

take all the money but hold all our powers, I should say yes, but we have not the say in that matter. The body which determines it is the Commonwealth Parliament.

Mr. Mann: And they offer it when every State is financially embarrassed.

The PREMIER: They could not have offered it since Federation in any other circumstances. The States have always been financially embarrassed.

Mr. Mann: Victoria had a surplus until the last year or two.

The PREMIER: We know how they get their surpluses. A large sum of money was spent in purchasing estates for soldier settlement out of loan. The settlers failed, the Government sold the estates, and then took the proceeds of the sale into revenue.

Hon. Sir James Mitchell: That is within the last year or two.

The PREMIER: We should all get surpluses by that means.

Mr. Angelo: You are suggesting that under this Bill.

The PREMIER: No.

Mr. Angelo: With regard to the sale of Government property.

The PREMIER: This agreement makes the sale of Government property necessary. It is absolutely essential under the agreement that this method of dealing with the proceeds from the sale of Government property should be followed. I do not think there is any possibility of getting as good an agreement under any other conditions. The fact that we are going to be secured in our position for 58 years justifies its adoption by Parliament and the people of the State. I do not fear that we are going to suffer in any way in regard to the money we require for development, or even that there will be any surrender of sovereign rights which will affect the future of the State in any way. Accordingly, I move—

That the Bill be now read a second time.

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

*House adjourned at 8-20 p.m.*

## Legislative Assembly,

*Wednesday, 13th June, 1928.*

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

### QUESTIONS (2)—WHEAT, EXPORT.

#### *Quality.*

Mr. THOMSON asked the Minister for Agriculture: 1, Is he aware that statements similar to those made by the member for Fremantle might prejudice our wheat on the world's market before it arrives, and thereby reduce its value, resulting in loss to the State? 2, Is he aware that the wheat shipped ex the stacks complained of by the member for Fremantle was inspected on board the "City of Singapore" in the presence of the chief officer of Lloyd's surveyor, who pronounced it "in good order and condition and in every way fit for shipment"? 3, Is he aware that the "condition" of wheat shipped from Western Australia this year is better than for any year since the State became a serious exporter of wheat, and that wheat shipped this year since the rain set in is as good or better "condition" than that shipped in June of any year since the war period? 4, Is he aware that Canadian wheat may contain 14.4 per cent. of moisture without being graded "damp," whereas the moisture content of Australian wheat is about 8 per cent. to 9 per cent., and re-conditioned wheat—although the cost of treatment is probably more than reimbursed by added weight secured—never reaches the moisture content equal to that of wheat exported from other countries to the London market? 5, Is he aware that no ship has left the port of Fremantle with a cargo of wheat during the past ten days, and that the opportunity still exists for inspection by Government inspectors of all wheat loaded since the rain commenced? 6, Will he have such inspection made?

The MINISTER FOR AGRICULTURE replied: 1, No. 2, No. 3, No; but the condition of wheat inspected by officers of the Department of Agriculture during June, 1928, is equal to that shipped any year since the war period. 4, I am aware that Australian wheat compares more than favourably with any other wheat marketed as far as dryness is concerned. 5, No. As a matter of fact the following boats have left during the period mentioned with wheat cargoes:—"Fordsdale," 1st June—5,050 tons; "Hanover," 1st June—3,080 tons; "Tincarrow," 2nd June—3,700 tons; "Caprera," 5th June—1,500 tons; "City of Hankow," 5th June—770 tons; "Clan Matheson," 11th June—5,660 tons.

*Particulars of Cargoes.*

Mr. LINDSAY asked the Minister for Agriculture: 1, What is the number and

what are the destinations of wheat cargoes certificated by the Agricultural Department for the present season? 2, The quantity of wheat inspected, percentage rejected, and average bushel weight, percentage of millable grain and percentage of inferior matter for each cargo separately? 3, Has he received a report from his departmental officer regarding damage done to wheat uncovered on Fremantle wharf?

The MINISTER FOR AGRICULTURE replied: 1, 129 certificates were issued for part and full cargoes. Details regarding destination as per statement attached. 2, The information asked for as far as the port of Fremantle is concerned is contained in the statement attached, but it is not available for the ports of Bunbury, Geraldton, and Esperance. 3, No, and the departmental officers cannot inspect wheat unless requested to do so.

Vessel.	Bags.	Tons.	Number Rejects.	Date.	Average Bushel Weight.	Percentage Millable Grain.	Percentage Inferior Matters.
Siljan ...	13,993	1,114	52	Jan. 10	64	97-5 Cape Town; Algoa Bay ...	2-5
City of Khlos ...	10,746	850	82	Jan. 20	63½	97-2 Cape Town; Durban; East London	2-8
Svarten ...	70,607	5,637	566	Feb. 1	64	97-1 Cape Town; Algoa Bay ...	2-9
Hinnoy ...	6,284	496	37	Feb. 16	63½	96-7 do do ...	3-3
Shanghai Maru ...	17,130	1,359	59	Feb. 24	63	96-8 Kobe ...	3-2
Danmark ...	62,926	5,017	445	Feb. 25	63	96-9 Unknown ...	3-1
City of Bath ...	48,160	3,873	307	Mar. 27	63½	97-2 Cape Town; East London; Durban; Algoa Bay	2-8
Temeraire ...	6,227	500	67	Mar. 28	63½	97-5 Alexandria ...	2-5
Caprera ...	6,120	502	31	Jan. 6	63½	96-6 Egypt ...	3-4
Ceramic ...	12,348	999	78	April 5	63	96-4 Durban ...	3-6
Themistocles ...	6,163	500	20	April 10	63½	97-4 Durban; Cape Town ...	2-6
Borda ...	30,642	2,480	110	April 13	63½	97-1 Durban ...	2-9
Vestvard ...	86,695	7,009	385	April 20	63½	96-7 Tsurumi; Nagoya ...	3-3
Aashburton ...	22,026	1,778	140	April 24	63½	96-1 Moji ...	3-0
West Loguossuck ...	36,989	2,997	43	May 15	64	97-1 India ...	2-9
Benalla ...	18,640	1,610	68	May 20	64	96-6 Cape Town ...	3-4
Westward ...	12,480	1,006	354	May 30	63	96-9 Egypt ...	3-1
Surat ...	62,000	4,940	260	Jan. 25	64	97-1 Calcutta ...	2-9
City of Dalhart ...	31,362	2,501	239	...	63½	97-2 Bombay ...	2-6
Cape Cross ...	72,073	5,716	299	Mar. 12	63	97-1 Durban; Cape Town ...	2-9
Menes ...	12,525	999	37	Mar. 13	63½	97-0 Alexandria ...	3-0
Demosthenes ...	6,844	594	26	Mar. 14	63½	96-8 Cape Town; Durban ...	3-2
Kersten Miles ...	81,471	6,512	376	Mar. 16	63½	96-3 Kobe; Tsurumi ...	3-7
Tayohiko Maru ...	76,831	6,081	308	Apr. 2	64	97-0 Japan; Tsurumi ...	3-0
Tsarahima Maru ...	67,060	5,365	495	Jan. 26	63½	97-2 Bombay ...	2-8
Taiya Maru ...	78,925	6,322	357	Feb. 12	63½	97-0 Yokohama ...	3-0

Totals, Bags, 1,264,449; Tons, 103,033; No. Rejects, 6,522 Bags.

## WHEAT LOADED AT PREMANTLE—SEASON 1927-28.

Date.	Vessel.	Destination.	Bags.	Tons.	Rejects.	Average Bushel Weight.	Percentage Mill Grain.	Percentage Inferior Matter.
8-2-28	Sawakia ...	Calcutta ...	37,325	3,002	153	63½	97.1	2.9
31-8-28	Cape Recife ...	Capetown; Durban ...	42,623	3,417	270	63½	97.1	2.9
15-12-27	City Khartoum	Algoa Bay; East India; Durban; Cape Town	26,197	2,092	24	62½	97.6	2.4
Dec., 1927	Euripides ...	Capetown ...	6,189	500	...	63	97.9	2.1
22-12-27	Beltana ...	Durban; Cape Town ...	18,725	1,506	8	62½	97.4	2.6
4-1-28	Anchises ...	Durban; Cape Town ...	15,666	1,255	12	63½	97.5	2.5
10-1-28	Ormara ...	Bombay ...	59,023	6,404	86 (Geraldton Port)	63½	97.2	2.8
19-1-28	Balranald ...	Cape Town; Durban ...	12,539	1,002	22	63½	97.6	2.4
19-1-28	Suez Maru ...	Calcutta ...	73,128	5,343	237	63½	97.7	2.3
9-2-28	Ballarat ...	Durban; Cape Town ...	3,762	300	41	64	97.1	2.9
26-1-28	Olga Stenens	Alexandria ...	6,273	504	2	63½	97.7	2.3
15-2-28	Aller ...	Alexandria ...	6,297	501	6	63½	97.3	2.7
...	Berrima ...	Cape Town ...	645	50	...	63	96.7	3.3

## QUESTION—WATER SUPPLY DEPARTMENT.

*Treatment of Returned Soldier.*

Hon. W. J. GEORGE (for Mr. J. MacCallum-Smith) asked the Acting Minister for Works: 1, Has his attention been drawn to the harsh treatment meted out by the department to returned soldier Hughes, of Mary-street, North Perth? 2, Will he give the matter his personal attention with the view of remedying any injustice?

The ACTING MINISTER FOR WORKS replied: 1, No. 2, Yes.

## QUESTION—ROAD CONSTRUCTION, CHIDLOW-YORK.

Mr. C. P. WANSBROUGH asked the Acting Minister for Works: 1, What is the actual chainage of work done on the Chidlow-York road by the Main Roads Board, upon which local boards have been assessed to date? 2, What is the total amount to date expended upon this road, including both Federal and State contributions? 3, What proportion of such expenditure represents charges for administration and supervision?

The ACTING MINISTER FOR WORKS replied: 1, 556 chains, to date of assessment. 2, £22,851. 3, 5.6 per cent.

## QUESTION—CUSTOMS DUTY, STATE IMPORTATIONS.

Hon. G. TAYLOR asked the Premier: What amount has been paid by the State Government to the Commonwealth Government during the last ten years as Customs duty on goods imported into this State for development purposes, such as railway material, electrical machinery, etc.?

The PREMIER replied: From 1st January, 1919, to 30th April, 1928, the amount paid in Customs less any rebates granted was £306,592 13s. 9d. I may add that the amount paid from 1903 to 1928 is £629,220.

Hon. Sir James Mitchell: That would not include local purchases?

The PREMIER: No. It represents duty paid direct.

## COMMITTEES FOR SESSION.

On motion by the PREMIER, Sessional Committees were appointed as follows:—

Library Committee—Mr. Speaker, Mr. Angelo, and Mr. Corboy.

Standing Orders Committee—Mr. Speaker, the Chairman of Committees, Hon. W. J. George, Mr. E. B. Johnston, and Mr. Marshall.

House Committee—Mr. Speaker, Mr. Chesson, Mr. Lambert, Mr. Stubbs, and Mr. Thomson.

Printing Committee—Mr. Speaker, Mr. J. MacCallum Smith, and Mr. Panton.

## BILL—FINANCIAL AGREEMENT.

### *Second Reading.*

Debate resumed from previous day.

**HON. SIR JAMES MITCHELL** (Northam) [4.40]: Naturally this must be regarded as one of the most important questions to be dealt with by the people of Western Australia since the referendum that brought us into Federation. I have spoken with persons outside who approve of the agreement. They believe that if the agreement is adopted by the passing of this Bill, the effect will be to limit State borrowing and State expenditure. If the people of Western Australia cannot decide what it is good for them to borrow, I do not think the people of Queensland or Tasmania can join us in determining what amount we require. A great deal of the money this State has borrowed represents wonderful assets. We have borrowed largely, but we have got the assets to show for our borrowings. In a little time I shall demonstrate what the people who lend us money think of us if one may judge by the rates of interest they charge. Mr. Bruce seems to make the question of the Financial Agreement a personal matter. That is entirely wrong. The matter is one for us to decide. We are not likely to do anything against the interests of the State, nor are we likely to forget our responsibility to the people of the State. Undoubtedly we have a very serious responsibility. It is our duty to see, so far as we can, that the Federal Parliament lives within the Federal Constitution. It is not our duty to make bargains and agreements with the Federal Parliament that will enable that body to get out of the Constitution to the hurt, probably, of this country. Naturally I sympathise with any Western Australian Treasurer who is expected to live and to carry on the affairs of this State by direct taxation alone. How can direct taxation suffice to provide, in an undeveloped and unpeopled country, a third of the continent, revenue to carry on the government of the country and the great developmental work that is essential here? Our present Treasurer, like our Treasurers for years past, apart from the per

capita payments has been expected to get all the money necessary from income tax and land tax. The result has been, as Mr. Bruce and everybody else must know, to compel Western Australia to impose a maximum rate of income tax amounting to 4s. 7d. in the pound as against the Victorian maximum of 1s. This has been necessary in order that even a moderate amount of gross revenue may be obtained from income taxation here. In Victoria, incomes are so much larger that the lower rate is sufficient to provide what we look for from a rate more than four times as high. No wonder State Governments tend to become unpopular! Mr. Bruce, I am sure, did not mean to convey that New Zealand had found it possible to borrow money at rates from 2 to 3 per cent. better than we in Australia can do. That wrong impression ought to be corrected. Even to-day I have met people who believe it to be so. The truth is that New Zealand on the average borrows at about 2s. 8d. per cent. better than Western Australia. If we could get £3 per cent. off our average of £4 10s., we would be paying mighty little.

The Minister for Justice: That 3 per cent. refers to the price at which a loan is floated. Three per cent. better would mean a flotation price of 97 instead of 94, for instance.

Mr. E. B. Johnston: It should be shillings, not pounds.

**Hon. Sir JAMES MITCHELL**: Yes, it should be shillings, and it ought not to go out to the public as £2 or £3. Another statement made by Mr. Bruce is that there is no doubt as to the validity of the agreement. The provisions of the agreement as to taking over debts will not come into operation until the Constitution has been amended and the necessary legislation passed. The public ought to be made to understand also that the agreement is subject to a referendum, entirely subject to it. It is no agreement until the referendum has been carried. The agreement provides that the Commonwealth Government will submit to the Federal Parliament a Bill for the alteration of the Constitution and take a referendum on the subject. The terms of the referendum are that the Commonwealth may make agreements with the States with respect to the public debts of the States, including the taking over of such debts by the Commonwealth, the management of such debts, the payment of interest and the provision and maintenance of sinking funds in respect of such debts, the consolidation, renewal, conversion, and

redemption of such debts, and the indemnification of the Commonwealth by the States in respect of debts taken over by the Commonwealth. Then there is this clause to which we should give some special notice.

The Parliament may make laws for validating any such agreement made before the commencement of this section.

The agreement will not be operative until the Federal Parliament has met subsequent to the referendum, but the Commonwealth Government will not be bound. It is quite possible that the Federal Government may say, "No, we are not prepared to pass an Act confirming the agreement. We do not like the period of 58 years, and we want one of 40 years." They can vary and alter the agreement, but we are not in that position.

The Minister for Justice: If one party withdraws, the whole thing is finished. If the Commonwealth were to attempt to alter it, then the States would have something to say.

Hon. Sir JAMES MITCHELL: I am pointing out what the position really is. The Commonwealth Government will have to confirm the agreement, which is subject to the referendum. It is set out in the Act that the Federal Parliament may make laws for validating the agreement.

The Minister for Justice: If they do not do so, that will be the end of the agreement and all this trouble will be for nothing.

Hon. Sir JAMES MITCHELL: Then the Act sets out—

Any such agreement may be varied or rescinded by the parties thereto.

Every such agreement and any such variation thereof shall be binding upon the Commonwealth and the States parties thereto, notwithstanding anything contained in this Constitution, or the Constitution of the several States, or in any law of the Parliament of the Commonwealth or of any State.

The powers conferred by this section shall not be construed as being limited in any way by the provisions of Section 105 of this Constitution.

So hon. members will see that the referendum must be held and the proposals agreed to before the agreement can become effective, and even then the Commonwealth are not bound to ratify it. We will be bound by it, but the Commonwealth are not bound to ratify it.

Mr. Lutey: The Commonwealth Parliament must pass a Bill to enable the referendum to be taken.

Hon. Sir JAMES MITCHELL: Of course they must, but should the agreement be approved by the people when the referendum is taken, the agreement will still be subject to further legislation.

The Minister for Justice: The referendum will be taken, and in the event of Commonwealth passing the legislation, we will have the agreement.

Hon. Sir JAMES MITCHELL: I do not want the Minister to tell me what the position is.

The Minister for Justice: That is what it means.

Hon. Sir JAMES MITCHELL: We have the Bill before us, and we are asked to pass it.

The Minister for Justice: Yes, and that is what it means.

Hon. Sir JAMES MITCHELL: The Prime Minister, Mr. Bruce, has shown his friendliness towards this State during the last year or two by making substantial grants for various purposes. On the other hand, it does seem to me that while we are a part of this Federation of ours, we should maintain our sovereign rights, and Mr. Bruce should be prepared to do his utmost to help us maintain the freedom of the State within the limits of the Constitution. On the contrary, we are asked to surrender some of our freedom under the provisions of the Financial Agreement, as I shall endeavour to show as I proceed. Even the Premier, when he attended one of the conferences, protested against so many of our powers being whittled away by the Commonwealth. At one juncture he said—

As I see it, the proposals are the greatest step towards the unification of State finances since the inauguration of the Commonwealth.

In making that assertion, the Premier was perfectly right. As finance is government, the significance of the position must be readily realised.

The Minister for Justice: But that statement about finance is merely an aphorism!

Hon. Sir JAMES MITCHELL: The people who have control of the finances must control those things that enable a Government to act. The Premier also said—

The proposals submitted by the Commonwealth are the most important since the inauguration of Federation. I recognise many valuable features, but I hesitate to part with the sovereign rights of the State with regard to borrowing for public works.

That is perfectly right, too. Then the Premier went on to say, and he was perfectly right again—

If the alteration is made, it will be there for all time, therefore I hesitate to take this step without much further consideration.

