

will have an opportunity to amend it. We may not. The matter could very well stand over till January to give us an opportunity to digest the Bill thoroughly. I do not feel disposed to agree to the second reading now. I suggest the Chief Secretary allow it to stand over until tomorrow at least. I will be perfectly satisfied then. I have had no opportunity to consider it fully. So far as I have gone I am not satisfied with some of the clauses which deal with commercial life.

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

*House adjourned at 5.16 p.m.*

## Legislative Assembly,

Wednesday, 9th December, 1942.

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## SELECT COMMITTEE—RAILWAYS, MR. WATTS'S INVENTIONS.

### *Extension of Time.*

On motion by Mr. McDonald, the time for bringing up the report of the Select Committee was extended for two weeks.

## BILL—STAMP ACT AMENDMENT.

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

### *Second Reading.*

**THE MINISTER FOR LANDS** [11.5] in moving the second reading said: The necessity for the introduction of this measure has been brought about because of the closing by the Commonwealth of certain banks in country towns and districts. This has rendered mortgagors of those banks liable to pay stamp duty and fees in respect of mortgages to the banks which are taking over the securities. Such amounts might well reach a considerable sum. After the passing of certain National Security orders applying to manpower, and after certain institutions had been closed, an approach was made to the Government by the Bankers' Association. Members will recall that the member for Pingelly mentioned the matter in this Chamber. Correspondence has taken place between the Government and the Associated Banks with regard to facilitating these transactions. As I said, certain stamp duties would be payable, as well as fees for registration of mortgages, etc.

It is the Government's intention to charge only the Titles Office fees for the registration of mortgages or transfers of mortgages. The stamp duty on a transfer of mortgage is 1s. per £100; the stamp duty on a mortgage is 2s. 6d. per £100, while the duty on a collateral mortgage is 6d. per £100. The Government has no wish to take advantage of the difficulties in which mortgagors in country districts find themselves, and it has therefore decided, as I have said, to waive the stamp duty on these documents and to charge simply for the actual work done by the Titles Office. Each banking institution has a different mortgage form. The form used by the Bank of New South Wales differs from that used by the Union Bank and the National Bank. It is, therefore, necessary to take fresh mortgages. Members will notice that the Bill pro-

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

## PRIVILEGE—NEW SOUTH WALES STATUTES.

*Mr. Seward and Missing Volume.*

**MR. SEWARD:** I would draw your attention to the fact, Sir, that the 1941 volume of the New South Wales Statutes is not to be found in the House. It contains the Coal Miners' Pensions Act of New South Wales. I draw your attention to this matter because someone may have taken the volume from the House and may have finished with it, but not yet returned it.

**MR. SPEAKER:** Inquiries will be made.

vides for this concession to be applied retrospectively. That is a brief explanation of the Bill. Because of its retrospectivity, it will be necessary for us to receive a Governor's message. This has not yet arrived, but it should be in your hands, Mr. Speaker, within a few minutes. I move—

That the Bill be now read a second time.

On motion by Mr. Seward, debate adjourned.

### **BILL—PIG INDUSTRY COMPENSATION.**

Read a third time and transmitted to the Council.

### **BILL—RURAL RELIEF FUND ACT AMENDMENT.**

#### *Second Reading.*

Debate resumed from the 3rd December.

**MR. BOYLE** (Avon) [11.11]: I have no hesitation in supporting this amending Bill, more particularly in view of the fact that it is somewhat connected with appeals we have made from time to time from this side of the House to write off excess debts and deal with the overload of debt. From what I can see of this measure it is an attempt by the trustees to remove an amount of financial deadwood, if one may use the term, from the Act. In that regard it has my cordial approbation and support. I would like the Minister when he replies to say whether this is an abrogation of the personal covenant that these men have been compelled to enter into under Section 11 because of the term "after acquired assets." By this amending Bill the Minister evidently proposes to wipe out, in the case of marginal areas, farmers' money, represented by advances, which is irretrievably lost. The trustees, in their annual report, refer to the fact that the greater number of abandonments has taken place in the marginal areas.

