all done to sabotage the national effort. The high cost of living causes dissension and dissatisfaction, suffering and misery; therefore it is in the interests of the communist party to force prices higher and higher with that object in view. Its best way of doing this

is to retard production. This has recently been exemplified as regards coal which is the basis of production. Non-production of that commodity proved very harmful to all of us, especially to those on the lower rung of the wage ladder. The Acting Commonwealth Statistician on the 22nd April, showed that the cost of living in all States rose by an average of 1.8 per cent. in the March quarter.

It is a matter for regret that Labour leaders do not tackle this cost-of-living question more constructively. It is absurd for them to cry out for stringent price-fixing rather than for increased production. Increased production will permit of less profit on each article produced, because overheads will be spread over a greater number of articles. I think it was Mr. Ford who made about a dollar a car profit, but had an enormous income through his great production and he also gave an inexpensive article to the public.

Right throughout it has been the aim of this Government, and I think I can speak for other Governments throughout Australia, to do all it can to foster increased production, and to have more cooperation from the Labour leaders and employers. This cooperation would have important economic consequences beneficial to everybody in Australia, but some members of Parliament are more concerned with political consequences than they are with economic factors.

If members would grapple with realities, we would avoid such a statement as was made by the Prime Minister on the 16th June, 1949, in the Federal Parliament when he stated that prices could have been kept lower if the Commonwealth had retained control. This statement was a plain case of playing to a political gallery because in speeches on other occasions Mr. Chifley showed the real reason for the worldwide price rises and of the more or less ungovernable forces that compel those rises to take place. It is a great pity that price-fixing should be used as a political football because it is a national matter of the utmost importance and something that cannot be avoided.

I have said that in the main prices are dependent on costs of production, and no specious arguing can escape that fact. It would be nice, indeed, if it were possible to leave rising costs out of the picture and

merely fix prices on a basis that would give complete satisfaction to consumers. We live in a hard world, however, and the plain result of such a policy would be empty shelves in empty shops and empty warehouses. Hence, however much we love freedom, it is not possible to have good government at the present time under existing world conditions without a Commissioner to fix prices. I move—

That the Bill be now read a second time.

On motion by Hon. E. H. Gray, debate adjourned.

## **BILL—FIRE BRIGADES ACT AMENDMENT.**

### *Second Reading.*

**THE CHIEF SECRETARY** (Hon. H. S. W. Parker—Metropolitan-Suburban) [5.39] in moving the second reading said: This very small Bill proposes to permit an increase of the amount available for fees payable to members of the W.A. Fire Brigades Board. Under the existing Act a certain sum is made available to be distributed among the members of the board by way of fees, but that amount has to be distributed in accordance with the regulation.

There are 10 members of the board appointed under the Act. The president and one other member are appointed by the Governor, and there are three representatives from the fire insurance companies, one from the Perth City Council, one from metropolitan local governing bodies, one from Goldfields local governing bodies, one from country local governing bodies and one from the volunteer fire brigades, all of whom are elected by their various bodies. Members are appointed or elected for two years and are eligible for re-election at the end of their term of office.

In 1942 the Act was amended to increase from £250 to £550, the total amount of fees that could be paid to members. Regulation 55 provides that this amount shall be allocated as follows:—

- (a) £100 per annum to the President.
- (b) £40 per annum to each of the other nine members.
- (c) £1 1s. for each attendance at a committee meeting to members, exclusive of the president. Provided that the aggregate amount of such attendance fee shall not exceed £90 per annum.
- (d) Any balance of fees remaining shall at the end of the year be distributed equally among members, excluding the president.

It is considered that the decline in money values since 1942, together with the importance of the duties that devolve upon members, warrant an increase in these fees and it is proposed in the Bill to increase the maximum annual amount payable from £550 to £850. If Parliament agrees to this, the manner of payment will be fixed by regulation as provided in the Act, which regulation must be laid on the Table of the House and be open to disallowance if members see fit. It is most probable that the president's remuneration will be increased from £100 to £150 and that of members to £60.

The cost of administration of the W.A. Fire Brigades Board has always been kept well in check and is the most economically managed in Australia. A comparison as to fees paid can be obtained from South Australia, whose fire brigade finances are practically similar to those of this State. In South Australia the fees of board members were increased in January last, the chairman's from £260 per annum to £400 and members from £2 to £2 10s. a meeting with a limit of £90 per annum.

Members of the Western Australian board are required to attend one meeting each month. The general purpose committee, which is composed of the metropolitan members, also meets once a month as does the fire prevention committee. In addition, there are a number of sub-committee meetings. Members also attend volunteer fire brigade demonstrations and functions. When travelling on board business occupying more than one day, they are entitled to a travelling allowance of 30s. per day, and if not provided with transport, their fares are paid.

The proposal to increase the fees is supported by the representatives of the fire insurance companies who pay 5/9ths of the board's expenditure, and the local governing bodies who pay 2/9ths, the remaining 2/9ths being paid by the Government. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

### *In Committee.*

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

**ADJOURNMENT—SPECIAL.**

**THE CHIEF SECRETARY** (Hon. H. S. W. Parker—Metropolitan-Suburban)  
I move—

That the House at its rising adjourn till Tuesday, the 30th August.

Question put and passed.

*House adjourned at 5.46 p.m.*

## Legislative Assembly.

Wednesday, 24th August, 1949.

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

**QUESTIONS.****ELECTRICITY SUPPLIES.**

(a) *As to Extension to Mundaring.*

Mr. WILD asked the Minister for Works:

(1) When is it anticipated that the erection of the transmission lines to carry electricity to Mundaring will be commenced?

(2) Is it correct that a sub-station is to be erected at Mundaring?

The MINISTER replied:

(1) Immediately the material, which was ordered some time ago, comes to hand.

(2) Yes.

(b) *As to Cost Per Unit.*

Mr. TRIAT asked the Minister for Works:

(1) What was the cost per unit of electricity generated by East Perth Power House, 1947-1948?

(2) What was the cost per unit to the power house for electricity delivered to Perth City Council for 1947-1948?

The MINISTER replied:

(1) 1.068 pence per unit.

(2) 1.068 pence per unit.

I had better explain that the take-off point for the City Council supply is so very close to the power station itself that the losses between the power station and the take-off point are negligible.

**BRIDGE, ROYAL-STREET, KENWICK.**

*As to Disrepair and Rebuilding.*

Mr. WILD asked the Minister for Works:

(1) Is he aware that the Royal-street bridge at Kenwick is in a very bad state of repair and unlikely to last until next winter?

(2) When is it intended to commence the rebuilding of this bridge?

The MINISTER replied:

(1) The fact that funds have already been provided for the bridge indicates that replacement is desirable as soon as possible.

(2) It is impossible to state a time when work will be put in hand, but this will be done as soon as circumstances permit.

**KING EDWARD MEMORIAL HOSPITAL.**

*As to Food Supplied to Patients.*

Mr. McCULLOCH asked the Minister for Health:

(1) Is he aware that considerable dissatisfaction is being expressed by patients in King Edward Memorial Hospital owing to the quality and quantity of food being supplied to patients of that hospital?

(2) Will he institute inquiries that will ascertain whether the complaints being made can be substantiated or otherwise?