We will all agree with the Premier that this alteration is so important that we must consider very seriously before we agree to make it. For the life of me, I cannot see why, if the Federal Government were anxious to continue payments to the State, they could not have altered the laws and made the per capita payments permanent for 58 years, just as they are prepared to alter the laws to make the agreement valid for 58 years. The step must be taken in accordance with the Constitution. If it were done as I suggest, there would be no need for the referendum, because the step could be taken within the four corners of the Constitution, and I claim that would be the proper procedure to follow. If the Federal Government were to make the per capita payments assured for that period, the States would then be free as before, and we would get some of the relief that we are entitled to in respect of the indirect taxation imposed upon us. Does any hon. member think the people of the State would tolerate to-day the conditions such as are suggested under the agreement? Can we be expected to live by direct taxation alone? It will be readily agreed that revenue derived by that means will not be enough to meet all the free services that are imposed upon us, but are not imposed upon the Commonwealth. We are shouldered with the responsibility of paying for education, for our protection by means of a police force, for our hospitals, our charities and many other activities, all representing absolutely free services. Payment for those activities must be derived from taxation. The Commonwealth face the responsibility for none of those free services, and we are certainly entitled to more of the indirect taxation that is drawn from our people. We gave up our right to impose indirect taxation under the original Constitution, and we placed that right in the hands of the Commonwealth. On the other hand, we did not give up that right without believing that we were to get some of it back. As the Premier explained last night, in the early days we received three-fourths of the Customs revenue and the balance of the unexpended

fourth. Then, with a growing Commonwealth expenditure, the Federal authorities found that their payments to the State represented too much, and so they gave us the per capita payment of 25s.

Mr. Griffiths: They were more modest in those days.

Hon. Sir JAMES MITCHELL: Of course, we were to have received the surplus revenue. I do not think we have ever tested the legality of the retention of surplus revenue by the Commonwealth. I believe New South Wales, on one occasion, took action to recover a comparatively small amount of money, representing part of the surplus for a month, but I doubt if any test has been made regarding the legality of the retention of the whole of the surplus revenue. At one time the returns showed that the Surplus Revenue Account stood at £10,000,000. It must be remembered that whatever money is returned to us by the Commonwealth is first collected from us. Even the 25s. per head and the £473,000 we are to get must first be taken from the people of Western Australia. I think the Commonwealth collected in 1925-26, just over £12 per head from the people under the heading of taxation. Had it not been for the payment of the 25s. per head, the Commonwealth Government could have done without taking so much from every person in the State. In such circumstances, they would not have been justified in collecting more than they required. If the Commonwealth Government and Parliament were wise, they would realise that it was never intended the Commonwealth should grow great, except by the growing greatness of the States. What does the Commonwealth do under any heading towards the making of the States? The Commonwealth has become great with the growing population, and the growing production of wealth. Both depend entirely upon the work of the States, and not upon the Federal Government. Why do the Federal authorities not realise this is so, and assist us in our development? There can be no overlord under the Constitution! I do not know that there can even be partner-, but there can be the closest co-operation with the Federal Government. The Federal authorities can do much by not taking action to curtail our privileges, and by making available so much of the surplus

revenue as is possible to enable the State Government to build up and develop our great State. Will what the Federal Government are doing in the Northern Territory and in the Federal territory at Canberra do anything towards making Australia great? Of course not! It is our shipping, our transport and the trade of the country that make it great. Those activities depend entirely upon the States. There is no other way, and in the end the Commonwealth Government will have to realise the position. They will then have to come to the assistance of the States, or we shall be forced into unification. I do not know that we should applaud an action by the Federal Government when we merely get our own money back, money that is collected for the people throughout the Commonwealth by means of indirect taxation. When that is done, the Federal Government should give it to us without so much bargaining and so many conditions. I would have no objection, and in fact I would applaud the continuation of the per capita payments, if the Federal Government would agree to do that. If they will not do that, the least they can do is to honour the proposals they made to the State, and give us the amount of money covered by the provisions of the Bill before us. The Premier dealt very slightly with the conditions, but largely—I presume because that phase appealed to him most—with the advantages in cash that he will receive. The first is the payment to the State of the per capita amount for 1927. In the second place there is the advantage that the setting aside of the sinking fund in London will be to the Treasurer.

The Minister for Justice: Say to the State, not to the Treasurer!

Hon. Sir JAMES MITCHELL: We always say the Treasurer.

The Minister for Justice: We are looking at it from the State standpoint, not from that of the Treasurer!

Hon. Sir JAMES MITCHELL: If the Minister were to think for a while, he would appreciate the fact that it is possible for something to operate to the greatest disadvantage of the State, and, at the same time, to the greatest degree of comfort and assistance of a Treasurer.

The Minister for Justice: But the Treasurer would not dream of looking at it in that light.

Hon. Sir JAMES MITCHELL: Of course I am not referring to the Treasurer in that way, but merely as it appeals to me. As a matter of fact, that is just what the Treasurer said. He told us that he would get £500,000 by means of the discontinued payments and the cancellation of the sinking fund in London, and about £470,000 from the Commonwealth in respect of other amounts to which I shall allude later. Hon. members should remember that the Bill covers two separate phases that should not be confused. The agreement is one thing, and stands alone. That has only to do with the Commonwealth. The abolition of the sinking fund is quite another thing as it is a matter entirely for the State, quite apart from the Commonwealth. From the wording of the agreement, it would appear to me that the Federal Treasurer or someone else must have suggested that we might cancel our securities in connection with the sinking fund and really cancel the sinking fund altogether. It will be remembered that when Mr. Bruce was in London a pamphlet was written by some of the financial people associated with the Stock Exchange. The pamphlet was aimed against the system of Australian borrowing. The Prime Minister met those concerned at dinner and got over the trouble. He told them that he would establish a sinking fund for the Commonwealth, and that he would induce each of the States to provide a sinking fund, too. I do not know quite how Mr. Bruce will face those people in London who hold our bonds, when we, as is suggested by this Bill, do cancel the securities in the sinking fund, wipe out the sinking fund altogether and discontinue further payments to it. The London sinking fund is held on account of probably 10,000 bond holders in the Old Land, or it may be more than that. They have been promised in the prospectus, and by the law of this country, that a sinking fund would be established and would be maintained, that it would be left in the hands of trustees, and that the investments would accumulate so that the fund, at any rate in most instances, would be sufficient to pay off the debt at maturity. We repaid the loan of £2,500,000 for the Coolgardie water scheme from the sinking fund, and had £59,000 over-subscribed. We were all very jubilant about that. I suppose it was the first loan ever paid from a sinking fund by any Australian State. By doing that, we

improved our credit considerably. At the present time we have many thousands of British bond holders, and they alone have the right to say, "You may set aside this fund; you need not maintain it any longer." We must remember that we have £8,000,000 or £9,000,000 to the credit of our sinking fund. It accumulates by investments very rapidly, and so it is a very substantial thing. The 7s. 6d. per cent. sinking fund that it is proposed to substitute for it will not reach the position we now occupy, when applied to the existing £60,000,000 of loans, in 30 years. It is proposed to take money held to meet those bonds and cancel them, and we shall not re-establish a fund of the same magnitude under the proposed small sinking fund contribution for at least 30 years. Unless the bond holders do consent to the adoption of this course, it is clear that we should not agree to the cancellation of the fund. We have no right to do it. We have made a bargain, which is really a written contract. The trustees of the fund are Government appointees. True, they hold the money for the bond holders, but they cannot speak for the bond holders when they are asked to return the money to the Government of the State. Yet that is what it is proposed to do: the trustees are to be asked to give us back the money we have contributed over many years. Even if we approve, of the financial agreement, I hope we shall not agree to that proposal. The cancellation of the fund would be a convenience to the Treasury, and would permit of the State being financed more comfortably, but it will not mean anything more to the State because, whilst it is accumulating in London to pay off our debts, it is still State money. If the accumulations and contributions were suddenly brought to an end, we should have more money in the Treasury, but in the end it might be expended in a very much worse way. Since the 1st January, 1927, the Premier has contributed certain amounts to the sinking fund trustees, but he holds in trust here an amount of £500,000. If this Bill does not become law, he will pay over the £500,000 to the trustees, together with interest on the money for the period it has been held in the State. The Federal Government will not look very respectable under this agreement because they know full well what was intended. The agreement says that sinking fund obligations set out by Act of Parliament must be set aside by an Act of this Parliament: otherwise the State must

continue to pay. The sinking fund is a statutory obligation. The bond holders in all good faith, have accepted our word that we will maintain the sinking fund, and we most certainly ought to do it. I shall show that, as a result of our sinking fund, we have saved vast sums of money by way of interest that otherwise we would have had to pay. South Australia pays £5 0s. 9d. per cent. on her loans; Western Australia pays £4 10s. 5d. per cent. on her loans, or 10s. 4d. better than South Australia, largely because we have a sinking fund. If we take our £70,000,000 of loans we will realise that, because of the sinking fund, we are to-day saving £350,000 a year in interest as compared with South Australia. That advantage will no longer be ours if we come under the Federal scheme. It is rather interesting to look at the sinking funds as they stand in the various States. The Premier remarked that though the amounts held by the other States might be small compared with ours, the conditions of their sinking funds were the same as ours. So far as the bond holders are concerned, the conditions are not the same. Victoria, which has £4,897,000 of sinking fund, has the money very largely in use. That State pays its sinking fund into a trust account in its own Treasury and uses it again. If it wanted the £4,800,000, it would have to go on the loan market to obtain it. The sinking funds of all the States total £20,731,000 to meet a gross indebtedness of £642,000,000. Of the £20,000,000 of sinking funds, £10,600,000 is the sinking fund of this small State of Western Australia. Our sinking fund is rather greater than the sinking funds of all the other States combined.

Mr. Griffiths: I understood that our sinking fund amounted to about £8 000,000.

Hon. Sir JAMES MITCHELL: The figures I am giving relate to the year 1923 before we paid off the £2,500,000 loan. Those are the latest figures I have been able to get covering all the States. If the other States had made provision on a basis equivalent to Western Australia, they would have held £90,000,000 instead of £10,000,000 in sinking funds. One can readily see what a wonderful help a £90,000,000 sinking fund would have been to the whole of Australia. This State, with its smaller population, has done its duty in maintaining its credit in London, but the other States



have neglected their duty almost completely. The result, of course is reflected in the interest rates paid by the States and by the Commonwealth. New South Wales pays an average of £4 19s. 8d. per cent. for her loans. She has borrowed 62.79 per cent. in London and 37.21 in Australia. The rich State of Victoria pays £4 18s. 1d. per cent., and has floated 38.93 per cent. of her money in London and 61.01 in Australia. Queensland pays £4 16s. 2d. per cent., and has borrowed 64.05 in London and 35.15 in Australia. South Australia pays an interest rate of £5 0s. 9d., and has borrowed 43.89 per cent. in London and 56.11 in Australia. Western Australia pays an average of £4 10s. 5d., but has borrowed 71.36 per cent. of the total flotations in London and 28.64 in Australia. The advantage of borrowing in London has some bearing on the lower rate: not very much, it is true, but still something. Is it not wonderful that our interest ratio should be very much lower than that of all the other States—9s. 3d. lower than that of New South Wales, 7s. 8d. lower than that of Victoria? The Commonwealth pays an average of £5 3s. 11d. per cent. for money, which is the highest rate of all. Of course, the Commonwealth started later than we did and a great deal of its money was war money raised at a fairly high rate. Consequently, the Commonwealth hardly affords a fair comparison.

Mr. Griffiths: Most of the Commonwealth money has been borrowed abroad and is tax-free, is it not?

Hon. Sir JAMES MITCHELL: No, the Commonwealth has borrowed largely in Australia.

Mr. Griffiths: A proportion was borrowed abroad.

Hon. Sir JAMES MITCHELL: Yes. New Zealand pays an average rate of interest of £4 7s. 9d. per cent. That is 2s. 8d. better than our average and it is considerably better than the Commonwealth ratio.

The Premier: The Commonwealth was not a borrower at all until interest was high. The Commonwealth did not borrow at all before the war.

Hon. Sir JAMES MITCHELL: I stated that the Commonwealth borrowings largely represented war loans. New Zealand started borrowing much earlier.

The Premier: When we were borrowers at 3 per cent. the Commonwealth was not a borrower. The Commonwealth has borrowed only in recent years when interest rates have been high.

Hon. Sir JAMES MITCHELL: I do not want the Premier to tell me that. I have already mentioned it.

The Premier: Those comparisons are not fair. They cover other aspects.

Hon. Sir JAMES MITCHELL: I said the Commonwealth average could not fairly be compared. Now, however, we are going to join the Commonwealth in the raising of money.

Mr. Panton: Hear, hear!

Hon. Sir JAMES MITCHELL: According to the Federal Treasurer, the Commonwealth is going to borrow in Australia and we are going to pay the high rate of interest. He said—

The Government intend to continue its practice of borrowing new money for its own purposes overseas, thus leaving the Australian market available for the States and for the requirements of the Federal Capital Commission.

Consequently, we shall have the pleasure of paying a higher rate of interest, because Australian loans are taxed by the Commonwealth. Because of the Commonwealth tax, it is necessary to pay a quarter per cent. more interest on money raised in Australia. We shall have the pleasure of paying the 5s., which amount the Commonwealth will give back to us to assist the sinking fund.

The Minister for Justice: The man who made that statement will not have the decision. The Loan Council will be the people to decide that.

The Premier: Where and how you borrow will be decided by the Council.

Hon. Sir JAMES MITCHELL: It may be discussed by the Loan Council.

The Premier: Decided by the Loan Council; not the Federal Government. The agreement says so.

Hon. Sir JAMES MITCHELL: The Federal Government will decide.

The Premier: No, they will not decide anything. It is distinctly incorrect to say that the Federal Government will decide.

Hon. Sir JAMES MITCHELL: They will decide where they will borrow.

The Premier: Not where they borrow. The Loan Council decides that.

Hon. Sir JAMES MITCHELL: When the Premier has finished I will proceed.

The Premier: I am not talking as much as you did yesterday.

Mr. E. B. Johnston: They dominate the Loan Council anyhow.

Hon. Sir JAMES MITCHELL: The Federal Parliament affirmed this agreement with two reservations. One was that a referendum be taken to amend the constitution to enable the Federal Government to enter into an agreement. The second was that the agreement be submitted to the Federal Parliament, after the constitutional alteration is made for its ratification or rejection. There are, of course, some advantages to the State. The 1927 per capita, which totals £473,000 will be paid to the State for 58 years. There will be the interest on transferred properties of three per cent. increased to five per cent., which I think will come to £12,770 per annum. There will be the payment of the 2s. 6d. per cent. on existing loans, and 5s. on new loans. If we borrow in Australia, the loans are taxable and they get their 5s. If we borrow in London and bring out taxable goods, they will still get their 5s. The Premier told us last night the vast amount of tariff paid by the Government on its imported goods. The Federal Government will get it anyhow.

The Minister for Justice: They would not give it to us.

Hon. Sir JAMES MITCHELL: We should have a good chance of getting some of it. I think the Loan Council will be rottenly constituted. Each of the six States will have one vote, and the Federal Government will have two votes and a casting vote.

The Minister for Justice: There is a necessity for having a casting vote.

Hon. Sir JAMES MITCHELL: It is not like fly fishing and casting a sham insect upon the water.

The Minister for Justice: Probably the States will have six votes in the aggregate, and the Commonwealth will have two.

Hon. Sir JAMES MITCHELL: With the casting vote the Federal Government has only to get two States with it in order to have a majority. Two States and the Commonwealth will control Australia.

Mr. Sleeman: Do you believe in the principle of one man one vote?

Hon. Sir JAMES MITCHELL: That system of voting is altogether wrong. Borrowing is more important to the State's finances than it is to the Commonwealth. The Commonwealth have no territory, though it is true they spend large sums of borrowed money on post offices, telephones, telegraphs, etc. I suppose some day Canberra will be finished, and that it will not be necessary to spend many more millions to complete it. The Commonwealth have no territory. Thus it is that the right to borrow is more important to us than it is to them. Apart from that, they have always an overflowing Treasury, but we have not. Victoria, New South Wales, and the Federal Government can control and dominate the whole of the States. Are we going to agree to that? Is that a fair proposal?

The Premier: On the other hand the Federal Government, together with this State and Tasmania may control the other three big States.

Hon. Sir JAMES MITCHELL: I would be satisfied if the Premier would guarantee that.

Mr. Pantou: We will get that next time.

Hon. Sir JAMES MITCHELL: I am not taking any risk now.

The Premier: It may be a combination of the two small States and the Commonwealth.

Hon. Sir JAMES MITCHELL: It may be that, but why should we take the risk, and agree to this?

Mr. Davy: It is certain to be the other way.

Hon. Sir JAMES MITCHELL: Yes.

Mr. Davy: And the Government are put there by the two big States.

Hon. Sir JAMES MITCHELL: Yes, since 48 members in a House of 75 come from the two big States.

The Premier: Do you mean to say that the Government might be turned out by the representatives of Victoria and New South Wales because of something the Loan Council did over which the Federal Government had no control?

Hon. Sir JAMES MITCHELL: I am not bothering about the Federal Parliament. We should not agree to the composition of two States and the Federal Parliament. We should not agree to the composition of the Loan Council on these lines.

The Premier: That may be so, but it is not a good objection.

Hon. Sir JAMES MITCHELL: It is a good objection, and yet we talk of approving of the system. The Premier says, "Please approve of the Loan Council being composed in this way?" Now is the time to object. I object to this country being dominated to any extent by Victoria, New South Wales, and the Federal Body. We have had a Loan Council for some time, but it has never been proposed that this should be done. The Council meets, and decides on the requirements for the time being. We really met because it was necessary to eliminate competition for money within Australia. Money would become dear because there was only Australian borrowing, when some of the Australian Governments wanted money within Australia. The Loan Council altered that. We made one borrower only, with the result that in Australia money is cheaper. That does not apply to England. Western Australia has done better than any other State in its borrowing from England. There, I believe, it is of no advantage to have one body. Money is available in comparatively small lots from time to time, which suits the borrowing by the States.

The Minister for Justice: That policy is going to be adopted by the Loan Council. You are talking about the original proposals.

Hon. Sir JAMES MITCHELL: I am talking about the Bill before us. The Loan Council has proved that the Federal Government need not borrow. The Premier foresaw that danger when he was in Melbourne, and raised the question. He said at the conference that if a State determined that its loan requirements for a year to carry out its programme of works totalled £4,000,000 and if, because of its association with the Loan Council it was able to obtain only two millions or two and a half millions, inevitably it would be forced to hand over many of its functions to the Commonwealth. Dr. Earle Page said: "If the Commonwealth Government cannot borrow the money for the States, it will be unable to finance such proposals."

The Minister for Justice: Yes, but the conditions have been altered considerably since that debate.

Hon. Sir JAMES MITCHELL: They are not altered in this Bill.

The Minister for Justice: You will find they are if you read it properly.

The Premier: The conditions are very much altered since that debate took place.

The Minister for Justice: They were amended two or three months afterwards.

Hon. Sir JAMES MITCHELL: We have before us a Bill that passed through the Federal Parliament, and we have our own Bill. The Commonwealth Government need not raise money. It would be a simple matter, and one that will be hard to question, for the Federal Treasurer to say, "I have consulted my bankers, my financial authorities in Victoria and New South Wales, and they tell me they cannot raise the money you want." What should we know about the possibility of borrowing?