When the principal Act was introduced in 1935 I moved that no mortgage or charge be levied against the farmer. The money was a gift from the Commonwealth Government to the State to the extent of £1,300,000 for the purposes of adjusting the farmers' debts, and it should not have been a charge against the farmer. The then Minister for Lands objected to that course. One of his arguments was that, perhaps, a farmer might

win a Tattersall's sweep or something of that sort. If a farmer has the luck with these sweeps that I have this money would be a permanent charge against him.

The Minister for Lands: It is nice to know that you remember one of his arguments.

**MR. BOYLE:** Today, seven years later, the present Minister has found, I think, five other reasons for relief. I would like at this stage to refer to a remark of the Minister. He made reference to the word "propaganda," used by the member for Pingelly when dealing with the completion of service of the present trustees. I looked up that word in Annandale's standard dictionary and am proud that the Minister has laid that charge against us. The first meaning given is this—

An institution by which Christianity is propagated in heathen countries, and so forth.

I take it that our propaganda is bringing Christian measures into a region evidently sadly lacking propaganda of the type we preach; that is the extension of Christian tenets.

The Minister for Lands: The word has many more descriptions as well as synonyms.

**MR. BOYLE:** What I have related is the first one, and it is the most suitable and applicable. It involves the extension of Christian principles. These principles, as outlined by the Founder of Christianity, seek to abolish debt and to scourge the usurers and moneylenders in the temple. I am glad to see that our word is falling on good ground. For that reason I have pleasure in supporting the effort the Government is now making. I look forward to its extension and hope that from figures which I will produce this morning there will be an opportunity for the Government to revert to the proposition I made in 1935, to wipe out entirely the indebtedness of the farmer under the Farmers' Debts Adjustment Act where in many cases an unsecured debt was turned into a secured one in Section 11 by an after-acquired asset, which meant a pursuit of the particular debtor for all time. That is a personal problem, of course.

This is a most interesting document. Section 11 is the complete machinery section of the Act; the others are only ancillary to it. The trustees have dealt with a declining principal over a period of years. When the member for Pingelly and I saw that an end should be put to the board we realised that

it had exhausted its usefulness. The Minister quoted a statement of mine in "Hansard" to the effect that it was a perfect organisation to do certain things. That is right; I did use those words, but the Minister omitted to give the surrounding facts. He merely quoted the bare extract that from the 28th November, 1940, I had said from my place in the House that the present board was a perfect structure for doing certain things. That was the distribution of drought relief. I pointed out that the trustees had compounded debts and discharged them, and that they had provided the necessary money for debt adjustment for 3,000 farms. These trustees are now, so to speak, going out of employment because the task is practically concluded. Why load this extra work on the already overloaded Commissioners of the Agricultural Bank? I repeat today that the trustees have completed their useful work.

I can prove it by this statement: The principal man on the board is the director, and the work got so slack that the Commonwealth Government appointed him Deputy Prices Commissioner for Western Australia. The man to whom I refer is the late Mr. W. A. White. I made inquiries and found that the Commonwealth Government paid him no salary, but that the State carried him on. He was virtually a Commonwealth officer and we, as a State, were so well off that we paid him until his death in 1941. That statement may be correct or incorrect, but I received the information from a very high authority. Today a Treasury official is acting in this capacity. To show the decline with which the trustees are faced under Section 11, I will quote from the report made under the Rural Relief Fund Act of 1935. This is the trustees' report at the 30th June, 1942. It states that for the six months ended the 30th June, 1936, they handled £50,000 of Commonwealth money. The peak year was the year ended the 30th June, 1937, when the trustees handled £414,000. In the next year they handled £300,000. In 1939 they handled £300,000. In 1940 the amount had declined to £100,000; in 1941 to £65,000; and in 1942 to £30,000. Out of £1,259,000 they handled only £30,000 last year.

Why do we want to keep in existence a board whose work has decreased to 87 applications, representing a sum of £30,000? We keep employed a chairman of the board, a member of the board and a director in a

department that had 27 employees in its peak year and only seven employees last year—four women and three men. Yet because we find fault and object to keeping the board in positions of this sort, it is called propaganda.

According to the report of the trustees, of the 87 cases dealt with last year, 51 concerned machinery firms. Such cases are quite easy of adjustment, because they do not involve a complete adjustment of the affairs of those farmers. I made a statement to the House about the distribution of the funds, and drew attention to the fact that the machinery adjustments had been 20s. in the pound. That statement is not correct and I have no hesitation in admitting its inaccuracy. I was speaking from memory. Still, it will not be far out. I want the House to bear in mind that if ever there was—I will not describe it as a ramp—if ever there was a monopoly control, it is in respect of supplies of machinery to farmers in Australia. We have a machinery firm like Massey Harris merged with H. V. McKay. H. V. McKay died in Victoria and his Victorian estate was sworn at £1,440,000. How many farmers in Australia have died worth that much? That did not include McKay's estate in other parts of Australia.

Mr. Warner: Or what was held by his in-laws.

Mr. BOYLE: All these machinery firms have merged with the exception of the International Harvester Company, and they have merged in the matter of prices. There are two prices, one the cash price and the other the terms price. Those members who have been through the mill know that farmers are loaded with about 18 per cent. interest on the cash price, and that the machinery does not belong to the farmer until he has paid the last copper under the hire-purchase agreement.

The Minister gave me a gibe by saying he wondered whether I represented the debtor farmer or the creditor, referring to the country storekeeper. An association of farmers with which I was connected was so impressed with the rotten deal the country storekeeper was receiving that it included in its constitution a provision that the rights of the country storekeeper should be favourably considered. In the adjustment of debts under this Act, we find a position analogous to that of the social conditions that pre-

vailed in Rome of old, where there were patricians and plebians. Now we find that the secured creditor is treated as the ultra-patrician because his debts—the first mortgage debts—are not touched at all, though there have been some second and probably some first mortgage adjustments by consent.

According to the trustees' report, of £5,885,218 of original debt put before them, they paid £205,934 to write off £489,659, which is about 9s. in the pound for mostly second mortgage debts, but which left £5,189,625 still on the shoulders of the farmers. That is not a very wonderful achievement. When we come to the unsecured debts we find that of £1,805,031 of unsecured debts there has been paid £504,062 for writing off £1,207,064, leaving only £93,905. That was a pretty ruthless writing-down. Very few first mortgages have been dealt with, but when it comes to unsecured debts we find that out of £1,805,000 only £93,000 has been left.

The Minister challenged a remark by me that 1s. in the pound was paid to storekeepers. He said there was only one such case. There were two other cases very near to it. The point I make, however, is that the unsecured debts, according to the trustees, were paid at the rate of 5s. 10d. in the pound, but there were road boards in my district which, for unpaid rates, received 15s. in the pound out of the fund while storekeepers in the same district received only 1s. 6d. or 2s. in the pound. I plead guilty to having seen the trustees on behalf of these semi-governmental bodies and put their case. I did not present it with a recommendation, but did so as in duty bound to the boards in my district, and the trustees paid mostly 15s. in the pound, while storekeepers in business in the same district—men who had carried the farmers for years—received about 2s. The average is 5s. 10d.

Mr. Warner: That was nearly all done under White's jurisdiction.

Mr. BOYLE: The director of the department could not go against Government policy. There must be some Ministerial responsibility. I consider that Mr. White was one of the most able men I have ever met in the public service. Much of his work lives after him. He was lent by our Government to the Government of New South Wales, where he laid down the framework of the Farmers' Relief Act for that State. That is one of the finest measures of its

kind in the world. He was offered a job by the Government of New South Wales.

Mr. Warner: Why did not he take it and save us a lot of trouble?

Mr. BOYLE: The Public Service Association of New South Wales, objected to a man from outside the service of the State being placed in a job carrying £1,500 a year. That is why Mr. White was not appointed. The then Premier of New South Wales went far to help Mr. White; he found an 18-year-old son a job in the Public Service. I do not know that the Public Service Association of New South Wales was wrong in objecting to the proposed appointment. Subsequent events proved that there was an excellent man for the position in the person of Mr. Lambert. I repeat that Mr. White was one of the most able men for dealing with farmers' debts and reconstruction that I ever met.