The Minister for Justice: The Loan Council can say to the State, "You can borrow yourself." It has that power.

The Premier: That is not the position at all. The Commonwealth Treasurer must go forward and do what the Loan Council says has to be done.

Hon. Sir JAMES MITCHELL: But he need not do it.

The Premier: He has to do it.

Hon. Sir JAMES MITCHELL: No.

The Premier: In other words you are saying that although the Loan Council may decide to borrow a certain sum, the Federal Treasurer may refuse to do it.

Hon. Sir JAMES MITCHELL: He may say, "I cannot do it. My advisers say it cannot be raised."

The Premier: No. That is not in the agreement.

Hon. Sir JAMES MITCHELL: Of course he can say that.

The Premier: It is not in the agreement.

Hon. Sir JAMES MITCHELL: Money has to be raised by the Commonwealth Government unless the Treasurers agree that the State should go on the market itself. Even then the Federal Government will have to guarantee the loan.

The Premier: Of course.

Hon. Sir JAMES MITCHELL: The Federal Government can say to the States, "You shall not go on the market."

The Premier: No. That is not in the Bill. Any body may borrow as well as the Federal Government.

Hon. Sir JAMES MITCHELL: The Federal Government may borrow.

The Premier: Yes.

Hon. Sir JAMES MITCHELL: At the Treasurers' Conference they may say, "We will not agree to it." They will not say it for a year or two.

The Minister for Justice: If they are in the minority on the Loan Council their rejection will not be upheld.

Hon. Sir JAMES MITCHELL: I do not think the Minister has read the agreement. One objection is that the State cannot borrow. The only good that people outside see in the agreement is that it will prevent the States from borrowing. The people who have had their turn served, and no longer require railways, harbour facilities or anything of that kind, say this is a good agreement. We have to face the question knowing full well that our loan requirements, which are so important to us, as the Premier has said, may be reduced. To-day there is no question about our position. We can borrow all the money we want, and get it when we want it.

The Premier. It is not always so.

The Minister for Justice: You wisely deferred borrowing when you first became Treasurer.

Hon. Sir JAMES MITCHELL: We have always been able to borrow, but for a time were not able to transfer from London the money we borrowed.

The Minister for Justice: The rate of interest was too high.

Hon Sir JAMES MITCHELL: We could not afford to pay the rates.

The Minister for Justice: It is the same thing.

Hon. Sir JAMES MITCHELL: But that was our own choice

The Minister for Justice: We had our own choice then.

Hon. Sir JAMES MITCHELL: We elected to do that, but under this agreement, someone else can decide for us. I object to the Federal Government controlling the amount we shall borrow, the time when we shall borrow it, where we shall borrow it, and what rate of interest we should pay. The control of the sinking fund, which has been of wonderful advantage to the State, will pass, not to the Loan Council, because that will have nothing to do with it, but to the Commonwealth National Debts Commission. That is a Commission set up under Commonwealth Act, and is subject to the Commonwealth Parliament. We have made considerable profit on the sale of our stock. I meant to explain, but forgot, that in connection with the sinking fund we have had in that fund altogether £12,171,000 of which amount £6,870,000 was contributed from revenue and £4,242,000 up

to the 30th June last was earned by way of interest on investments, and in the purchase of stock and discounts we made £1,121,000. We paid off £3,400,000 which is more than the total sinking fund of any other State apart from Victoria. The Premier said the other night that our contributions to the sinking fund were represented by borrowed money. I think that since we federated we have had a credit balance on five occasions—five occasions in 28 years. We were keeping faith with the bondholders, because we handed our money over to the trustees, and the interest earned during the time we have been building up our sinking fund has been greater than the amount of our contributions. Really we have gone up £9,000,000, whilst our deficit has been growing to £6,200,000 so that it is not all borrowed money that we have in the sinking fund. I want to know—I cannot see any reference to it in the agreement—who is to get any profit that may accrue from the purchase of securities. The Commonwealth say, "We will give you 4½ per cent. for the money held in this fund." Then they say they will buy stocks at face value. In time these will amount to a considerable sum, probably in a few years, over a million. It seems to me that the profit is to go to the Commonwealth and not to the State. Then there is a clause in the agreement which brings all our trust funds and savings bank deposits into the borrowed authorisations of the year. Our loan authorisation will be reduced by the savings bank deposits and trust funds we may hold. It seems to me that the agreement has been very carefully prepared; nothing has been left out that will not tie up the State in any way.

The Premier: The States have had as much to say in the preparation of the agreement as the Commonwealth. The Crown Law officers and other officials have had as much to do with the drafting of the agreement as the Commonwealth officials. It was not prepared entirely by the Commonwealth; our own officials examined it closely and outside legal advice was also obtained.

Hon. Sir JAMES MITCHELL: I do not suppose Mr. Sayer will worry very much about it, but I am sorry for the people of the State. All our money will be taken and the Premier knows that repayments of loans have to be made to individuals. There will be endless bother and endless book-keeping by this method.

The Premier: This will abolish endless bookkeeping.

Hon. Sir JAMES MITCHELL: Oh, of course it will! To-day we use loan money for surveying land and we repay it over a period of years. Under the agreement we propose to abolish that.

The Premier: I do not think it is wise to say just for what purpose we are using loan moneys.

Hon. Sir JAMES MITCHELL: No, not at the present time. At any rate the position is as I have quoted it. I do not know whether we are spending loan moneys on surveys and crediting the money to revenue when it is returned. All our borrowings over the counter and our savings bank money will be secured by Commonwealth bonds. The Premier may have a million deposit for a term in the savings bank, and if he wants to use it the Commonwealth will give security for whatever amount he takes. I do not see why we cannot arrange the security without having to get permission of other people. I do not know why the Loan Council should want to go so far. We are not very much concerned with their spending or their borrowing so long as their borrowing does not interfere with ours. Of course the Loan Council is absolutely necessary for Australian borrowing because competition in borrowing is not good.

The Minister for Justice. We get the benefit of the advice of representatives in London and America. That is of some use.

Hon. Sir JAMES MITCHELL: At any rate, why should we be tied hand and foot and be so confined. It will not be possible for us to move; we shall be signing away our birthright under the agreement. I do not know why Mr. Bruce wants to go as far as he has asked us to go in the direction of surrendering our freedom. The Premier will not be able to borrow from our bankers in London as he has been able to do in the past. He will have to find security for the London and Westminster Bank. I hope we shall not be precluded from borrowing there because, as the Premier knows, the arrangement that has existed for a long time past has been a wonderful one for Western Australia.

The Premier: That will not be affected.

Hon. Sir JAMES MITCHELL: I think it will be. That bank has lent us up to three millions. The existing arrangement means that we can get money from them

at a much lower rate than we pay on our bonds, and we can go on the market at the most favourable time.

The Premier: That will continue.

Hon. Sir JAMES MITCHELL: I do not see how it can because the bank will naturally say, "Give us some security, we want Treasury bills for this money." The Treasurer will not be able to sign them because he will have sold his seal and his pen. I really do not see how the arrangement can continue. On the 31st March last our account at the London and Westminster Bank was overdrawn to the extent of a substantial amount. That has happened on previous occasions and it has been of great advantage to the State. Under the agreement I cannot see how we can go on doing this. The one borrower instead of seven will be of no advantage to us, as I have shown, in the rates of interest to be paid. We have had most favourable rates in London; nothing could have been better. I repeat that as compared with the average rate of the South Australian loan, the advantage to us is £350,000 a year on the seventy millions we have borrowed. Tremendous, is it not? We come now to the distribution of the £7,584,000. Of that sum Victoria and New South Wales will get £5,000,000 and the other States £2,500,000 between them, and for 58 years we must applaud the Federal Government for their grant. It could have been done just as easily by way of per capita payments over the period of 58 years. We can question the method of distribution, and if this amount is the only amount available, should it not in fairness be distributed on a per capita basis instead of in the manner proposed? This amount is contributed by each person through the Customs. We all find it and it is collected by the Commonwealth Government. So far as the public are concerned, it would not matter if we took the money ourselves. After all, the agreement does not affect the public very much; they do not pay to the State Treasurer, they pay to the Federal Treasurer and he returns the money to us. Not quite the same people, of course, but very much the same. The point to remember is that each individual contributes through the Customs to the Commonwealth and the Commonwealth should return the money so collected to the States on a per capita basis.

Mr. Griffiths: What is the average rate of contribution of each individual through the Customs?

Hon. Sir JAMES MITCHELL: About £12 per head in general taxation. No other proposal should be listened to for a moment. We must not forget that 58 years is a long time. If we take Mr. Wicken's figures for 1927 as a basis, the division will be unfair to Queensland and to Western Australia, and favourable to Victoria particularly, Tasmania, New South Wales and South Australia. And it is likely to remain favourable to those States, which are taking no risks. On the other hand, we are taking risks. There is a complete loss of financial freedom, which is exceedingly bad. As the Premier has put it, we shall be giving up our sovereign rights to the extent of surrendering our financial freedom, which we ought to possess, which is the right of our Government to-day. This House is asked to pass a Bill that signs away the future. The Premier has said that the arrangement will last for all time; and it will. We are a third of the continent, and wholly undeveloped, and therefore our responsibilities are great. The other large States, New South Wales and Victoria, are pretty fully developed, and their responsibilities, therefore, are very much less. This House may pass the agreement, but the people may still reject it. We ought to make it quite clear to the Federal Government that we expect them to obey the law set up under the Constitution. They are not doing that. They can deal with existing State debts without this agreement; there is provision for it in the Federal Constitution.

The Premier: But it was never intended that the Constitution should not be amended in any circumstances.

Hon. Sir JAMES MITCHELL: I would like to amend it. The Constitution is to be altered so that the State Governments can, without the consent of the State Parliaments, make agreements with the Federal Government which will be binding. Under the provision which I have read, there would be no need to consult the State Parliaments at all. One Premier could make an agreement with the Federal Government which would bind the State, and it is provided by the Act that notwithstanding any law of the State it shall be so, and similarly notwithstanding anything in the Federal Con-

stitution. Thus the law of the land and the Constitution itself will be overridden.

The Premier: The agreement cannot be varied without the approval of the State Parliament.

Hon. Sir JAMES MITCHELL: Yes, it can.

The Premier: No. I signed, not as an individual, but on behalf of the State, and the clause which says that the agreement may be varied by the consent of the parties to the agreement means that it can be varied by the several Parliaments, which are the parties to the agreement, and not by the Governments. Any variation that might be made by the Loan Council or by the Governments would have to be ratified by the several Parliaments.

Hon. Sir JAMES MITCHELL: The Parliament here referred to is, of course, the Federal Parliament, and not the State Parliament.

The Premier: I mean, as regards the clause which says the agreement may be varied by the parties thereto, that the parties are the Parliaments and not the Governments.

Hon. Sir JAMES MITCHELL: I do not think so. The statement is that the agreement may be made between the Commonwealth and the States, and that the Commonwealth Parliament must ratify the agreement.

The Premier: I took the trouble to mention that point.

Hon. Sir JAMES MITCHELL: Notwithstanding any law of this State, notwithstanding anything in our Constitution, the agreement would still be binding. Such an agreement overrides every law.

The Premier: If the Parliament decided to adopt the agreement, and if there should be some law in existence contrary to the agreement, it is necessary to say that notwithstanding such law this shall be a fact. If this Parliament decides to adopt the agreement, there may be some one of our laws contrary to it, and to that extent such law would be overridden because of our having decided to adopt the agreement.

Hon. Sir JAMES MITCHELL: The provision does not refer merely to this agreement, but to all future agreements.

The Premier: All future agreements under this law will have to be similarly endorsed.

Hon. Sir JAMES MITCHELL: I do not think the State Government should have

the right to make agreements which will bind the States without the consent of the State Parliaments. That is entirely wrong.

The Premier: They cannot.

Hon. Sir JAMES MITCHELL: Under the Bill as introduced they can. Anyway, we have heard a great deal about the growth of population, and I am bound to confess that from the various calculations we get some weird results. Here we have Mr. Wickens, the Statistician, putting up a statement in reply to the question asked by Mr. Gregory in the Federal House recently. Taking the years between 1922 and 1927 as a basis, Mr. Wickens says, in New South Wales the metropolitan area would double in 24 years and the rest of the State in 53; in Victoria the city population would double itself in 20 years and the rest of the State in 302; in Queensland the metropolitan area would double in 14 years and the rest of the State in 45; in South Australia the metropolitan population would double in 18 years and the rest of the State in 165; in Western Australia the metropolitan area in 20 years and the rest of the State in 39; and in Tasmania the metropolitan area in 198 years and the rest of the State—

The Minister for Justice: The population of the country districts is decreasing in Tasmania.

Hon. Sir JAMES MITCHELL: Taking the 1927 figures as a basis, Western Australia would double her population in 20 years, New South Wales in 32, Queensland in 36, Victoria in 41, South Australia in 42, and Tasmania in 139. And yet in 20 years' time we shall be drawing our share of this money just on the basis of the population in 1926.

The Premier: And so will the other States.

Hon. Sir JAMES MITCHELL: Yes, but they will not have the number of people. If, as must be agreed, each person throughout the States in 1926 represents to the Federal Treasurer a value of 25s., then, when we double our population, our contribution will be far more than the contribution of a rich State like New South Wales. As a matter of fact, this agreement works out so that at the end of 20 years, assuming for the purpose that each person represents a value of 25s., as undoubtedly each person does, Western Australia will be paying 50s. for the popula-

tion of 1926, New South Wales 40s., Queensland 38s. 10d., Victoria 37s. 2d., and South Australia 36s. 10d., the figures for the other States being in contrast with our payment of 50s. That is monstrous. It is monstrous that Western Australia should pay 10s. more than opulent New South Wales and 13s. more than rich Victoria.

The Minister for Justice: We shall not build up our population unless we get a great increase in loan expenditure. Then we shall get the advantage under that arrangement.

Hon. Sir JAMES MITCHELL: It does not matter how we get the money; this will be the result. I am trying to show that it is impossible for us to agree to this division. The Premier says, "Well, that is all the Federal Government will give us." It will not cost the Federal Government any more to distribute on a per capita basis, which will be the fair basis. The present proposal is absolutely unfair to us, while very fair to opulent Victoria and New South Wales. They come off best.

Mr. Pantou: We are not so poverty stricken.

Hon. Sir JAMES MITCHELL: The position is as I have stated. Why cannot we have it altered? I entertain no doubt whatever that the Premier did endeavour to secure another method of distribution of this money. Nothing could be better than distribution on a per capita basis. The present proposal means that for every 100 people in New South Wales in 1926, the Federal Government will collect £200 and pay to the New South Wales Government £125. Thus the loss, as against the per capita payment, to New South Wales, in 20 years will be £75 on each 100 people. Now let us look at the position of Western Australia. At the end of 20 years we shall pay £250 to the Federal Government in order to get £125. Our loss will be £125 as against the New South Wales loss of £75. Is that right? Is it fair? Is it necessary? Who suggested this distribution? It is hard to understand how such a method can have come about. And the comparison will grow worse as the years go by. The Federal Government used to say—this was the argument in the first place—that all the States increased in population at the rate of about 2 per cent. per annum. That theory, of course, is exploded. It is rather interesting to note that between the years 1891 and 1910, Victoria, by

migration, lost 160,000 people. For the same period of 20 years, 1891 to 1910, Western Australia gained by migration 169,000 people. If that happens again, as well it may—

The Premier: Those, of course, were the abnormal boom years of the gold discoveries.

Hon. Sir JAMES MITCHELL: If that happens again, as well as it may, history being apt to repeat itself—

The Premier: It might happen in one of the other States, too.

Hon. Sir JAMES MITCHELL: Yes, it might, but I do not think that is quite so likely. At any rate, if Wiluna turns out what I believe it will, that will make a considerable difference to us. If the experience of Victoria repeats itself, then, under the agreement, Victoria will be drawing £200,000 annually for 160,000 people that she might lose and we shall be drawing nothing for 160,000 people that we might gain. Surely, it all goes to prove that the distribution of this £784,000 is on a wrong basis, and that if we do accept the agreement we certainly should stipulate for distribution on a decent basis. The present proposal is absolutely playing into the pockets of Victoria and New South Wales. It is unthinkable that the great capital cities of the East can grow unless customers increase all over Australia. The capital cities of the East cannot increase their factories, surely, unless the agricultural population, the primary producing population, increases all over Australia. We should stipulate before we sign the agreement that there shall be a more fair division of the money, and that the advance of £450,000 that the Federal Disabilities Commission said we should receive for 25 years, shall be granted to us. That Commission arrived at their determination after a very careful and exhaustive inquiry. It is apropos to remind hon. members that the Federal Tariff Board first went into the matter, and from that body came the recommendation that a Royal Commission should be appointed to determine what the disabilities of Western Australia really were under Federation. Then the Commission were appointed, and it was determined by that body that Western Australia should receive £450,000 a year for 25 years. Of course we have no control over that phase. It was a Federal Commission appointed by the Federal Government. We were given £300,000 for five years, including special grants. It

really meant that we received a little over £200,000 under the heading of the disabilities grant for three years.

The Premier: They gave us £450,000 less the special grant of £100,000, which meant that we really received £350,000.

Hon. Sir JAMES MITCHELL: At any rate, we got £450,000 for one year.

The Premier: But actually we received only £350,000, because we would have received the balance in any case.

Hon. Sir JAMES MITCHELL: We are not getting that now.

The Premier: We are getting about £200,000.

Hon. Sir JAMES MITCHELL: If we sign the agreement and give the Federal Government the powers they are so keen to secure, they might be asked to honour the recommendations of their own Royal Commission. That would be, to say the least of it, a fair thing.

The Premier: Being honourable men I suppose they will honour the recommendations.

Hon. Sir JAMES MITCHELL: I will not trust them too much. Seeing that he thought fit to publish his statement this morning, the Prime Minister must be keen upon securing the powers sought.

The Premier: Naturally, he supports the agreement, and wants to see it adopted.

Hon. Sir JAMES MITCHELL: And the Premier wants to see it go through.

The Premier: Everyone wants it but the hon. member.

Hon. Sir JAMES MITCHELL: No right-thinking person wants it.

The Premier: All out of step except Patsy!

Hon. Sir JAMES MITCHELL: There are not many people to be found willing to sell their freedom for a mess of pottage!

The Premier: I do not think that is the position.

Hon. Sir JAMES MITCHELL: No, there are not many. It is a rotten thing to do! I was going to say that I do not care if I am the only person who protests against this arrangement but I do care, and I hope that the House will say to the Federal Government that if they expect us to trust them in connection with the provision of the Financial Agreement, let them honour the report of the Royal Commission they appointed and let us start off on a fairer basis.

The Premier: It is not a matter of trusting the Federal Government, but the Loan



Council, and that body is made up by the State Governments.

Hon. Sir JAMES MITCHELL: I know what the powers of the Loan Council are.

The Premier: But it is not the Federal Government that we have to trust.

Hon. Sir JAMES MITCHELL: At any rate, I hope the House will insist upon the Federal Government honouring the recommendations of their own Royal Commission. I would like the Premier to pause before he asks the House to ratify this agreement. There are two sections of the people who will be vitally affected by a rigid limitation upon our borrowing powers. The agriculturists of the State will require about £4,000,000 in order to put in their crop next year, if not this year. If conditions such as obtained in 1914 were to return, we would have to raise a large sum of money to help many of our farmers who are just starting. If we come upon bad times again, and we find it necessary to provide work for our people, it might be necessary to raise a considerable sum of money for the construction of public works that are needed. Should we be faced by such conditions, we will find ourselves hamstrung and completely tied up. We will not be able to render that help to the farmers that we should be free to provide untrammelled by anyone. Neither shall we be able to help the workers who should have employment provided for them, especially in bad times such as we had in 1914. I do not suppose there are many farmers who applaud the Federal Parliament much at all. Every day they witness the results of the high tariff and realise that their costs of production are increased unnecessarily by about 15s. an acre because of the rotten tariff, from which they do not benefit in the slightest degree. Now we are told in effect that in bad times it will be impossible for the Government to assist them. That will be about the last straw. If I were a representative of the workers I would hesitate to surrender the power to borrow freely, as we have done in the past when it has been done indiciously. It would be an extraordinary thing if we were to be limited in our borrowing powers as was suggested by the Premier, when he drew attention to that aspect at the conference, and pointed out that £1,000,000 that he might desire could be cut down to £2,000,000, although the work for which the money might be required might be absolutely necessary.

The Premier: Under the agreement the only limitation will be the impossibility of getting the money required.

Hon. Sir JAMES MITCHELL: From that point of view, we need not take it into account because we can get all the money we require. We have to consider the interests of the two sections of the people to whom I have referred, as well as the interests of all other sections, too. Then, again, I do not see why, in the allotment of the money, the Federal Government should have the right to take one-fifth. They always get the big end of the stick. They have not much territory to control. They have some loan expenditure, but nothing to compare with the loan expenditure of this State. Yet the Federal people are to have the right to one-fifth of the total amount that can be borrowed! Naturally and properly, defence expenditure will be outside the limitations set up by the Loan Council. That is quite right. I do not know that there is a great deal more for me to say. I could, of course, point out the limited opportunities there will be for assisting development because of the limitation upon our borrowing. It has been our custom in this State to develop the land with men without capital, the State finding the money and the men providing the work. Thousands of men have been given a chance and many of them are now in comfortable circumstances. I hope not the slightest restriction will be set up in connection with that work. In this new country of ours, where we possess so much land, it is possible to help people, as it is impossible for them to be helped in Victoria or New South Wales. It is our job to do it. What better work could we do than to continue the task of settling our own people on the Crown lands throughout the State, providing them with opportunities to get away from the rut, with future prospects for their children and their children's children. Are we to curb our activities in that direction? They should not be limited by the Loan Council or by anyone else. It is important work that leads to wealth production, and we have a great deal to do if we are to continue progressing and to augment development. On the balance of our trade last year we were some £6,000,000 short in respect of the payments on borrowed money and for imports. We must increase our production of wealth by another £10,000,000 if the position is to be made comfortable for the people of this State, and if everyone is to have work. I think our

care should be to see that we are not trammelled in this work. That is essential not only for the individual we help, but for the State itself. Why should we take any risk in that direction? It will be far more profitable for Western Australia if we produce another £5,000,000 worth of wealth from the land than if we receive this £473,000 a year. I hope my fears are badly founded and that we may get the money we need for the work, but I do not think we should run too many risks. I am more nervous about it when I hear people who approve of the agreement say that it will stop State borrowing. { Fancy people of this State being willing to allow representatives of other States to limit our borrowing! It would be a rotten thing to do. Nevertheless, that is the position. Some think the agreement is a good one simply for that reason.

Hon. W. J. George: But a few only are of that opinion.

Hon. Sir JAMES MITCHELL: I do not know that they are very conversant with the provisions of the agreement. It is the one important thing that they seem to think will happen in consequence of the agreement—the poor, deluded people! Nothing that we were told was to happen under Federation has come to pass. We were told that so many glorious things would happen; nothing has happened. Everything that people said would not happen has happened, and a bit more. Federation has been of no assistance to this State, but a very great hindrance. The Federal Government to-day take much more from the people by way of taxation than the Premier is able to obtain. Despite that fact, all we can see for it in this State is, perhaps, the Post Office, and a few other buildings.

Mr. Davy: We have their Taxation Department!

Hon. Sir JAMES MITCHELL: If bad times arrived, I do not know what assistance the Federal Government could be to the people, unless it were to find work for a few in the Post Office, if there were room there. Yet the Federal authorities take far more taxation from the people than the State Treasurer does! The whole question should be looked into. It takes 20 per cent. of the gross production of our people to pay the taxation bill. It takes every 20 bags of wheat out of 100 bags, 20 bales of wool out of every 100, 20 loads of timber out of 100, and 20ozs. of gold out of every 100

we produce. That is what is necessary to pay the taxation imposed upon our people under various headings. There are no other people in the world who are taxed to anything like the same extent. The whole fabric will break down sooner or later unless taxation is reduced. At one time in France it was proposed to impose a tax of 10 per cent. on the gross production of the people. The suggestion soon brought the people to a realisation of what it meant, and that was the end of the proposal. We could not pay the taxation that we shoulder at present were it not for the high prices we receive for our wheat and wool. But we are living in a fool's paradise if we expect that the present conditions can continue. It is scandalous that we can take from the people 20 per cent. of the wealth they produce, and this in a country that produces a great deal of wealth per head of the population, possibly more than is produced in any other part of the world. Of course, taxation is necessary to carry on a country, but we must consider before we enter upon this agreement just where we stand and just what will happen. We are very comfortable in our surroundings here in Parliament House but that is not the lot of everyone in the State. It will be the lot of a very few unless we can improve our position and produce much more wealth with a smaller taxation bill for the people to pay. It is unfortunate that we are called upon to discuss such a measure at the present time.

*Sitting suspended from 6-15 to 7-30 p.m.*

Hon. Sir JAMES MITCHELL: There is a Constitution Commission sitting at the present time and it does seem strange that the report of the Commission was not in hand before the proposed agreement was submitted. In all matters dealt with under Federal authority or State authority our job should be to do the best we can for the people of the State. Surely the happiness and contentment of the people come before all other things. I can understand some of my friends, believing that this agreement will hamper the States and lead us a bit nearer to unification than would otherwise be the case, favouring the agreement. In the Labour platform there is a provision that reads—

The Commonwealth Constitution be amended to provide unlimited legislative powers to the Commonwealth Parliament and such delegated

powers to the States or provinces as the Commonwealth Parliament may determine from time to time.

Under that, I am doubtful whether we would possess even the authority of a first-class road board.

The Premier: If this agreement is making for unification, the Federal Labour Party have gone back on that plank.

Hon. Sir JAMES MITCHELL: They would go anywhere for political purposes. If they could get votes in the north they would go there, and if in the south they would go there. The Federal Labour Party opposed the abolition of the per capita payments and then opposed this agreement as being too liberal. That, however, was the Federal Labour Party, which I hope is very different from the State Labour Party, I do not suppose there is any place in the world paying men £1,000 a year where an incompetent man can pass muster as easily as in the Federal Parliament. However, our sincere and earnest desire is to help all people, whoever they may be, that come under the control of the Government of this State.

Mr. Withers: We are trying to set them a good example here.

Hon. Sir JAMES MITCHELL: We always do that, but our example is not always followed. I do not say that the good example comes from the Government side of the House; it comes from this side. I suggest to the Premier that he should send a communication to the Prime Minister, who, I think, is sincere in his desire to help this State, telling him we want just a little more. The Premier should tell him, "If you will honour the recommendation of the Disabilities Commission and give us the £450,000 a year for 25 years without conditions, and if, in addition, you will see to it that our borrowing is done at a reasonable rate, by whomever it is done, we shall consider this proposed financial agreement." It seems to me that would be a fair thing.

Hon. W. J. George: According to the evening paper, the Commonwealth has a deficit of three millions.

The Premier: It seems that we shall have to make a special grant to the Commonwealth.

Hon. Sir JAMES MITCHELL: Anyhow, I consider my suggestion is a fair one. If the Premier submitted some conditions and asked the Commonwealth to carry out

the recommendations of the Disabilities Commission, the Commonwealth might then have some regard for the building up of this State. I suppose that not more than 9 per cent. of the people of Western Australia pay direct taxation. That was the figure a few years ago. Everybody, however, pays indirect taxation to the Commonwealth. The first cup of tea or the first glass of beer consumed by the newcomer pays some tax to the Federal Government. If it has taken us 98 years to produce 9 per cent. of direct taxation payers, what can we expect from the migrants coming here for whom in the first 20 years the State will have all the responsibility and the Federal Government all the cash, and probably all the credit? Certainly the Federal Government get all the cash. We are entitled to receive extraordinary assistance in our work of settling the State. A Royal Commission was appointed by the Federal Government and found that we were suffering serious disabilities. The Commission made a recommendation. That recommendation ought to be honoured and honoured before we sign this agreement. Years ago Mr. Deakin foresaw exactly the position in which we find ourselves to-day. As a last word, I propose to read what he said on that occasion, because it seems so applicable to the situation that now prevails. I do not know whether we can guard against the disaster that seems to be facing us. At any rate, we need not go down without knowing something of what Mr. Deakin indicated 20 years ago would happen. While in London, in 1902, Mr. Deakin, in a letter to the "Morning Post," said—

As the power of the purse in Great Britain established by degrees the authority of the Commons, it will ultimately establish in Australia the authority of the Commonwealth. The rights of self government of the States have been fondly supposed to be safeguarded by the Constitution. It left them legally free, but financially bound to the chariot wheels of the Central Government. Their need will be its opportunity. The less populous will first succumb, those smitten with drought or similar misfortunes will follow; and finally, even the greatest and most prosperous will, however reluctantly, be brought to heel. Our Constitution may remain unaltered, but a vital change will have taken place in the relations between the States and the Commonwealth. The Commonwealth will have acquired a general control over the States, while every extension of political power will be made by its means and go to increase its relative superiority.

Mr. Speaker, I have nothing more to say.

**MR. E. B. JOHNSTON** (Williams-Narrogin) [7.38]: I have been asked by the Leader of the Country Party (Mr. Thomson), who has lately returned from South Africa, to continue the debate on this very important question, undoubtedly the most important that has been before this Parliament since Western Australia decided to enter the Federal Union. I was pleased to hear the Premier announce that this was not to be treated as a party question. It is absolutely right that a national question that will affect unborn generations should be placed entirely above party politics. I am pleased also to say that the Country Party take the same view. It is not a party question at all, and that will probably be shown before this debate closes. Ever since Federation was accomplished, the burning question before the people from time to time has been that of Federal and State finances. There have been determined efforts by the Commonwealth to retain a further and increasing proportion of the Customs and excise revenue. During the first ten years of Federation the States received three-quarters of the Customs and excise revenue. From the 1st July, 1910, under legislation introduced by Mr. Deakin, the States were given 25s. per head of population. I wish to point out that every change that has been made and every change that has been suggested has been to the disadvantage of the States and for the aggrandisement of the Federal revenues, despite the fact that the spirit of the whole constitution was that the States for all time were to receive a fair share of the Customs and excise revenue. At the time of Federation, people believed that the amount permanently to be returned to the States would be three-fourths of the Customs and excise revenue. To-day, when we are being asked to surrender the sovereign rights of the State and accept a pittance out of the Customs and excise revenue, fixed for 58 years, it is well before taking the step to recall what some of the political giants of the past, some of the founders of Federation, promised the people when they entered the Federal union, a Federal and not a unificatory system. The grand old man of Western Australia, Sir John Forrest, spoke thus when Mr. Deakin's legislation was before the Federal House in 1909:—

It was thoroughly understood when Federation was established that the States were per-

manently to have a share in the Customs and Excise revenue. Those who framed the Constitution had for their object the improvement of the financial position of the States and had not the slightest desire or intention to impoverish them. The Convention fixed the return to the States at three-fourths of the net Customs and excise revenue, and fixed it permanently, subject, of course, to the Constitution.

It would have been permanent had it not been for the Braddon blot subsequently being inserted. Sir John Forrest continued—

Are we to act so as to recognise the honourable understanding then arrived at, or are we to take our stand solely on the legal bond?

When the Federal Government recently abolished the per capita payments and left nothing in their place, while negotiations were being carried on with the State Premiers, the latter were led to believe that the Commonwealth had a legal, if not a moral right. We have the evidence of Sir George Reid on the same subject. On the 13th August, 1909, he wrote a letter to the Hon. John Murray, then Premier of Victoria, who presided over the Interstate Conference held in Melbourne in that month. He said—

As you will be the President of the approaching Conference I take the opportunity—and I do not think it will be considered a liberty—of impressing upon you and your brother Premiers the supreme necessity of a final adjustment without delay of the financial problems affecting Commonwealth and States. It seems to me that there is, whilst the matter remains open, an increasing danger of an arrangement which can be determined in a short time, not by conference or compromise, but by the will of the Federal Parliament. Time is on the side of your opponents. I am more responsible than any man for the termination of the Braddon clause. But I never wished to allow the States less than a fair share of Customs and excise revenue, which is the only way in which the States can receive revenue from the masses of the inhabitants. The object of this letter is to make that sure for all time. I do not wish to introduce any views of my own except to state that there are one or two main points in which I think the States should be considered, viz.:—

1. They should have a fair share of the Commonwealth revenue.
2. That share should be on a per capita basis.
3. It should increase automatically with the growth of the revenue and the population, or at least with the population growth.
4. There should be no other point of contact in matters of revenue between the Commonwealth and the States.

If I may add another word I think the States should offer to pay the old-age pensions money until the end of the Braddon clause—those States at any rate which have been relieved from their pension system to the amount of such relief; otherwise I think you may suffer permanently far more than can be imagined.

There again, Sir George Reid said we should retain permanently a fair share of the Customs and Excise, and that, too, on the per capita basis.

The Minister for Lands: What has that got to do with it?

Mr. E. B. JOHNSTON: The Government are asking us to trust the Federal authorities in another matter, and to give up our sovereign rights, and I intend to show how we have fared in the past when we have trusted those authorities.

The Premier: We are not asking you to trust the Federal Government at all. We are not handing over whatever powers we have to the Federal Government.

Mr. E. B. JOHNSTON: I am going to quote the remarks of the Premier on that subject, made in the course of a speech at the conference, when he held a different view.

The Premier: Before this agreement had been dealt with in detail.

Mr. E. B. JOHNSTON: It is the only record available to members of the House of what did take place.

The Premier: We sat for a week in Committee discussing it, altering it, and amending it.

Mr. E. B. JOHNSTON: I am going to judge from the statements which have been published.

Mr. Panton: Just as Dr. Earle Page himself judged others.

Mr. E. B. JOHNSTON: I am approving of the hon. gentleman's attitude at that conference, so that he will permit me to agree with what he said then.

The Minister for Justice: His attitude yielded good results.

Mr. E. B. JOHNSTON: Sir George Reid also said—

Why should the States with their great and extensive public works to carry on, be put in the position of being at the mercy of the Federal Parliament? The Federal Parliament could cripple the States, and bring about endless confusion and irritation, and bitter quarrels. If there is one thing which will keep Federal and States revolving peacefully, use-

fully and harmoniously, it is the rigid definition of their appointed course, in writing, so that nothing may be left to chance interpretation.

I now wish to quote from the remarks of Mr. Deakin on the occasion of the second session of the Federal Convention in Sydney in 1897, when he said—

Federal Government might be, and in my opinion ought to be, introduced with a guarantee to each Colony of the return to it of the sums it at present receives from the sources which the Federal Government takes over, of course deducting the cost of the departments which the provincial Governments at present pay in order to obtain the revenue; and I would make that guarantee obtain, not for five or 20 years, but for all time.

In 1909 Mr. Deakin said—

For many of us the present per capita proposal has one great crowning merit, in that it should remove all hesitation on the part of the most timorous States in grappling with the question of immigration, as it ought to have been grappled long ago. The one argument which above all others commends the per capita system to me, and to many other hon. members, is that it will vitalise the immigration policy of Australia and should make it a reality in every State.

He also said—

Let us be careful of the rights of the States, and secure them under our Constitution, so that they may never be liable to be swept away. We should fail in our duty if we did not embody in our draft such a distinct limitation of Federal power as would put the preservation of State rights beyond the possibility of doubt.

In place of those promises from the founders of Federation we find that the per capita payments have been terminated. The Premier went to Melbourne to negotiate. Although he said, and I believe him, that he did not accept the agreement under duress, I hold that the Commonwealth were in a remarkably strong position to negotiate, seeing that they had previously passed legislation abolishing the per capita payments. In that respect I think the Premier was practically put in the position—in fact when he returned from the Eastern States he said he was forced—to consider alternative proposals. Those were his words.

The Premier: Undoubtedly, but the agreement was not accepted. They hold the same strong position in regard to any Federal agreement.

Mr. E. B. JOHNSTON: In 1923 the Customs and Excise revenue amounted to £32,000,000, and this year it is estimated

to produce £45,000,000. The present agreement makes provision for the States in the manner set out in the following table:—

	Payments by Commonwealth under Agreement 1927-28.			Payments under State Grants Act.	Increase in Commonwealth Payments to States.
	Fixed Contributions towards Interest Charges.	Sinking Fund Contribution.	Increased Interest on Transferred Properties.	Total Payments.	
—	£	£	£	£	£
New South Wales	2,917,411	315,000	71,820	3,304,231	325,898
Victoria	2,127,159	190,000	34,543	2,351,702	199,087
Queensland	1,096,235	145,000	23,410	1,264,645	132,930
South Australia	703,816	115,000	15,534	834,350	113,081
Western Australia	473,432	90,000	11,047	574,479	90,729
Tasmania	266,859	30,000	7,511	304,370	37,003
	7,584,912	885,000	169,865	8,693,777	898,787

I would point out that out of the contribution towards interest charges of £7,584,912 we, with one-third of the Commonwealth to develop, are getting only £473,432, whilst the remaining two-thirds of the Commonwealth are to receive £7,111,480. All the States get a little more money for the first few years. It is estimated that for five years Western Australia's finances will benefit. These payments are fixed for 58 years. As the population grows and the necessities of the State increase, no increased amounts are to be paid by the Commonwealth Government except in regard to small contributions to the sinking fund. Increase of population in the future will mean largely increased payments from the people of the State to the Commonwealth revenue, and yet we are going to receive no more money from the Federal Government. Even if we benefit a little for five years, posterity will live to condemn very severely the arrangement

that is proposed in this agreement, which is quite contrary to the desires of this Parliament. On the 10th August, 1926, this Parliament dealt at length with the financial relations between the Federal and the State Governments. Here is the motion which the Premier moved at this time—

That this House is of opinion that there should be no departure from the basis upon which the financial relations of the Commonwealth and States have rested without the fullest consideration of a constitutional session of the Federal Parliament and the approval of the people by referendum; and that no financial scheme should be assented to by the States which does not provide for their receiving from the Commonwealth Government an annual payment of not less than 25s. per head of the population.