The position of the trustees is like that of Othello—their occupation is gone. The report shows that they dealt with only 51 cases last year. The report also shows that the work has so dwindled that there is now a staff of only seven. If the Minister is going to keep in existence a board whose work is finished, that is not only his responsibility, but also ours. Now as to repayment of money under Section 11! The Government would be well advised to prevent this from degenerating into a real farce. I quote again from the trustees' report for the year ended the 30th June last—

Repayments to the Fund: Repayments totalling £14,770 7s. 4d. have been made to the fund. Of this amount £3,516 1s. 11d. was repaid by 27 farmers who had sold their properties and repaid the amount of the advance in full. In one instance the farmer could not arrange settlement with his creditors and the advance approved amounting to £499 18s. 9d. was repaid to the fund. In 24 cases the farmers had sold portion of their assets and repaid £2,421 14s. 5d. From the sale of assets from abandoned or repossessed holdings an amount of £5,322 1s. 10d. has been collected. The balance £1,011 0s. 5d. was paid by 38 farmers who had met the amount of instalments due under their mortgages.

Four years have elapsed from that period, and only 31 farmers have instalments due under their mortgages. The farmers are not able to pay. So much for the report of the board! As I have said before in this Chamber, 20s. of indebtedness is 20s. of indebtedness, whether owed to bankers or to storekeepers; and when one takes the case of the secured creditor who refuses to go near the

board because he is exempt from its operations, and takes also the case of the unsecured creditor who is dealt with ruthlessly by the board, plainly there is inequality of justice in that regard. I make no apology for standing by the storekeepers and business men in country areas. They have been very badly treated, and when they have their business premises next door to a banking institution that claims 20s. in the pound and is not interfered with by this Act, the thing cries to high heaven for justice.

Another feature of the Act to which I would like to draw the Minister's attention is the section which states—and I do not know that the board fulfils this particular obligation—

**MR. SPEAKER:** The Bill, of course, deals with only one section of the Act.

**MR. BOYLE:** Yes, Mr. Speaker; but unfortunately the incidence of the operation of the trustees includes the position of the Board of Trustees. They are administering Section 11, and there is a further section of the Act which is relevant to the point I am raising. That other section says that one member at least of the board shall be a farmer. There are today, I think, two members of that board. Perhaps the Minister can tell us which of those members is the farmer in accordance with the Act. It is an obligation of the Government to obey the Act, and if the Minister can satisfy me and the House that at least one of the trustees is a farmer I shall be content. I know the farmers themselves feel that that aspect of the Act has not been observed. The amendments are steps in the right direction. The seed sown by myself and the member for Pingelly is bearing fruit. Even after seven years good work is proved to have been a matter of casting one's bread upon the waters. I quote Clause 2 of the Bill—

Section 11 of the principal Act is amended by adding thereto a new subsection as follows:—(3) Where the trustees are satisfied—(a) that a farmer has enlisted as a member of the Forces; or (b) that the property over which an advance under this Act has been secured by a mortgage or charge is situate within a marginal area;—

This of course means, if the marginal area is to be reconstructed it cannot carry the load of the debt—

or (c) that a farmer's debts have been adjusted under the provisions of the Farmers' Debts Adjustment Act, 1930-1934, or this Act, and since such adjustment the principal secured creditor has voluntarily written-down

or adjusted the debt in favour of the farmer; or (d) that a farmer has abandoned his property and the mortgagee is obliged to sell the property for a sum less than the full amount of principal and interest when due under the mortgage; or (e) that the farmer is for any other good reason deserving of assistance;

then the mortgagee is going to be relieved of any repayment to the trustees of this fund. I will not say whether that is right or wrong, but it looks to me as if the mortgagee is not going to carry any of the burden when a farmer abandons his property. The mortgagee then has the right to step in, but the mortgagee is liable for everything except the amount of principal and interest then due. It would be inconsistent of me to say that anybody should be liable. There is a principle involved, and that is the point I wish to make. Where the trustees are satisfied that the farmer is for a good reason deserving of assistance, I would go further and give the trustees authority to write off the whole of the indebtedness of the farmer. Things have altered a good deal since the Act was brought into being. Today the farmer is subject to all sorts of restrictions. He is restricted in credit, and, if in a marginal area, he is ordered to go into a different form of agriculture. It is obvious to all of us who take an interest in the matter that a re-orientation of farming is coming. The good work that has been started is the result of propaganda by several members. I hope the Minister will give it consideration, and therefore I have pleasure in supporting the amendments proposed by the hon. gentleman, hoping that they represent only a beginning of the good work.

**MR. SEWARD (Pingelly):** I desire briefly to support the Bill. Possibly I would not have risen, but the Minister when speaking during the debate, said his mind was cast back to previous debates in this Chamber. So was my mind; it was cast back to a debate of a couple of years ago when on a motion moved by the member for Katanning for the appointment of a joint committee to investigate this matter the Minister stated that these problems, the farmers' problems, and their solutions were not confined to any one State. This was on the 4th December, 1940, and the Minister proceeded—

No answer could be obtained within Western Australia to any one part of the problem, even to that aspect about which members opposite always expressed so much concern, namely

that of the farmers' debts. How far could we, by such an inquiry, make a substantial contribution to the easement of farmers' debts; how would such an inquiry help us to make any greater endeavour in that direction? Until there is a change in the war situation that will improve the marketing position, and until there is some basis upon which to build, it is better for us to leave to the Commonwealth authority, which has accepted the responsibility of investigating the position of the rural industries, the fullest possible scope and refrain from conducting any pinpricking inquiries.

The war position was in operation, and the war still continues, and there has been no alteration in the marketing situation. Yet we find that there are still certain ways in which we can ease the matter of farmers' debts, for that is the sole reason for this Bill. Had that inquiry been conducted at that time, possibly the Bill before us now would have been larger than it is, because other ways of easing farmers' debts would no doubt have been found. In the Bill before us we have provision for assisting those in the marginal areas. That is one of the difficulties, but I shall not touch on it, because it does not affect my electorate. The last provision of the Bill, which includes the words "that the farmer is for any other good reason deserving of assistance" is highly commendable. I am only too pleased that the Minister has brought the Bill down and has discovered some further ways in which we can ease the burden bearing on the farming industry.

The only other matter I desire to refer to is where the Minister criticised me for indulging in what he termed "propaganda" as to rural relief. The Minister quoted no figures in refutation of the statement I made in the interests of economy. I thought the position was such that the State could effect some economies without affecting the efficiency of the rural relief work. I showed, as the member for Avon has pointed out, that when the trustees were originally appointed they had the task of formulating a policy for that particular department and putting the whole of the machinery in working order. They did that with a staff of 27 employees. Speaking from memory, I think there were 1,700 cases dealt with during the year. That number has progressively decreased until there are only seven employees, and the trustees' report of the year before last shows that there were only 74 applications, subse-

quently reduced to 51, dealt with. That surely points to the fact that some of the officials could be transferred to more useful work. Three trustees and a staff of seven are too many to deal with the present number of applications. An economy should be effected there. The Minister went on to state—

It is highly pertinent to observe that if the trustees in their unfettered control of these Commonwealth moneys ceased to exist, so would the proposals and further advances cease to exist, and so would the consideration given to many farmers disappear.

I never at any time suggested that the board should cease to exist. My suggestion was that it should be reduced to the number sufficient for the present work. I fully recognise that the board should continue in existence. I believe I indicated that probably the director would be sufficient to carry the work on now that the policy is established. He is the proper man to take over and has a complete knowledge of the work of Mr. White. My remarks, I thought, were quite in order. They were not indulged in to the slightest degree as propaganda, but solely for the purpose of pointing out to the Treasury and other departments where economy might be exercised by reducing staffs without in any way affecting the efficiency of the services rendered. I support the Bill and am glad it has been introduced. I trust that even before it is necessary to introduce another Bill other ways will be found in which the relief under this measure may be further extended.

**MR. McDONALD** (West Perth): I do not intend to touch on the question of propaganda, as I have always understood that it is something highly commendable when used by ourselves and highly reprehensible when used by the other fellow. However, I do commend this Bill, which I consider is designed to meet cases of hardship, and cases where equity and also the interests of the State make it desirable that relief should be given to farmers and pastoralists who may be liable for advances through the Rural Relief Fund. I agree with the member for Pingelly that while this Bill should be acceptable to the House and commended by the House, it only touches part of the rural problem.