The Leader of the Country Party moved an amendment to that motion, which was not accepted by the House. It was—

That this House is of opinion that there should be no departure from the basis upon which the financial relations of the Commonwealth and States have rested without the fullest consideration at a properly convened convention, at which each State shall have equal representation, and that no alteration of policy should be accepted by this State that does not provide for a more equitable and scientific distribution of Federal revenue, based on the proportionate needs of the States, and having special regard for the disabilities of the more extensive and sparsely populated States, where the basis of payment should be at a higher rate than to the more populated States.

We in the Country Party at that time had every reason, from the public utterances of Federal Ministers, to believe that if the per capita payments were departed from something on the lines we then desired would be substituted.

Mr. Panton: You did not go on with it.

Mr. E. B. JOHNSTON: Our amendment was defeated. The Premier has been to the Eastern States doing his best to negotiate with the Federal authorities, but neither the desires of the Country Party as expressed in the amendment, nor the desires of this Parliament as expressed in the motion, have been met in any way. We have not had a constitutional session of the Federal Parliament, which was desired by this House, and the approval of the people by referendum has not been given. I may have something to say on the latter point

directly. Although we laid down here un-  
animously that no financial scheme should  
be assented to by the States which does not  
provide for a per capita payment of 25s.  
per head, we find that this condition has not  
been met in any way. Notwithstanding  
this, we are asked to approve an agreement  
that is entirely contrary to the desires of  
the Premier, and the instructions that the  
House laid down in the motion I have re-  
ferred to.

The Premier: What are we going to do  
about it? The Commonwealth have  
abolished those payments.

Mr. E. B. JOHNSTON: The signature  
of the Premier is on this agreement, which  
we are asked to ratify. We have expressed  
our opinion as to what we should get. If  
we do not get it, I, for one, do not propose  
to ratify the agreement.

The Premier: We are not in a position  
to enforce the agreement.

Mr. E. B. JOHNSTON: I cannot en-  
force it, but I am not going to agree, as a  
member of this House, to something which  
I believe is absolutely unjust, and which  
falls far short of what we decided should be  
the basis of negotiations.

The Premier: We can sit down and  
sulk, and say we will not take anything,  
and we shall get nothing.

Mr. E. B. JOHNSTON: I think we shall  
get something. New South Wales stood off  
at the time Federation was entered into, and  
received a very considerable benefit at the  
last moment.

The Minister for Railways: What did it  
get?

Mr. E. B. JOHNSTON: It got the  
Federal capital, and that enormous expendi-  
ture in its midst. That was something.

Hon. G. Taylor: And the Braddon  
clause.

Mr. E. B. JOHNSTON: The Braddon  
blot as well, greatly to our disadvantage.  
Neither the desires of the Country Party  
nor the instructions of the House are in  
any way met in the agreement which we are  
asked to ratify. Instead of that we are  
asked to accept for 58 years an amount  
based on the population on the 30th June,  
1926, and on the capitation grant for 1926-  
27, together with specified contributions to  
the sinking fund. The Commonwealth are  
taking over existing State debts totalling

£641,345,397. These are apportioned be-  
tween the States as follows:—

	£
New South Wales	234,088,501
Victoria	136,949,942
Queensland	101,977,855
South Australia	84,834,364
Western Australia	61,060,675
Tasmania	22,434,060
	<hr/>
	£641,345,397

The proposal is to pay £473,000 annually  
towards an interest bill of just under  
£3,000,000. The Federal contribution to our  
finances is, therefore, only about a sixth of  
our total interest bill. For all the rest of  
the great services carried out by the State  
for the people of Western Australia we  
have to find the money ourselves by direct  
taxation, or else abolish the services. That  
fixed contribution of £473,000 is not enough  
for the requirements of the State. The  
amount is inadequate to-day, and will be-  
come totally insufficient as our population  
increases and as the ever-recurring demands  
for facilities for the people continue to  
grow.

The Premier: What do you think are our  
chances of getting more

Mr. E. B. JOHNSTON: I think they are  
pretty good. At any rate, if we do not  
approve of the amount, we need not accept  
it. I am not going to be forced into the  
position that because this is what the Pre-  
mier brought back, I have to accept it. If  
that were the position, then, had the hon.  
gentleman brought back only half the  
amount—

The Premier: That is not the point. I  
am not contending that.

Mr. E. B. JOHNSTON: At all events, we  
have signs of Federal extravagance all the  
time.

The Premier: And do you think that if  
we reject this agreement the Commonwealth  
will mend its ways?

Mr. E. B. JOHNSTON: It is our duty to  
the people of Western Australia to consider  
the agreement on its merits, and not to ap-  
prove of something of which we entirely  
disapprove. At any rate, I entirely disap-  
prove of the agreement.

The Premier: In point of fact, nearly all  
the speakers on the subject in the Federal  
Parliament made the same charges against  
the States, saying that the States ought not  
to get so much, and that the States were all  
extravagant and reckless in expenditure.

The speeches in the Federal Parliament are full of those things.

Mr. E. B. JOHNSTON: If those charges are made, they are untrue of this State. I have seen, and so has the Premier, the Federal extravagance at Canberra, and all those Federal boards and Commissions that are running about all over Australia. The Federal revenue in 1925-26 was £72,285,806. The Commonwealth has all the easy money, the revenue from indirect taxation, the money that is collected easily, the people not knowing what they are paying. The Federal Government retain nearly all of that money. They collect over £40,000,000 a year from Customs and Excise, and they offer the States the paltry amounts I read from the return a few minutes ago. The work of the State is to meet all the everyday requirements and domestic concerns of the people. The State controls the lands, on which our primary industries are built up. Western Australia's welfare depends almost entirely on its land settlement policy, on the pastoral, agricultural, mining, and timber industries. The State has to control transport, the railways which carry our exports to the seaboard. The building of new railways to open up the whole of Western Australia has to be undertaken by this Parliament. We have one-third of Australia, and how can we, with one-third of Australia, consent to accept £473,000 as a permanent contribution for 58 years, whilst the other two-thirds of Australia receive over £7,100,000 yearly? It is absolutely unjust and unfair, when our responsibilities and the demands of this great territory for development are taken into consideration. The State has to build harbours to accommodate the ships which take our produce away. In our railway policy we are building into new areas with little population. We do not expect our lines to pay directly for many years, but we do expect to open up this country by that policy, in the interests both of the Commonwealth and the State.

The Premier: How would our position be improved by rejecting the agreement?

Mr. E. B. JOHNSTON: I want a better agreement.

The Premier: So do I.

Mr. E. B. JOHNSTON: I want something better than the hon. gentleman has negotiated, and is asking us to accept. I believe the Premier did his best, but I am not satisfied with this agreement.

Mr. Corboy: Do you think you could do better.

Mr. E. B. JOHNSTON: I have no doubt on the subject. At the same time, I make that reply only because the question was asked, and without reflecting in any way on the earnestness of my hon. friend. We have the tramways and roads and bridges to build. The education of the citizens of tomorrow is entirely a State responsibility. It is interesting to note that while the Federal Government are offering us this paltry pittance of £473,000, based on the population of 1926, we have voted this year £662,189 for the important work of education alone, and that without taking into account the vote for the University. At the same time our schools are starved: right throughout the country we could do with greater expenditure. The department are doing the very best possible with the money provided, but I contend, on the aspect of educational needs amongst others, that we are entitled to a greater contribution from the Commonwealth.

The Premier: We would like to get more, but I am absolutely convinced that there is no possibility of getting more.

Mr. E. B. JOHNSTON: For the administration of justice we voted £312,200 last year, and the Minister for Health is continually requiring more and more funds for the important domestic work the State undertakes in connection with hospitals, mental homes, child welfare, and other local matters tending to ameliorate the condition of the people. The police are also a State responsibility, the maintenance of law and order costing us £310,141 last year. The Mines Department, Forestry, and everything that concerns the domestic life of the people close at hand and the welfare of the country is in the hands of the State Government and the State Parliament. I ask, if £473,432 is fixed as the Federal contribution to Western Australia for 58 years, how are the increasing requirements of the State to be met? That is the amount we get to-day, based on a population of 379,200. I want to point out the injustice in this respect, that South Australia, with 562,200 people, gets £703,816 annually, but that when our population increases, as it will, to that of South Australia to-day we shall not get, as South Australia does, £703,816 with all our increased responsibilities and demands for further expenditure, but only £473,432. Queensland to-day has



876,000 people and it is to get £1,096,000. On the figures submitted, our population will reach that number in about 20 years, and then, instead of getting the £1,096,000 which Queensland enjoys, we, with the same population, are to be content with £473,000. Victoria to-day has 1,701,600 people within a small area, and receives £2,127,159. When our population equals that of Victoria to-day—and I shall presently quote statements showing that we are likely to exceed Victoria's population—if that times comes within 58 years, we with our huge area, with one-third of Australia, will receive only the £473,432 as compared with Victoria's £2,127,159 for the same population to-day.

The Premier: No. In that time Victoria's population will be double what it is to-day. You are assuming that our population will go ahead and that Victoria's will remain stationary.

Mr. E. B. JOHNSTON: If our contribution is fixed to-day at £473,000, there is only one way in which, if our population increases, we are going to meet the requirements of our people, and that is by heavily increased direct taxation on that small section of our own people who to-day pay all the direct taxation that is imposed here.

The Premier: The greater the population, the lighter the burden ought to be.

Mr. E. B. JOHNSTON: At any rate, what is going to happen is increased taxation of the man on the land. As our population increases, if we receive only this small return from Customs revenue, this pittance or dole that we are now asked to accept, we shall have to make up the difference by direct taxation, and that will be paid mainly by the man on the land, who pays his own direct taxation, which he cannot pass on, and also pays a good deal of direct taxation that other people pass on to him. In 1925, the last year for which I have figures available, only 44,681 people paid land tax in Western Australia, and only 43,838 people, probably almost entirely the very same people, paid income tax. So we see that with our population of nearly 400,000 the whole of the direct taxation is paid by about 44,000 persons.

Mr. Panton: Just about the same as the number of motor cars.

Mr. E. B. JOHNSTON: I am going to protect the people I represent. They are the people on the land, the people with permanent homes in Western Australia; and I object to entering into an agreement on lines that will so very heavily increase the

taxation of about one-ninth of our population.

The Premier: That amounts to an absolute statement that the agreement is going to increase taxation.

Mr. E. B. JOHNSTON: Certainly. How are the State Government to make up the revenue and meet the requirements of the people as population increases and continues to increase in the tremendous way it is doing and will continue to do?

Mr. Withers: Will there not be increased activity with that increase of population?

The Premier: Anyone would think, to hear the argument of the member for Williams-Narrogin, that we had power to compel the Federal Government to give us what we want.

Mr. E. B. JOHNSTON: We have power to refuse to ratify this agreement if it is unjust, and if it is going to be unfair to the people of this State as Western Australia progresses and the population increases. If that is so, I say we should not ratify the agreement. I am giving reasons why, in my opinion, we should not ratify the agreement.

The Premier: The obligation is upon you, not to give such reasons, but to show how we are going to get something better.

Mr. E. B. JOHNSTON: I will come to that presently, if the hon. gentleman will have a little patience. Our income tax a few years ago ranged up to 4s. 7d. in the £, and it was the highest ever imposed by any State Government in Australia.

Mr. Marshall: And that was imposed by your own party.

Mr. E. B. JOHNSTON: I admit that; it was very wrong and it was an imposition of which I never approved. At that time, although we imposed the highest income taxation known in Australia, we received our grant of 25s. per head of the population, and we had to meet the deficits as well. How can we carry on and pay our way if we do not largely increase direct taxation? It appears to me to be certain that, as the population of the State increases, and if we receive merely this miserable pittance that is provided by the agreement for a period of 58 years and is based on the population of the State two years ago, there must of necessity be a considerable increase in direct taxation on land and incomes. I want to tell the people of the State what they will have to face by way of increased direct taxation if this agreement is ratified.

The Premier: And which they have to face even if it is not ratified. Are you not aware that the per capita payments have been abolished?

Mr. E. B. JOHNSTON: I know that, but the Premier is asking us to accept the per capita payment of two years ago and to accept it for 58 years. That is his agreement and I disagree with it. I want to be permitted to say so in my own way, without interference. The development of this State and the happiness of our people depend entirely upon the proper performance by the State Government of their duty, for which purpose they must have an adequate return from customs and excise. The performance of those duties by the State Government depends entirely upon the receipt of a fair share of that easily collected revenue, and the agreement we are asked to ratify does not give a fair deal to Western Australia in that respect. The Premier wants to know what I think should be substituted, and I am very pleased to be able to tell him. We should revert to the Constitution and demand our fixed percentage of customs and excise revenue, as laid down in the Constitution. In addition to that, I think we should receive the special grant recommended by the Disabilities Royal Commission, recommendations that emanated from an independent tribunal to which I shall refer later on.

Mr. Marshall: How would the people get on if the Federal Country Party got control and abolished all those things?

Mr. E. B. JOHNSTON: As usual, the hon. member does not know what our policy is.

Mr. Marshall: Do you?

Mr. E. B. JOHNSTON: The policy of the Country Party in the Federal House is to reduce customs duties as much as possible and to keep them down as low as is permissible.

Mr. Marshall: Not much of that has been done.

Mr. E. B. JOHNSTON: The platform of our State party contains a clause to abolish the protectionist tariff in favour of a revenue tariff. That would provide a fairer return to the States from that revenue.

Mr. Panton: What is the good of such a plank on the platform if you do not put it into operation?

The Minister for Justice: Give us some results of your policy.

Mr. Panton: That will be more to the point.

Mr. E. B. JOHNSTON: The next point I wish to deal with is that if it were admitted that the Federal distribution of the £7,584,912 were equitable, which I do not admit for one moment, it is unjust to now fix Western Australia's share at £473,431. With the sinking fund contributions that would do for the first five years but not for the balance of the 53 years. Would it be regarded as justice to fix for Western Australia, which contains one-third of the whole continent, a sum of £473,432? The basis of the distribution should, in my opinion, be on the population of the States at the time of distribution, the area of the States, and their necessities. Mr. Bruce said he would abolish the per capita system, but in the agreement before us nothing of the kind is done. The per capita system as it existed two years ago, is to be perpetuated for 58 years, irrespective of how the population may fluctuate in Australia during the period. To fix the population in 1926 as the basis of distribution of revenue for the next 58 years is wrong, and nothing could be more unjust and unfair to a progressive large and rapidly developing State such as Western Australia. To-day our population is increasing more rapidly than that of any other State. Are we to get no consideration at all for that happy state of affairs? It is a condition that will increase in every direction the demands upon the State Treasury. Yet no consideration is evidenced at all in the agreement. It is interesting to observe, too, how the population of Australia has varied in the different States during the last 30 or 40 years, and then to look at this extraordinary method of distribution that has been fixed for 58 years. In 1880 the population of South Australia was 276,393, and in that year the population of Queensland was 211,040. In other words, at that time South Australia had 65,000 more people than Queensland. To-day the population of South Australia has increased to 566,394, while that of Queensland has increased to 882,193 or 320,000 more than South Australia. So it will be seen how absurd it would be to fix the payments to those States on the per capita basis apparent in 1880 for a period of 58 years, as is proposed in the agreement.

before us. In 1890 the population of Western Australia, this great State of ours of which we are so proud, totalled 48,502 people, whereas the population of Tasmania at that time—that was under 40 years ago—was 144,787, or nearly three times the population of Western Australia. To-day Western Australia has nearly 400,000 people. For the purposes of comparison, however, I will take the latest figures I could obtain for Western Australia and Tasmania. In 1926 the population of Western Australia was 378,746, while that of Tasmania was 214,754. Whereas in 1890 Tasmania had nearly 100,000 more people than Western Australia, in 1926 we had 164,000 more people than Tasmania. Yet we are asked to ratify an agreement fixing the contribution to this State for 58 years on a per capita basis of a given date!

The Premier: One would imagine that there were two propositions before us—the agreement and the per capita payments—and that the whole argument was as to which we would accept.

Mr. E. B. JOHNSTON: No.

The Premier: The figures you are quoting are all in connection with the per capita payments.

Mr. E. B. JOHNSTON: No, The Premier is entirely wrong. The proposal that is before this Parliament is whether we shall approve of the agreement that the Premier has signed and has commended to this House, or whether we shall reject it as unsuitable for the requirements of the State. That is the proposition before us.

The Premier: Your arguments are in favour of per capita payments as against the agreement.

Mr. E. B. JOHNSTON: My whole argument is against the second reading of the Bill and the ratification of the agreement.

The Premier: And all your statistics are in support of the per capita payments.

Mr. E. B. JOHNSTON: A similar fluctuation of the population means that the agreement will not be fair to the Australian States in the near future. As a State, Western Australia is increasing in percentages and in prosperity.

The Premier: The whole argument is outside the question.

Mr. E. B. JOHNSTON: I object entirely to that remark. The question is that we shall ratify the agreement.

The Premier: And you are arguing in favour of the per capita payments as against the agreement.

Mr. E. B. JOHNSTON: I am arguing against the agreement, which I say is no good to Western Australia, and this is the only way and the only place for me to do so.

The Premier: The hon. member is showing how much better the per capita system is.

Mr. E. B. JOHNSTON: I am showing how bad this agreement is, and how wholly unsuited it is to the requirements of this State and the people whom I represent.

The Premier: Yes, as compared with the per capita payment system.

Mr. E. B. JOHNSTON: As compared with pretty well every other agreement that could be devised! Fancy fixing the payments for 58 years on the basis of our population two years ago! Such a thing is absolutely indefensible.

The Premier: I have never before heard such a lopsided argument.

Mr. E. B. JOHNSTON: For the last three months of this year the increased population of the State was 1,899. I wish to quote some figures that have been supplied by Mr. Wickens, the Commonwealth Statistician, to show exactly how unjustly the Financial Agreement will operate in Western Australia in view of the splendid rate at which our population is increasing. The increase here is the highest of the Australian States. Whereas last night the Premier suggested that the agreement was very favourable for Western Australia, I say it is not, particularly in view of the fact that our population is increasing at such a splendid rate.

Mr. Mann: He said it was the best he could get.