In the disturbed conditions obtaining today it is not altogether easy to determine what can be done in order to place our agri-

cultural economy on a more satisfactory basis. But it is something which needs to be constantly borne in mind. This measure is one step towards what will, I hope in the near future, be a comprehensive plan that will tend to stabilise, as far as possible, our agricultural industries and place them on a basis that will be comparable and balanced as compared with the secondary industries of Australia. I welcome the Bill not only for itself but as the first instalment towards those wider measures that may help to place our agricultural economy on a firmer and more satisfactory basis.

**THE MINISTER FOR LANDS** (in reply): It is unusual for members of the Country Party opposite who have supported this Bill to bring themselves to support me in measures that I introduce.

Mr. Boyle: You would get a lot more support if you deserved it!

The **MINISTER FOR LANDS**: If I deserved more support I am afraid that such support would still be accompanied by many complaints. In listening to the remarks of members opposite my thoughts were interrupted at one stage and I was disturbed, being doubtful whether they were supporting or opposing the measure in view of the comments that were being made. But I am pleased to know that in the matter of a reform of this nature, in spite of protesting, they supported it. I was interested in the comments of the member for West Perth, who put his finger right on the spot. No-one either suggests or pretends to suggest that the solution of the very involved matter of farmers' debts can be found in a Bill of this nature. But it is a very necessary step to give relief in very many cases.

If members opposite like to take credit because of any statements they have made, I have no objection to their being pleased with themselves in that regard, but there are many other reasons for the introduction of this Bill and one—which I think members will be prepared to admit—is the constant scrutiny and investigation that have been made with a view to trying partially to relieve the situation where possible. I desire to quote to them a section of the Commonwealth Act that deals with the appointment of the authority provided for in the State Act. It is quite idle to suggest that we can brush aside all authority if we are to continue to get any moneys. Subsection (3) of

Section 6 of the Loan (Farmers' Debts Adjustment) Act, No. 23 of 1935, states—

No grant shall be made under this Act to a State unless or until there is in force in the State legislation constituting an authority empowered on application being made to it, and at its discretion, to take action having the effect of suspending, either wholly or in part, the rights of any secured or unsecured creditor of a farmer against that farmer.

We must have the authority, and I am hoping that if we only get £26,000 this year towards this fund very much more of the unpaid balance contracted for in the Commonwealth Statute No. 23 of 1935 will still be paid.

Mr. Boyle: That is £41,000.

The **MINISTER FOR LANDS**: I am hoping that will be so, because very much more is at stake than appears on the surface. It is not a question of winding up farmers' debts, but of continuing the machinery necessary and of having legislative facilities to deal with the matter. I am sure that in spite of the complaints that were made by members they wholeheartedly support this measure.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

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

Bill read a third time and transmitted to the Council.

## **BILL—STAMP ACT AMENDMENT.**

*Message.*

Message from the Lieut.-Governor received and read recommending appropriation for the purposes of the Bill.

## **LOAN ESTIMATES, 1942-43.**

*In Committee.*

Resumed from the 17th November; Mr. Marshall in the Chair.

*Vote—Departmental, £40,000 (partly considered).*

**MR. PATRICK** (Greenough) [11.55]: When introducing these Estimates the Premier alluded to the fact that the amount of money being spent from Loan funds today was very small and also to the rather remarkable record that had been created, namely, that our loan indebtedness had

actually decreased, because last year we spent less from Loan funds than the amount received from the Sinking Fund in debt reduction. I perhaps unkindly interjected that he was making a virtue of necessity. It is necessary today that we should not spend loan funds on developmental work, because ordinary developmental work cannot be carried on when the country is fighting for its very existence. The great bulk of loan money today has to be spent on carrying the war to a successful conclusion. At the same time a certain amount of money has to be spent from loan funds on maintenance work. In that regard I am afraid we are not spending the sum that is necessary to keep many of our public utilities in order. Today the State is marking time in the matter of loan expenditure and marking time from necessity. There was a time when we had a Government that was called the "Mark-Time Government." I am not sure whether the member for Guildford-Midland does not recollect that term which was thrown at one particular Government.

Hon. W. D. Johnson: It was very foolishly termed the "Mark-Time Government."