Mr. E. B. JOHNSTON: No, I think the Premier said—I speak subject to correction—that the agreement would suit Western Australia far better than the Eastern States. As the population of Western Australia is increasing at a greater rate than that of any other State, I contend we shall fare worse. As our area is greater than that of any other State, it must be more expensive to administer. It is not possible to help people who are scattered over one-third of Australia as easily as people can be helped in a smaller area. On that ground, too, the agreement will be worse for us than for any other part of the continent.

The Premier: We have not people scattered throughout the whole area.

Mr. E. B. JOHNSTON: Yes, we have.

Hon. G. Taylor: We will have fewer if the agreement is adopted.

Mr. E. B. JOHNSTON: The figures I refer to show the effect of the agreement on the States. Mr. Wickens has submitted the following calculations on the basis of (a) the increased population in 1927 and (b) the increase over the five years preceding 1927:—

DOUBLING POPULATION.

State.	1927 basis of increase.	1922-27 basis of increase.
New South Wales ...	32 years	35 years
Victoria ...	41 "	38 "
Queensland ...	36 "	26 "
South Australia ...	42 "	30 "
Western Australia ...	20 "	26 "
Tasmania ...	139 "	Decrease

Worked out on the basic rate of 25s., when Western Australia doubles her population, the States will receive the following amounts:—

	1927 basis.	Five-yrs. basis.
New South Wales ..	20s. 0d.	16s. 10d.
Victoria ..	25s. 8d.	18s. 3d.
Queensland ..	22s. 6d.	12s. 6d.
South Australia ..	26s. 3d.	14s. 5d.
Western Australia ..	12s. 6d.	12s. 6d.
Tasmania ..	28s. 10d.	*

\* Decrease not computable.

To put the figures in another form, when the States double their population, and receive, on agreement basis (i.e., 25/- per capita on 1927 population) the position will be:—

State.	1927 basis.	W.A. will receive:	1922-27 basis.	W.A. will receive:
	s. d.	s. d.	s. d.	s. d.
New South Wales	12 6	7 10	12 6	7 2
Victoria ...	12 6	6 1	12 6	6 7
Queensland ...	12 6	7 0	12 6	9 7
South Australia	12 6	6 0	12 6	8 4
Tasmania ...	12 6	1 9	12 6	negli- gible

The Premier thinks that of all the States Western Australia will fare best under the proposal, but I think this State will fare worst of all. I now wish to quote some more figures. It is very difficult for us in Western Australia to get all the

information we require. We know that Mr. Wickens, the Commonwealth Statistician, gave evidence to the Constitution Commission as to how the agreement would affect the different States, and Western Australia in particular, but I regret that the Federal Government are pushing on this agreement, which involves an alteration of the Constitution, before the Royal Commission has reported, which I consider is a very wrong thing to do. So far the evidence given by Mr. Wickens has been denied to the people of Western Australia. A public spirited gentleman, who tried to get it for the benefit of this Parliament, has failed, inasmuch as his request has not been approved.

Mr. Marshall: You could have got it from the Federal Treasurer.

The Premier: All the evidence was given in public.

Mr. E. B. JOHNSTON: I do not think it was.

Hon. G. Taylor: No.

Mr. E. B. JOHNSTON: At any rate an application for Mr. Wickens' evidence has been refused and the evidence is not available. I am told that not only has it not been printed, but that it is not going to be printed.

Hon. G. Taylor: Wickens' evidence was never published.

The Premier: What is the hon. member's assertion, that the Federal Government have deliberately suppressed his evidence?

Mr. E. B. JOHNSTON: I do not know that the Federal Government have had any say at all in the matter. It may be that the members of the Royal Commission, acting as members of Royal Commissions in this State have done, have refused to permit the evidence to be published until they issued their report. That is all I assert in the matter, and I certainly hope that no remarks of mine conveyed the impression suggested by the Premier.

The Minister for Justice: All the evidence here was given publicly.

Mr. E. B. JOHNSTON: Unfortunately it has not been so in the Eastern States.

The Premier: I think there is a member on that Commission who would not be inclined to suppress any evidence of that kind.

Mr. E. B. JOHNSTON: I am not saying it has been suppressed. I am complaining that we are forced to deal with this agreement before important evidence given before the Constitution Commission and bearing on

the agreement has been made available to the people of this State.

The Premier: I think that is just a kerbstone rumour.

Mr. E. B. JOHNSTON: It is not. I give the Premier my assurance that a member of this Parliament has made efforts to obtain the evidence, so far without success.

The Premier: I would like to know the whole of the facts.

Mr. E. B. JOHNSTON: I wish to quote a return given by the Federal Statistician to the Federal member for Perth (Mr. Mann), and quoted by him in the House of Representatives, showing the loss that Western Australia and the other States are going to sustain by the fixed contribution during the next 58 years as compared with what they would have received under the per capita payments.

The Premier: Are those the figures which were used by Mr. Mann in the Federal Parliament?

Mr. E. B. JOHNSTON: Yes.

The Premier: Read the reply to them by your colleague, Earle Page.

Mr. E. B. JOHNSTON: I have read it.

The Premier: He cut the figures to pieces.

Mr. E. B. JOHNSTON: No, he cut a few millions off.

The Premier: He showed that the member for Perth was only 25 millions wrong.

Mr. E. B. JOHNSTON: Twenty-five millions out of 385 millions, which I think the total loss to all the States would be, is not so much.

The Premier: Why use the figures of a member that are shown to be at least 25 millions wrong?

Mr. E. B. JOHNSTON: The figures I am going to quote are shown to be absolutely right. They are Mr. Wickens' figures. The error to which the Federal Treasurer directed attention was in the contribution to sinking fund and not in the figures I am about to quote. The figures given by Mr. Mann were confirmed by Mr. Fenton, the member for Maribyrnong, as having come from Mr. Wickens, though of course, no one would doubt Mr. Mann's word on that. Mr. Mann said—

I have had prepared for me by the Commonwealth Statistician a table making an exact comparison between the amount which each State will receive under this fixed payment for 58 years and the amount it would have received under the per capita payments: making allowance for a uniform increase of population during that period.

As Western Australia is increasing at a greater rate, I believe that our losses would be even greater than those submitted by Mr. Mann on that basis.

These figures are extremely interesting and I propose to read them so that they may be incorporated in "Hansard." I shall read first the figures which show the payment at the rate of 25s. a head for 58 years, then the payment for 58 years if the subsidy specified in the agreement is continued, and lastly the difference in the amount which the States will receive. For New South Wales the per capita payment would amount to £336,000,000. Under the proposal in this agreement, the corresponding payment would amount to £169,000,000 or a difference representing a loss to the State of New South Wales during that period of £167,000,000. Victoria would have received out of the per capita payments £190,000,000, but will receive under these proposals £123,000,000, representing a loss of £67,000,000. Queensland would have received £132,000,000, but will now receive £64,000,000, thus losing £68,000,000. South Australia would have received £72,000,000, but will now receive only £41,000,000, or £31,000,000 less.

Now comes the important part that I wish to emphasise.

Western Australia would have received £73,000,000, but will now receive £27,500,000, thus losing £45,500,000.

That is the amount we are going to lose, on Mr. Wickens' figures, if we accept this fixed contribution of £473,000 a year. Of course, we will make up some of it on the sinking fund.

The Premier: That is as compared with what we would have got if we could have had the per capita payments for 58 years.

Mr. E. B. JOHNSTON: Yes.

The Premier: Unfortunately we are not likely to have them for 58 minutes, because they have gone.

Mr. E. B. JOHNSTON: But when we are to lose £45,500,000, that fact stamps the agreement as being a bad one. I am not blaming the Premier for not having negotiated a better agreement, but I do say that this loss of £45,500,000 is unjust to the people of Western Australia and consequently we in the people's House have a right to reject the agreement.

The Premier: Yes; if you can demand the per capita payments for 58 years, reject the agreement by all means.

Mr. E. B. JOHNSTON: This agreement will not do us; we want something else.

The Minister for Justice: Will you give a pledge that you will not support the Gov-

ernment that was responsible for the abolition of the per capita payments?

Mr. E. B. JOHNSTON: Not on that point.

The Minister for Justice: It is the all-important point.

Mr. E. B. JOHNSTON: My attitude to all Governments at all times is to support them when they are right, not when they are wrong. My political friends and political foes stand just the same with me, and it is the proper attitude for a member of Parliament to take. Of course, everyone in Western Australia knows that despite the unfortunate attitude taken by the Federal Government in the matter of the financial negotiations with the Premiers, the Bruce-Page Government is the best Government and has done more for Western Australia than any other Federal Government.

The Premier: Of course the hon. member knows that when the Bill to abolish the per capita payments was before the Federal House last year, the Bruce-Page Government made it a no-confidence question and staked the life of the Government on it.

Mr. E. B. JOHNSTON: I am aware of that. I know that the members of the Country Party representing Western Australia in the House of Representatives took action that I commended by opposing the abolition of the per capita payments.

The Premier: Because the Government were quite safe even when those members cast their votes against the Government, but if it had meant turning the Government out we would have seen how they would have voted. The Government made it a no-confidence question and staked their life on the abolition of the per capita payments.

Mr. E. B. JOHNSTON: At any rate, it was a very wrong action and I join with the Premier in condemning it.

Mr. Davy: The present Federal Opposition has declared that these proposals are too generous to the States, and we shall get something worse if we do not accept these.

The Minister for Justice: The member for Williams-Narrogin argues that if this agreement is not adopted, we will get something better.

The Premier: Where are we? The present Government say, "We will not give you anything better." The Leader of the Federal Opposition says, "We will not give you anything so good." Where are we?

Mr. E. B. JOHNSTON: We are in the unfortunate position of not knowing what the Federal Government said to the Premiers, because the negotiations were carried on in camera.

The Premier: We know perfectly well where the Federal Government stand. They abolished the per capita payments and said, "This agreement is the utmost we will do for the States." We are told that the Opposition would not do as much. What are you going to do about it?

Mr. E. B. JOHNSTON: I did not set out to apportion blame between the Federal Government and the Premiers, but if the Premier wishes me to apportion the blame, then I certainly blame him for having signed the agreement before it was satisfactory. It would have been better to return without an agreement than bring back this one.

The Premier: I think we have it pretty clearly that neither party will give us anything better. The Government will not and the Opposition, if in power, would not give us anything so good. Where can we get anything better?

Mr. E. B. JOHNSTON: I do not know that the Federal Government will not give us anything better.

Mr. Davy: I do not know that the Federal Government have said they will not give us anything better.

The Premier: Of course they have, a hundred times.

Mr. E. B. JOHNSTON: I wish to finish the comparisons, and to point out that Tasmania would have received £20,000,000, but will now receive £15,500,000 representing a loss of £4,500,000. The total amount which would have been received by all the States under the per capita system would have been £823,000,000, but the amount payable under this proposal will be £440,000,000, or £383,000,000 less during the period of the agreement. Reduced to percentages the basis of the losses of the various States works out as follows:—New South Wales 50 per cent., Victoria 35 per cent., Queensland 51 per cent., South Australia 43 per cent., Western Australia 62 per cent., and Tasmania 22 per cent. Here again we see that Western Australia loses more than any other State on the per capita basis, and that without taking into consideration,—this would certainly be extra loss—the fact of our having such a big male population, and also the second

fact that these losses are calculated on a uniform increase of population, whereas we know that Western Australia's population is increasing at a much greater rate than that of any other State. I wish now to refer to some evidence given by Mr. Wickens before the Royal Commission on the Constitution in Melbourne. He said that long before the expiry of the agreement it must become unfair to Western Australia, because the rate of increase in population in the State was much more rapid than in any other State.

The Premier: Who said that?

Mr. E. B. JOHNSTON: Mr. Wickens. We could not get his evidence, but this was published in the "Northam Advertiser," and I am inclined to think that it is entirely correct.

The Premier: If his evidence is not available to members of this House, I wonder how it came to be available to an obscure country newspaper?

Mr. E. B. JOHNSTON: It was published in that paper under that authority.

The Premier: There must have been some leakage.

Mr. E. B. JOHNSTON: And I am quoting from it. Mr. Wickens went on to say that the distribution on the basis of population at the time of distribution would be necessarily much fairer than a distribution on the basis of population in 1926. Here we have complete evidence in opposition to the proposal contained in this agreement. The remarks of Professor Griffiths-Taylor in Sydney were recently published in the "West Australian" newspaper when he gave evidence before the Royal Commission on the Constitution. Professor Griffiths-Taylor is Professor of geography at the Sydney University. He said that on the basis of climate, area and potentialities, ultimately the relative populations of the States would be in the following order: Queensland first, New South Wales second, Western Australia third, Victoria fourth, South Australia fifth and Tasmania sixth. Yet if that forecast is achieved during the currency of the 58 years of these fixed payments, although Western Australia will be third in population, and will have a population larger than that of Victoria, according to the professor, we shall still receive our £473,432, plus the Commonwealth contribution to the sinking fund of 2s. 6d. per cent. per annum on old

loans, and 5s. per cent. per annum on new loans, while Victoria will receive commensurate contributions to their sinking fund, and will also receive £2,127,159, with its small area and its population concentrated within narrow limits. On these figures also the injustice of the agreement to Western Australia is most apparent, particularly when we look, as we are entitled to do, to the brilliant future that is undoubtedly before this State. To-day is the day of big things in Western Australia. The eyes of the Commonwealth, if not of the world, are turned towards this State. We have a land settlement policy in operation that is the biggest thing in Australia. We probably have the biggest area of undeveloped land awaiting settlement that is to be found in the British Empire. I am pleased to say, and I give the Government every credit for it, that we are actively engaged in opening up and developing these territories. The work before this State is that of nation-building. Only in yesterday's paper we saw mention made of the big scheme for the expansion of the wheat belt in the huge territory lying between Southern Cross, Esperance, Ravenshorpe and Lake Grace down to Albany. It is proposed to build three big railways to open up 8,000,000 acres of land. That 8,000,000 acres will certainly carry 5,000 if not 8,000 first-class wheat farmers. That means a population—taking on an average, which is a small one, of five people to each farm,—of 25,000 new people on the land in that great area. There are other parts of the State containing wheat lands of almost similar area awaiting development and settlement. In the South-West we have the great group settlement system initiated by Sir James Mitchell, and undoubtedly capable of much further expansion, and the placing of many thousands more people in that fertile part of the State. Mining developments have never looked healthier. I see from to-night's paper that Mr. Vail, who is interested in the Wiluna goldmine, predicts that the mine will be the largest goldmine within the Commonwealth. "Bracside" may turn out to be another Broken Hill. If the optimistic anticipations of the proprietors are realised. Things on the Golden Mile are looking up. The population is increasing and the work is developing, and it looks as if we are going to have a big goldmining revival in this State.

The Premier: With this wonderful future that you are painting we shall be told that we do not need any assistance.

Mr. E. B. JOHNSTON: Before all these developments can take place, and as our wheat lands are opened up, a large amount of money will have to be spent by the Government in railways, schools, roads, water supplies, police protection and in other directions. This money will have to be supplied by the people of the State, and yet we are asked to do all this on a paltry £473,000 that is to be allotted to us on our population of two years ago. Expert opinion agrees that Western Australia will undoubtedly be the largest wheat producer in the Commonwealth. As our wheat production increases so will the production of our wool increase. With the expansion of primary industries in this State, secondary industries, which loom so large in the Eastern States, will certainly come to us. We have huge areas of land as yet unsettled, which will respond to the plough and carry increasing numbers of people. I certainly say that in the circumstances, this agreement, based on the population of two years ago, is absolutely unsuited to the requirements and to the necessities of the State. I am entirely disappointed at these proposals. I thought from the statements of Federal Ministers made in this State that the area and the necessities of the States with the smaller populations were to be taken into consideration when the per capita grant was abolished, as has been done in the case of the main roads grant. That grant was distributed on the basis not of the population two years ago, but on the basis of the population at the time of distribution, combined with the basis of the area of this State, which means the requirements of the people. I will confess that when the Federal Government cancelled the per capita payments, I thought, as the Leader of the Country Party thought when he moved his amendment that I read, that it was proposed to make a fresh distribution based on the requirements of the States, rather than on the population of a remote time, for it will be a remote time by the end of 58 years. Our people with a third of the continent to develop are called upon to do all this work with the aid of £473,000, whilst the other two-thirds of the Commonwealth, already more highly developed, are each to receive £3,555,000 or a total of £7,111,000. It is therefore time the worm turned, and that we in Western Australia objected to an arrangement which is

so manifestly and wholly unsuited to our conditions and requirements. Particularly is this so when we remember that most of the enormous Federal revenue of £72,000,000 a year, to which I have referred, is being spent in the favoured Eastern States. The seat of Government is there, the expenditure is there, and the officials are there. We get nothing and yet we are asked to accept the paltry amount I have mentioned. I should like to record how manifestly unjust this is to us on the basis of the area of population, remembering that our duty to fill up Western Australia with white people is not merely a State affair, but that it is a duty we owe to the Commonwealth as well as to the British Empire.

For 58 years New South Wales, with 309,482 square miles of territory, will receive an annual subsidy (exclusive of 2s. 6d. sinking fund on existing debts) of £2,017,000.

Victoria with 87,884 square miles of territory will receive £2,127,000.

Queensland with 670,500 square miles of territory will receive £1,096,000.

South Australia with 380,070 square miles of territory will receive £704,000.

Western Australia with 973,920 square miles of territory will receive £474,000.

Tasmania with 26,215 square miles of territory will receive £267,000.

Mr. Panton: The per capita payments were not made on territory.

Mr. E. B. JOHNSTON: No, but I want a distribution something like that appertaining to the main roads grant. That grant is made by the Commonwealth, and it is made partly on the population of the States at the time of distribution, and partly on the area of the States, which I believe is a fair criterion of the necessities, responsibilities and duties of the States.

The Premier: I would like to know what plan you have in mind for enforcing that upon the Federal Government and the Federal Parliament.

Mr. E. B. JOHNSTON: I may be able to make a suggestion to the Premier on that point at the proper time and in the proper place. To put the matter into other figures—

New South Wales will receive £10 7s. per square mile.

Victoria will receive £26 3s. per square mile.

Queensland will receive £1 16s per square mile.

South Australia will receive £2 2s. per square mile.

Western Australia will receive 11s. per square mile.

Tasmania will receive £11 4s. per square mile.