Mr. PATRICK: That was a long time ago. I think it was the first Labour Government. There is no doubt that at that time the Government thought we had been going a little too rapidly and should take time off to examine our position. It must be remembered that in those days one of the fundamental principles of the Labour platform was that we should expend loan funds on reproductive works only. The member for Guildford-Midland will remember that.

Hon. W. D. Johnson: That is so, and it was practised.

Mr. PATRICK: It was a very good plan, too, and was practised at that time. The reproductive works then were sufficient to pay interest and a certain amount of sinking fund. We have all slipped a bit since those times, though as a matter of fact a lot of the work which has been done from loan funds could indirectly be termed reproductive. The Premier went on to refer to the great times we had in a certain period which some people called the boom and bust period, when we were expending loan funds at the rate of something like £4,500,000 a year. In that period, not only the Commonwealth and the States but also individuals borrowed to the very limit to which they

could obtain money. Prospects, of course, were good. Wheat and wool were enjoying very high prices and it was really on the basis of those prices that our borrowing was done, which goes to prove a fact that I have often put forward: that if prices for export commodities are high, prosperity is brought not only to the people engaged in producing those commodities but to the rest of the community as well.

At that time, owing to the high prices we were obtaining for export commodities, the whole community was able to borrow and did borrow to perhaps a rather extravagant extent. It borrowed on the basis that those prices were permanent, that they were going to continue for ever. Probably at that time we developed our land a little too rapidly and there has been proof since that we probably went a bit too far out. Loan money was available and we extended our development far more rapidly than we should have done. We had warnings at the time. Previous to that we had a warning from a very sound Director of Agriculture in this State that we were going out too far, but we did not heed his warning very much and, as I have stated on different occasions, if those high prices had continued we would probably be trying at the present time to farm somewhere near Kalgoorlie. Unfortunately, however, owing to the world policy of economic nationalism the export trade in those commodities was practically wiped out, and the result of that big borrowing was that we were left with large debts and diminished resources to meet them. This applied to individuals as well as to States. With the collapse of prices went the farmers' ability to pay.

I suppose most members have a pamphlet by Thomas Bath, one time Minister for Lands in this State, on what he called the relative position of farmers' prices and costs. That is a very interesting document in which he shows that if the price for wheat had moved up with the cost as the cost increased, farmers would have received something like £230,000,000 more for wheat than they have received since 1911. It would have placed them in an entirely different position. But with the collapse of prices went not only the farmers' ability to pay but the ability of other people in the community to pay their way. From then on we had a period when we spent borrowed money very wastefully, and of necessity, to



provide employment. We had a great deal of unemployment in the community. We had to borrow money to keep men employed. That is what might be called wasteful expenditure. It could hardly be called borrowing for reproductive work, since a good deal of the work done was not reproductive but was done in a wasteful manner, because we acted on the policy that we had to spend the money as far as possible in employing labour.

Today, because of the demands of war, there is no unemployment. In fact, we are actually short of labour in essential industries. That does not mean that we have increased our avenues of industrial development. We have little to boast of in the way of new industries to show for the expenditure of such a large amount of money within the State. Our two main industries, which are concerned with the production of wheat and gold, have been largely restricted in their operations. As we have not many new industries in Western Australia, the improvement in the employment figures is no doubt due to the large proportion of the population in the various Fighting Forces, in which they are working at less remunerative rates than they formerly earned in industry. This has decreased our earnings and so lessened our ability to pay our way. One of the greatest of our liabilities in respect of loan expenditure is the railway system, which has accounted for over £27,000,000 of loan expenditure. In the latest report of the Commissioner of Railways that I have perused the figure is given at nearly £28,000,000.

The Minister for Railways: It is now under £27,000,000.

Mr. PATRICK: I have not seen this year's report of the Commissioner of Railways. I know that the system is not showing to advantage from the financial point of view. Railway earnings have never been higher than last year, yet there is an estimated deficit on the operations of £222,000, as against a deficit of £62,000 for 1941-42. I am indebted for many of the figures I shall quote to the evidence tendered before the Commonwealth Grants Commission, and so I assume that they are correct. As I say, the estimated deficit on railway workings this year, despite the highest earnings in the history of the system, is £220,000 as against a loss of £62,000 last year. Then practically no maintenance work is being done during the war period. There are no

reserves for repairs, renewals or reconstruction, and, according to the evidence tendered to the Grants Commission, £1,000,000 will be required after the war in order to bring our railways back to a proper standard of efficiency. The expenditure of that amount will be added to the loan indebtedness of the system. That result has accrued despite the peak earnings and the elimination, practically speaking, of road transport. On top of all that, the Commissioner of Railways has recommended an all-round increase in freights and fares of 12½ per cent. Probably the adoption of that course would put the railways in a worse position, because it could only be loaded on to the primary industries which have never been able to pass on costs in the prices they receive for their commodities.