I should like to look at the history of some other newly settled countries so far as the white race is concerned, to show how unjust it would be to make a per capita basis on a fixed date, for 58 years or for any lengthy period. In the year 1790 there were 13 of the original States of the American Union, and they had a little over 3,000,000 people. To-day the United States have 117,000,000 people, while the original 13 States have only 43,000,000. It will be seen, therefore, how unjust it would have been in the United States to fix for 58 years, or any long period, an agreement based on per capita in, say, 1790. Our conditions are highly comparable to those of the western part of the United States; and I believe that as time goes on, even in our own time, this one-third of Australia may increase in population at a very great rate, and arrive at numbers comparable to those of the Eastern States. In Canada there has been a very similar experience during much more recent periods. I will take the years from 1901 to 1921, the latest for which figures are available. The old States of Quebec and Ontario, which could be compared to Victoria, increased 2 per cent. and 1.7 per cent., respectively, in population per annum for the whole 20 years. During the same period Manitoba increased from 255,211 to 610,118 people, and Saskatchewan from 91,279 to 757,510. Alberta, during the same years, rose from 73,022 to 588,454, and British Columbia from 178,657 to 524,582. The original settlements on the eastern side of Canada have increased but slowly of recent years, whilst the new districts, comparable to Western Australia, have gone ahead by leaps and bounds. I contend that the per capita system, being fixed for 58 years on the population of two years ago, may yet prove to be as unjust and undesirable as would have been the fixing of such a basis for distribution in Canada 25 years ago. I have here the report of the Federal Disabilities Royal Commission, and I do really think that in any agreement we may make with the Federal Government we are entitled to demand that the recommendations of this impartial tribunal, a tribunal appointed by the Federal Government, should be carried into effect.

The Premier: Just prior to the last Federal election we had the definite promise of Senator Pearce and others that the re-

commendations would be carried into effect.

Mr. E. B. JOHNSTON: We are entitled to see that they are, and in view of that promise of a senior Minister of the Federal Parliament I am surprised that the Premier accepted the agreement which he asks us to ratify. At any rate, I would like to see a fulfilment of that promise in the agreement before we ratify it. The report comprises 174 pages on the disabilities of Western Australia under Federation.

The Premier: There are a few pages of the report that do not deal with the disabilities.

Mr. E. B. JOHNSTON: Yes, a few. Now we are asked to give the Federal Government and the Eastern States increased power to dominate and control our affairs, whilst the disabilities so ably reported upon by the Royal Commission have not yet been removed. I wish to point out that there was no Western Australian on this Royal Commission, which was comprised entirely of men unprejudiced so far as Western Australia is concerned. The chairman was not only a gentleman who had rendered distinguished political service in the public life of Queensland, but was also an ex-Treasurer of the Commonwealth of Australia, so that he could not very well have had higher qualifications to give a fair and unprejudiced report. This was quite different from the corresponding Commission in South Australia, which was composed of South Australians, who could be accused of bias. Here is one of the most important recommendations of the majority of the Commission that sat here, Mr. Commissioner Higgs, the Chairman, and Mr. Commissioner Entwistle; and it reads—

Your Commission is of opinion that if the State of Western Australia had not joined the Federation, that State might have imposed Customs duties partly protective and partly revenue producing, and derived advantage therefrom; that having joined the Federation whatever benefit the Commonwealth protectionist policy may have conferred upon other States of the Commonwealth, it has not benefited the State of Western Australia; that the primary producers of the State of Western Australia have to pay more for their agricultural machinery, etc., than the primary producers of the Eastern States; that the primary producers of the State of Western Australia have not the benefit of home markets like Sydney with its 1,008,500 population, or Melbourne with its 885,700 population—home markets of such value that three-fourths of the primary products of New South Wales and Victoria, other than wheat or wool, are consumed within those States; that the

primary producers of the State of Western Australia have to sell their products in the markets of the world; that it is impossible to give the primary producers of Western Australia relief by way of reduced Customs duties without injuring the secondary industries of the Eastern States; and that the only effective means of removing the chief disability of the State is to restore to the State, for a period of years, the absolute control of its own Customs and Excise.

Mr. Commissioner Mills dissented from that paragraph, but the majority of the Commission recommended that for a period of years we should be given the absolute control of our own Customs and Excise. If we had that control to-day, we would not now be mendicants to the Commonwealth asking for what we should get as a right, namely, a fair share of revenue from that source. The next important recommendation bearing on the one I have just read, is as follows:—

That the State of Western Australia shall, during a period of 25 years and thereafter until the Parliament otherwise provides, have the absolute right—(a) To impose its own Customs tariff as in pre-Federation days, provided the State of Western Australia shall not impose higher duties upon the importation into the State of Western Australia of any goods produced or manufactured in or imported from other States of Australia than are imposed on the importation into the State of Western Australia of the like goods produced or manufactured in or imported from other countries; (b) To impose its own Excise tariff. The amount of money to be contributed by the State of Western Australia to the Federal expenditure of the Commonwealth in excess of Federal income tax, land tax, and probate duties, etc., to be determined by negotiation between the Commonwealth Government and the Government of the State of Western Australia; or, in case of disagreement, by an arbitrator who shall be a citizen of the British Empire.

Here, again, Commissioner Mills expressed dissent, but the majority of the Commission made that very important recommendation in favour of Western Australia, a recommendation that we are entitled to have seriously considered by the Royal Commission on the Federal Constitution. That recommendation should be carried into effect when the Constitution is so altered as to permit of the validation of this agreement. The next important recommendation from the Disabilities Royal Commission reads—

Reiterating our opinion that a grant can be regarded only as a partial and temporary remedy for the State's financial disabilities, we recommend that until the State of Western Australia is granted the right to impose

its own Customs and Excise tariffs, the Commonwealth shall pay to the State a special payment of £450,000 per annum in addition to the 25s. per capita payment made in accordance with Clause 4 of the Surplus Revenue Act of 1910, the aforesaid special payment to include the special annual payment now being made to the State of Western Australia in accordance with Clause 5 of the said Act. The above special payment of £450,000 to commence on the 1st of July, 1924.

I have looked through the agreement very carefully, and fail to find in it any reference to this report or to the recommendations made by this qualified and independent tribunal in favour of the State of Western Australia. We are entitled to stand to the recommendations of that Royal Commission, and to the promise which according to the Premier's interjection has been made by a responsible Minister of the Federal Parliament. Before we ratify this agreement, we should include special consideration to this State in the shape of the allowance of £450,000 annually which the Royal Commission after exhaustive inquiry and after visiting the different parts of Western Australia said was necessary in addition to the per capita payment. The Royal Commission said that not only was it necessary for us to have the per capita payment on the basis of population increases, but also this special grant, and that even then disabilities imposed by Federation upon the people of Western Australia would not be fully met. I hope the Government will stand on this recommendation like a rock, and certainly endeavour to have it incorporated in the agreement before they ask this Parliament for its ratification.

The Premier: I did my best with regard to that, but did not receive much support. I was told that the recommendation has been cut down from £450,000 for 25 years to £200,000 for five years. That includes the special grant which we would have got in any case.

Mr. E. B. JOHNSTON: Anyhow, I consider that the Parliament of Western Australia is entitled to ask for that before approving of the agreement submitted. We know, too, that a Royal Commission on the Federal Constitution is sitting and has not yet reported, though, to judge by the consideration accorded to the recommendations of the Disabilities Royal Commission, we should not be too sanguine as to what benefit we shall receive from the Constitu-

tion Commission when its report becomes available. I do know, however, that a distinguished and capable representative of Western Australia, in the person of Sir Hal Colebatch, has a seat on the Constitution Commission. I am of the opinion that we should wait until we receive that report, because we know that the Commission have inquired into the very amendments to the Constitution that are anticipated in the Financial Agreement. Before we ratify this document, we should know exactly what the Commission recommend regarding alterations to the Constitution, insofar as those amendments will affect both the Commonwealth and Western Australia.

The Premier: We have had experience of the results of Royal Commissions. They are always barren!

Mr. E. B. JOHNSTON: I wish to say a few words in regard to the sinking fund. The agreement shows that we shall receive £90,000 a year on our old debts and £12,000 a year in respect of interest on transferred properties. Of course that is a very belated act of justice to this State. It seems almost inconceivable that ever since the inauguration of Federation, and though interest increased so rapidly during the war period, only 3½ per cent. should be paid in respect of transferred properties. It is merely a very belated act of justice on the part of the Commonwealth when they propose to increase the rate of interest to 5 per cent. With regard to future loans, the Commonwealth is to pay 5s. per cent. and we are to pay 5s. But we do not know how our future loan operations may be restricted if the Loan Council is to operate. We cannot count very definitely on being permitted to raise £5,000,000 a year, as was forecasted by the Premier last night. In any case, it is the intention of the Commonwealth, as far as possible, to raise loans for the States within Australia, and then they intend to tax them. The lowest rate of taxation is the company tax of 1s. in the £. so that on that basis the Federal Government will receive more than they will pay back to us in respect of the new loans.

The Premier: It is useless for the hon. member to say that it is the intention of the Federal Government to raise loans for the States within Australia. I have repeatedly stated that the Federal Government will not control the raising of loans; that will be de-

cided by the Loan Council, which is made up of State representatives.

Mr. E. B. JOHNSTON: Quite so, but if the Federal Government has two votes on the Loan Council, and if those loans are raised within Australia, the Federal Government will tax them and we will have to pay more for our loans because of that Federal taxation. The Federal Government will levy taxation on practically every loan and take from the big taxpayers very much more than the Government will pay into the sinking fund.

The Premier: They will do that, agreement or no agreement.

Mr. E. B. JOHNSTON: So that instead of getting money cheaper because loans are raised in Australia, the reverse will be the position because of the increased taxation.

The Premier: But if there is no agreement, that can still be the position.

Mr. E. B. JOHNSTON: If, on the other hand, loans are raised overseas, we have been told that the proceeds come here in the form of goods. In that event the Federal Government impose a tax upon those goods through the customs to the extent of, on the average, 18 per cent.

The Premier: Just as they will if there is no agreement! That position will not be affected or altered in any way by the agreement.

Mr. E. B. JOHNSTON: Of course not, but the Federal Government will make a profit out of the transaction, and I object to the Federal Government having the right to levy these enormous sums on our borrowings and our importations.

The Premier: They will do that in any case.

Mr. E. B. JOHNSTON: When we entered the Federation no such thing was contemplated. It was never contemplated that anything could occur such as the Premier indicated this afternoon in answer to the member for Mt. Margaret (Hon. G. Taylor) when he said that the State Government had paid to the Commonwealth Government direct taxation during the last 10 years amounting to £629,220 in hard cash, in the form of customs duties on importations required for the development of this State.

The Premier: The amount was probably more than that, because we bought some of our requirements locally on which the duty had already been paid, and that duty would not be included in that total.

Mr. E. B. JOHNSTON: I appreciate that phase of the question, and it seems absolutely wrong that this State should be compelled to go on the loan market to borrow money for the development of Western Australia, and that the Commonwealth should be in a position to take a proportion of that money into Federal revenue by way of direct taxation. It has been indicated that the Federal Government can take 18 per cent. of the State loan money into revenue, and that is not just to the State taxpayers, and it is not legitimate Federal revenue.

The Premier: That is through the protective policy.

Mr. E. B. JOHNSTON: And that we entirely disagree with.

The Premier: When we get that pact elected to reduce the tariff, we will have that altered.

Hon. G. Taylor: But we elected them last time.

The Premier: And there have been no results.

Mr. E. B. JOHNSTON: A large proportion of the loan funds will be taken into customs revenue, which is an injustice to the taxpayers and an undue inflation of the revenue.

The Minister for Justice: But that was done before this was thought of.

Mr. E. B. JOHNSTON: Regarding the Loan Council there is no doubt that the present voluntary Loan Council has done good work for the Commonwealth in the control of Australian borrowings. I advocate the continuance of the voluntary Loan Council, and I hope that its effective work will continue in operation. When it comes, however, to the desire of the parties to the Financial Agreement to establish a compulsory Loan Council on which each State will have one vote—there is no question of one vote one value about this proposition, for the Federal Government is to have two votes—the position is absolutely undemocratic and unfair. As the proposal stands, we are asked to give away the sovereign rights of the State.

The Premier: It is not so undemocratic as the franchise for the Upper House, which you support.

Mr. E. B. JOHNSTON: We are not disussing that question. If I attempted to do so, I would be ruled out of order. On the other hand, I am drawing attention to the proposal to establish a compulsory Loan Council, on which Western Australia

will have one vote only out of eight. I have here the remarks of the Premier at the conference of Commonwealth and State Ministers in Melbourne when this proposal was brought forward, and I must say that I entirely agree with much of what he said on that occasion. In regard to the flotation of loans, he said—

There are considerable funds available in London for investment week by week and month by month. Much of this is trustee money, and, as Mr. Lang has said, the trustees prefer to spread their investments. If six or seven borrowers approached the London market in one year, there would be that number of different periods in which money could be obtained, and consequently the money would be easier to obtain. Funds are not accumulated for the purpose of investing in a Commonwealth loan. I, therefore, do not agree that it can be taken as beyond question that one large borrower will obtain better terms than a number of smaller borrowers. It would depend largely upon the security and the provision for a sinking fund. I cannot, at this stage, agree to surrender the sovereign right of my State to borrow when and how it thinks fit. Mr. Bruce has stated that in so far as any of the sovereign rights of the States would be yielded under this proposal, the Commonwealth would be in the same position; but with this reservation—the Commonwealth has stipulated that of the total amount borrowed it shall receive one-fifth. That is one way in which the Commonwealth is protected. Also, it has a larger voting power in the council. It will have three votes, while the States will have only one each. No matter what amount may be borrowed, the Commonwealth will get at least one-fifth of it.

The Premier: At the outset the agreement was for three votes for the Commonwealth.

Mr. E. B. JOHNSTON: It is now two votes for the Commonwealth and a casting vote.

The Premier: It was then three votes and a casting vote.

Mr. E. B. JOHNSTON: Then Mr Bruce interjected—

The voting power could not be used to determine how much any of the States should receive.

To that the Premier replied—

No; but the Loan Council can determine the rate of interest and the amount. I see in this proposal a very great restriction of future borrowing.

I want to commend the Premier on the protest he made, and I think his remarks proved conclusively, so far as borrowing on the London market is concerned, that our credit has always been good and that we do not require the Commonwealth Government,

or the Loan Council, to undertake the borrowing for us.

The Minister for Justice: You have already been told that portions of the agreement were altered as the result of the Premier's protest.

Mr. E. B. JOHNSTON: The Premier proceeded further to deal with the matter in his speech.

The Premier: You will, of course, understand that I was there to get the best terms I could for the State. I had not swallowed the first proposals put to us. I was there to argue regarding defects, even regarding some that I may have imagined in order that I might secure better terms.

Mr. E. B. JOHNSTON: Quite so. Then the Premier went on to say—

As I see it, those proposals are the greatest step yet taken towards the unification of State finances since the inauguration of the Commonwealth.

The Premier: That is absolutely true.

Mr. E. B. JOHNSTON: Yes. The Premier continued—

If a State determines that its loan requirements for a year to carry out its programme of works total £4,000,000, and if, because of its association with the Loan Council, it is able to obtain only £2,000,000 or £2,500,000, inevitably it will be forced to hand over many of its functions to the Commonwealth.

In my opinion, as the Premier indicated, this will drive us into legislative and administrative unification as well as financial unification.

The Premier: I do not think you should suggest that I made use of exaggerated arguments to get better terms.

Mr. E. B. JOHNSTON: Proceeding, the report at this stage reads—

Dr. Earle Page: If the Commonwealth cannot borrow the money for the States, it will be unable to finance such proposals.

Mr. Collier: I am not so sure of that.

Dr. Earle Page: Borrowing by the Commonwealth will be controlled by the Loan Council to the same extent as borrowing by the States.

Mr. Collier: It has occurred to me that, in the circumstances I have mentioned, the Commonwealth Government would be able to provide for the expenditure from its surplus revenue.

Later the Premier said—

The proposals submitted by the Commonwealth are the most important that have been made since the inauguration of Federation; and, whilst I recognise their many valuable features, I hesitate to part with the sovereign rights of States with regard to borrowing for

public works. Experience teaches us that it is almost impossible to alter the Constitution unless there is complete agreement between the Commonwealth and the States. Once the alteration is made, it will be there for all time. Therefore, I hesitate to take the step without very much further consideration. I am prepared to join with the other representatives of this conference in considering the proposals in detail, to finalise them if there is a prospect of agreement, and then to place them before the Parliament of my State. These proposals are too important for any Government to accept without careful consideration. At least, I take that view. However, I am not going to reject them because of the objections I have mentioned.

The Premier: That was a very sound attitude.

Mr. E. B. JOHNSTON: The Premier took strong objection to the agreement and I am sorry that at the time he did not reject it. However, in saying that he would give the matter further serious consideration and submit it to Parliament, he adopted the proper attitude. Certainly the whole tenor of his speech suggests to my mind that the Premier saw grave objections to it and did not like the agreement at all. A compulsory loan council is much like Federation. It might be a good thing for the older and well developed States close together, but it is absolutely unsuited for Western Australia in view of our isolation and distance from the seat of Government. Let me point out that Lord Forrest, when Federal Treasurer, had an idea of taking over the State debts very different from that contained in this agreement with its compulsory Loan Council. In 1914, immediately before the war, a conference of Commonwealth and State Ministers was held, and Sir John Forrest brought forward a definite proposal to take over the public debts of the States. This is what he said—

The Commonwealth should take over the public debts of the States, the net profits arising from all conversions, renewals, or consolidations would be credited to the State concerned and the annual payment of the State reduced accordingly from time to time. It was not proposed to interfere in any way with the borrowing powers of the States.

Just look at the difference between the two proposals! Sir John Forrest said it was not proposed to interfere in any way with the borrowing powers of the States, while under this agreement the State of Western Australia could not raise a loan without the unanimous consent of the Loan Council. If the borrowing is done by the Federal authority, it has to be approved by the Loan Council, and our proportion un-

fortunately would be fixed on the basis of what we had borrowed during the previous five years. Sir John Forrest, on that occasion, added—

The Commonwealth would raise loans for the States if desired provided it was satisfied that proper provision had been made for the interest and sinking fund on those loans

It seems to me the proposals then put forward by Sir John Forrest were very much fairer to Western Australia and very much better for Western Australia than this proposed Loan Council. Our credit is good. We have been able to borrow all we want and our experience during the last few weeks shows that Western Australia has actually borrowed more favourably in London than the Commonwealth was able to borrow outside the Empire, namely, in New York. Why should we give up our financial freedom in this respect? Eastern Australia is well developed. We have 400,000 people out of a Commonwealth population of 6,000,000 people, and it has been said in this House that we are probably the busiest 400,000 people in the world. It is quite impossible for us to get along without controlling our own finances, particularly in the matter of borrowing. The State Government do things that are done in other places by boards and trusts. Under our land settlement policy we have invited people without money to come here and settle. The Agricultural Bank has £3,500,000 outstanding, and our borrowings have been lent to our citizens for developmental purposes. I regard with alarm the continuation of that policy being dependent on any Eastern Loan Council. We have railways to build and harbours to construct; the people need facilities, and the Government must have loan funds to provide them. I should like briefly to show the directions in which our loan moneys have been expended. On railways we have spent £18,681,000; harbour and river improvements £3,804,000; water supply and sewerage, £6,952,000; development of goldfields and mineral resources £1,875,000; development of agriculture including funds for assisting settlers, group settlement and similar purposes, £19,635,000; roads and bridges, £575,000; public buildings, £1,051,000; and on other useful purposes for the benefit of the people, £2,472,000, making a grand total of £61,265,580, without the sinking fund. Those figures show how well this money has been expended, while under this agreement we

may not be able to continue this excellent policy of development without the approval of the Loan Council at a meeting at which Western Australia would have only one vote in eight. Our experience of Federation has been such that I do not desire to give the Commonwealth any further power at all to interfere with the useful work being done by the State Government in developing Western Australia. The Leader of the Opposition referred to the fact that some people saw an advantage in this agreement because it might result in a limitation of our policy for borrowing for public works. I do not object to a limitation of borrowing if it is decided upon by this Parliament or by the people of this sovereign State, but I do object absolutely to any dictation or interference on the part of a Loan Council, dominated entirely by the Federal authorities or the Eastern States, in regard to the policy necessary for opening up this State. The control of the purse is everything. We should have in the sovereign State of Western Australia the right to borrow such moneys as this Parliament thinks fit for the purposes of the State and its people, but if this agreement is approved, we are going to surrender that sovereign right, although it will still be enjoyed by municipal councils and road boards. Our credit is good, and in the past we have been able to get all the money necessary to carry on and develop this western third of the Continent without having to seek permission from an Eastern Loan Council of a compulsory character. I ask the Premier, "Why change this system?"

The Premier: You had better ask the Federal Government why they changed the system.

Mr. E. B. JOHNSTON: The Premier suggested that the Federal Labour Party had not supported this agreement. I wish to tell the Premier exactly what took place. When the Prime Minister moved that the Bill be read a second time, Mr. Charlton moved by way of amendment—

That the Bill, involving as it does an alteration of the Constitution, be postponed until Parliament has had an opportunity to discuss a comprehensive scheme of constitutional reform, including the evidence taken before the Royal Commission now sitting, and its proposals when made.

That was defeated, but after it was defeated, there was no division on the second reading of the Bill. The second reading

was carried unanimously in the Federal House.

The Premier: But the division on that amendment determined the carrying of the second reading.

Mr. E. B. JOHNSTON: Mr. Scullin, who to-day is the Leader of the Federal Labour Party, stated that Mr. Bruce was not entitled to the kudos for making this agreement, that the kudos should largely go to the several Labour Premiers with whom Mr. Bruce had had to negotiate. At any rate, I think the Federal Labour members—with the exception of Mr. Green, who strongly opposed the Bill, together with members of the Country Party in the House of Representatives—supported the measure, and I suggest that one of the reasons at least why it met with no opposition on the second reading, but rather met with general approval, was the policy of the Federal Labour Party as quoted by Mr. Fenton during the debate.

Mr. Panton: What is the policy of the Labour Party?

Mr. E. B. JOHNSTON: This agreement goes half way towards achieving the first plank of the Labour Party's platform. I will read plank 1 of the platform, which states—

That the Commonwealth Constitution be amended to provide—(a) Unlimited legislative powers to the Commonwealth Parliament and such delegated powers to the States or provinces as the Commonwealth Parliament may determine from time to time.

If they get financial control, they will soon carry that unfortunate plank into effect.

The Premier: This agreement will not give the Federal Parliament financial control.

Mr. E. B. JOHNSTON: The platform continues—

(b) The Commonwealth Parliament to be vested with authority to create new States and provinces.

(c) The Senate to be abolished. They seem to have a mania for abolishing Upper Houses.

The Premier: If there is a futile House in the British Empire, it is the Senate.

Mr. E. B. JOHNSTON: The Senate should be the bulwark of the weaker States and especially of Western Australia. The platform continues—

(d) The High Court of Australia to have final jurisdiction in all Australian causes.

(e) The principle of adult suffrage to be embodied in the Constitution.

(f) The initiative, referendum and recall.

Mr. Fenton also quoted what I think is plank 8 of the platform as follows:—

Until the Constitution is amended in accordance with plank 1 of the general platform, the per capita payments to the States to be continued without diminution.

Mr. Panton: That is the crux of the whole question.

Mr. E. B. JOHNSTON: And in spite of that plank—

Mr. Panton: Bruce and Page wiped the per capita payments right out.

Mr. E. B. JOHNSTON: In spite of that plank the Labour Party did not divide the House on the second reading of the Bill after they had failed to carry the amendment, and Mr. Scullin claims that his colleagues in the Labour Governments of the States are entitled to the kudos for the agreement. I wish to refer briefly to our experience of Federation during the 28 years we have been in the Federal union. I consider it has been 28 years of disappointment to the people of this State, who so enthusiastically, more perhaps than those of any other part of the Commonwealth, cast their votes for Federal union.

The Premier: Has it a bearing on the agreement?

Mr. E. B. JOHNSTON: Absolutely. I intend to compare our unfortunate experience with what we may expect in future. The tariff oppresses our primary industries in every way and increases the cost of living of our people. As far as the primary producers are concerned the Royal Commission pointed out how heavily they were suffering under the tariff. The Commonwealth has established a Savings Bank.

The Premier: We will send a team to the next Federal Parliament to reduce those duties.

Mr. E. B. JOHNSTON: That is very necessary. The Commonwealth proceeded with the acquisition of gold during the war period, and although the State of Western Australia claimed £3,000,000 loss to the mining industry and a further £2,600,000 loss to the State for the gold steal, we received absolutely nothing. The Commonwealth brought into force the Navigation Act which, even to-day, when the whole of the Australian shipping is hung up through the unfortunate action of the cooks, debars our people from travelling to the Eastern States on British ships that call here.

Mr. Panton: You put the Federal Government in power, you know.

The Premier: We are going to change the personnel of members over there.

Mr. E. B. JOHNSTON: That was despite the great protection given to Australia, and to shipping by the British navy. The majority report of the Disabilities Commission recommended that the coastal clauses of the Navigation Act should be repealed, and yet it has not been done, and our people and our producers have suffered accordingly. Our infant secondary industries have suffered from the competition of the highly protected industries already established in the Eastern States, where they have had a long start over us; and yet we can get no relief whatever from the Tariff, and our secondary industries starting here have to suffer the vast competition from the Eastern States. We have prospered in spite of these disabilities, and because of that, to a large extent, we have retained our sovereign rights as a State to borrow and to open up for settlement the whole of our lands, in the way I have mentioned. Our disabilities have been so great that the minority report of the Disabilities Commission was absolutely in favour of secession. I have never approved of secession. It appears to me that if we have made an unfortunate marriage we should try to improve our conditions within the union before we go for a divorce. That is the last resort. At the same time, our disabilities have been very great.

The Premier: The case you are making out against Federation justifies divorce.

Mr. E. B. JOHNSTON: It justifies our objection to the agreement.

The Premier: It has nothing to do with it.

Mr. E. B. JOHNSTON: It justifies our refusal to give any of the extra power desired by the Premier, or to surrender any of the rights enjoyed by this State.

The Premier: For the fourteenth time, I want you know that the agreement is not giving that power to the Federal Government.

Mr. E. B. JOHNSTON: But in regard to our borrowing it gives the power to the Loan Council.

The Premier: A loan council comprised of the States and not of the Federal Government.

Mr. E. B. JOHNSTON: The Federal Government are represented there. Our disabilities have been so great that the

Royal Commission report contains the following remarks in regard to the secession of Western Australia from the union—

The Chairman and Commissioner Mills stated: It is difficult in a community such as Western Australia with its relative isolation from the seat of Government, and also from the other States, to prevent the creation and growth of a belief that the other States are somewhat indifferent to Western Australia's peculiar problems and difficulties. It is indeed desirable that a greater knowledge of Western Australia should be attained by the residents in other States, and ably directed propaganda having that object in view should in our opinion be undertaken. Some reasonable degree of assistance by the Commonwealth, on the lines indicated in other sections of this report, would go far to put an end to the dissatisfaction with Federation, which has been sedulously fostered by at least one Western Australian journal of wide circulation, and which has obtained a degree of acceptance which cannot be dismissed as insignificant.

The Premier: I wonder what paper that could be?

Mr. E. B. JOHNSTON: Commissioner Entwistle, a leading citizen of the Commonwealth, and specially selected by the Government to inquire into the disabilities of Western Australia under Federation, expressed dissent from that paragraph in the report.

The Premier: Why not quote from the official organ of your party?

Mr. E. B. JOHNSTON: The Premier may not like what I am quoting, but I am going to make out my case in my own way.

The Premier: I am a great believer in your official paper.

Mr. E. B. JOHNSTON: Commissioner Entwistle said—

In my opinion Western Australia should never have entered the Federation, but having done so, there is, I feel convinced, only one complete and satisfactory remedy for her present disabilities, and that is secession. If that event occurred, all other recommendations in this report would become unnecessary. As, however, it cannot be taken for granted that secession will take place, I have joined in recommendations having the object of relieving, at least to some extent, the present financial disabilities of the State of Western Australia.

And yet, in spite of the recommendations, we have the Federal Government bringing forward proposals for a form of financial unification. The Premier said that the proposal in regard to the Loan Council, as he saw it in Melbourne, was that it was the greatest step yet taken towards the unification of State finances



The Premier: I say now that the proposals do mean the unification of finance. I think that is a good thing.

Mr. E. B. JOHNSTON: I am opposed to any form of unification. I believe in retaining our State rights. The worst form of unification we can possibly have is financial unification.

The Premier: Not at all.

Mr. E. B. JOHNSTON: It means that the whole of our financial powers can be interfered with under such unification. Our right to borrow can be reduced, and complete unification will come gradually if these proposals are agreed to.

The Premier: No.

Mr. E. B. JOHNSTON: We would be left with all our services to the people to carry on, whilst our finances can be cut off. I am opposed to any form of unification, but if we are going to have any form of it, it would be better to let the Government which controls the purse meet the services of the people as a whole. Instead of that, the poor unfortunate States which retain the duty of opening up and developing their country, and serving their people, will find themselves in such a position that the Loan Council in the Eastern States can absolutely interfere with their finances, and prevent them from going on the loan market to borrow the money they know is necessary for the development of that part of the Commonwealth. I am opposed to any extension of the Federal powers or those of the Loan Council, or to giving the Loan Council any right to interfere with the finances of a sovereign State such as Western Australia. We are furthest away of all from the seat of the Federal Government. All the other States are closer to it than we are. Our experience in the past has been "out of sight, out of mind." The arguments adduced by the Premier remind me of the cry in favour of Federation: "trust the Federal Government." We have trusted them, and they have been found wanting. To-day the cry is "Trust the Loan Council." If we do trust them I am certain that as time goes on the people of Western Australia will rue it very much. I said earlier that I did not mind the limitation of public borrowing being imposed upon the people of Western Australia by their Parliament. I object entirely to placing the Loan Council, on which we have only one vote, in a position to interfere with our right to borrow money for the development of this part of

the Commonwealth. The Federal union has been a good thing and so far as defence is concerned, we all approve of it. I did not have a vote at the time it was brought about. We looked at it mainly from the point of view of the defence of Australia. During the war period, I think it was a good thing to have Federation. In all matters appertaining to the defence of the country there should be a Federal authority in control.

The Premier: You old Western Australians had to be forced into it.

Mr. E. B. JOHNSTON: I object entirely to giving the people of the Eastern States, or the Governments of the Eastern States, if the Premier likes that better, through their representation on the Loan Council, any power whatsoever to control or interfere with our borrowing, or to interfere with our domestic affairs. This can only result in retarding the progress of this part of the Commonwealth. I hope this House will reject the agreement, will retain our sovereign rights over our own finance, and will oppose any form of unification, particularly the unification of the finances of the State such as is demanded under this agreement. The Bill denies us any increase in our share of Customs revenue as the population expands, and repudiates the promises made by the founders of Federation. The Commonwealth Government are repudiating our right to a proper share of the increased payments that our increasing population will make to them, and we are asked having trusted the Federal Parliament in that matter and having been failed by it, to trust the Loan Council to the same extent.

The Premier: They are two different bodies.

Mr. E. B. JOHNSTON: I refuse to trust them, but I would trust Western Australia.

The Premier: This does mean trusting the States.

Mr. E. B. JOHNSTON: I would trust the people of Western Australia to manage their own affairs, and to control their own borrowings without any interference from the Eastern States.

Mr. Panton: Will you trust them to vote on the referendum?

Mr. E. B. JOHNSTON: I wish to say something about the referendum, and I hope the hon. member will listen, and approve of what I say. The worst form of unification that could be devised is that proposed by

this agreement, for it leaves the State with the whole responsibility of meeting the requirements of its people without the financial resources to enable it to do so. Another bad feature of the agreement is that if it is carried by this Parliament it may irretrievably commit the people of Western Australia to its provisions. What the Commonwealth Government propose is merely to make an agreement for two years subject to a referendum altering the Constitution. Right through the agreement the cart has been put before the horse. The Federal Government have repeatedly tried to get further power for the central authority by appealing to the people, and time after time at different referenda that power has been refused. The Federal Government now says to Western Australia, "I will give you a little more money for five years if you will tie yourself up for 58 years. You must help me to get this extra power for the Federal Government, the Federal Parliament and the Loan Council constituted under it."

The Premier: That is entirely incorrect.

Mr. E. B. JOHNSTON: It is entirely right. Whilst the Prime Minister has done that, the agreement he has made is subject to approval, by referendum, for an alteration of the Constitution. That is where the danger to us comes in. If our State Parliament approves of it, all that the Federal Government will require to bring it into force is an alteration of the Constitution in the direction set out in the agreement. And that means it must be carried by a majority of the people of Australia, and also by a majority of the people in a majority of the States. Mr. Bruce has democratically and properly safeguarded his agreement by saying it cannot come into force unless a majority of the people of Australia approve of it from the Federal point of view. But if a majority of the people in a majority of the States, and a majority of the people of the Commonwealth as a whole approve of it, it can be carried into force even if everyone in Western Australia opposes it. I have a suggestion to make on this point. I have said already that the worst form of unification is unification of State finance. The question was not brought up at the last general election. That election took place here in March, and these proposals were put before the Government in June or July. So that the Government have no

mandate whatever from the people of Western Australia to carry the proposals into force.

Mr. Panton: Did the Federal Government have a mandate to abolish the per capita payments?

Mr. E. B. JOHNSTON: The present Government, with their chance majority, representing a minority of the electors of this State—

The Premier: That is not true.

Mr. E. B. JOHNSTON: I believe it is true.

The Premier: Well, it is not true.

Mr. E. B. JOHNSTON: And elected on unjust and antiquated boundaries, have no right whatever to decide this question, when for all we know the majority of the people of Western Australia, if they have a chance to vote on it, will absolutely turn it down. If Parliament approves of this agreement, it may alter for all time—these were the Premier's words—the whole Federal compact as it affects Western Australia, and we shall for all time be giving up our sovereign rights as to borrowing. I hope that the Premier will not approve of such action being taken by the present Parliament and Government. The hon. gentleman and his party believe in the referendum. Mr. Bruce has approved of this agreement subject to the Constitution being altered at a referendum, which must be carried not only in a majority of the States, but by a majority of the people of Australia as well. Since the present State Government and Parliament have no mandate whatever from the electors to approve of anything of this nature, I contend that just as the people of the Commonwealth will have the right to decide this important matter, so it is up to the Government of Western Australia to let the people of Western Australia decide it rather than that this Parliament should fix it for all time. I believe that if the Western Australian people are consulted in the matter, this will remain a sovereign State, refusing to give up any of the powers which it now possesses, and which it will lose if the agreement is ratified. I ask the Government to consult the people of Western Australia on this matter in the same way as Mr. Bruce is going to consult the people of Australia on it. I hope the House will not ratify the agreement, but if it does so I ask the Govern-

ment to make that approval subject to a referendum of the people of Western Australia. A referendum has to be taken before the agreement comes into force, and what will be the position of the Government if the agreement should be carried in this House and then, when these increased powers for the Commonwealth are put to all the people at the Commonwealth referendum, the people of Western Australia should be found voting, as they have so often done, to refuse increased powers to the Commonwealth? The unfortunate feature of the position is that unless the Government will have a special referendum on the subject, we may find this proposal carried at the Commonwealth referendum notwithstanding the wishes of the majority of the people of this State. The people of Western Australia have trusted the Government in general matters: let the Government of Western Australia trust the people to give a decision as to whether we shall have this change or not. From my point of view, there are certainly two parties to the contract. It affects Western Australia, and it affects the Commonwealth. The Commonwealth electors have to decide from their aspect. This issue has cropped up since the general election took place in this State. The Government have no mandate whatever on the subject. Then let us give the Western Australian electors, by referendum, the same right to express their opinion on this agreement as the Commonwealth electors must have before the agreement becomes operative for the period of 58 years. We put the Bill to the people in 1900. This is the most drastic change that has been proposed in the relations of the Commonwealth and the States. It is going to affect future generations for all time. I hope the House will reject the agreement entirely. If the second reading of the measure is not rejected, then I hope the Government will approve of an amendment under which our agreement, like Mr. Bruce's, will be operative for only two years, and will not continue beyond that period unless it is approved by a majority of the people of Western Australia at a referendum in the same way as Mr. Bruce's alterations cannot become effective, so far as the Commonwealth is concerned, unless they are approved both by a majority of the people in a majority of the States and by a majority of the people of Australia. I

do hope the Government will decide, if the second reading is carried, to give the people of Western Australia a fair say as to whether or not the agreement shall be finally ratified.

On motion by Mr. Griffiths, debate adjourned.

*House adjourned at 10.9 p.m.*

## Legislative Assembly,

*Thursday, 14th July, 1928.*

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

### ADDRESS-IN-REPLY— PRESENTATION.

Mr. SPEAKER: I desire to inform the House that in company with the member for Menzies (Mr. Panton) and the member for Canning (Mr. Clydesdale), who moved and seconded the adoption of the Address-in-reply, I waited upon His Excellency the Deputy Governor and presented the Address-in-reply, to which His Excellency has been pleased to deliver the following message to the Assembly—

Mr. Speaker and members of the Legislative Assembly, I thank you for your expressions of loyalty to His Most Gracious Majesty the King, and for your Address-in-reply to the Speech with which I opened Parliament. (Sgd.) R. F. McMillan, Deputy Governor.

### QUESTION—WHEAT, EXPORT.

*Condition of Shipments.*

Mr. SLEEMAN asked the Minister for Agriculture: 1, Is he aware that the remarks by the member for Katanning regarding the condition of export wheat are liable to do this State and the farmers in the country great harm? 2, Prior to last Thursday, when questions were asked in this