It has also been pointed out that the Commonwealth traffic over the railways has accentuated the wear and tear on the permanent way and rollingstock, and at the same time concession rates have been granted to the Commonwealth. It must be patent that the rollingstock is in a very bad condition, and I have it from reliable sources that that condition also applies to the private railway operating in this State. If the Commonwealth has control of all transport—I understood that it did take control—and if the wastage in rollingstock is due to war traffic, I consider the Commonwealth Government should assist in restoring the position. In fact, I think it was Sir Earle Page who suggested that the Commonwealth should take over the railway systems of the States, and possibly that would be the better course—provided the Commonwealth handed the railways back in perfect condition after the war. Another phase to be considered with regard to railway finance is that we cannot rely upon the absence of competition on the part of motor transport when hostilities cease. It is impossible to stop progress. Every war seems to increase facilities for transport, and I am safe in predicting that those facilities will be availed of to a much greater extent after the conclusion of the present war, and that will be to the detriment of the railways. Only recently, the Minister for Air and Civil Aviation, Mr. Drakeford, made the following statement—

Thousands of highly-skilled pilots and scores of aerodromes will be available after the war. The air will be largely used for transport.

It is astonishing how opinions change. I remember the Federal Labour Party's strong antagonism to the small Commonwealth subsidy granted to the somewhat restricted East-West air mail service that was established at the time. That antagonism was on the score that the air service would be to the detriment of the trans-Australian railway service. Now the Labour Air Minister predicts that after the war there will be many expert pilots and adequately equipped aerodromes available for civil requirements. Then members will recollect that Mr. Kaiser, the noted ship-builder of the United States of America, said recently—

In the skyways of tomorrow, pilots in the purple twilight would everywhere be dropping down with costly bales, in form and size as yet undreamed.

In those circumstances, the Minister for Railways will appreciate the fact that the railways must expect much competition after the war is over, and I am afraid we shall not be able to stand up to the strain of the loan expenditure and meet our obligations on the huge indebtedness carried by the system. The Premier, in the course of a speech, remarked that the railway mileage per head in Western Australia was greater than that of any other State. That is true, and serves to emphasise the necessity for greater population to relieve the strain of railway finance. It is interesting to note the mileage per thousand head of population in the various States. The figures in that regard are—

New South Wales	..	..	2.25
Victoria	..	..	2.53
Queensland	..	..	6.55
South Australia	..	..	4.32
Western Australia	..	..	9.51
Tasmania	..	..	2.78

The disparity in the cost per head is not so great. The figures for the States generally are not comparable, seeing that Victoria has written off £25,000,000, Queensland £28,000,000, and Tasmania over £4,000,000 of the expenditure. But the figures for the remaining States showing the cost per head of population are—

New South Wales	..	..	£ 54
South Australia	..	..	50
Western Australia	..	..	56

The comparative figures showing the cost per mile are—

New South Wales	..	..	£ 24,000
South Australia	..	..	11,500
Western Australia	..	..	5,891

The lower figures for Western Australia are on account of our cheaper construction. We have the 3ft. 6in. gauge, and I contend that our policy was sound for a new State like Western Australia. We have a large mileage of cheaply constructed railway lines, and more development is now required along the lines already constructed, with a consequent increase in our population, together with decentralisation.

The Minister for Lands: Some of the cheapest lines carry most of our traffic.

Mr. PATRICK: That is true, but there may be necessity later on for some writing off. Some of the lines have depreciated in value since they were first constructed. One of the main problems confronting the State is that associated with the huge territory we are attempting to govern. Last year the Director of Works, Mr. Dumas, when giving evidence before the Commonwealth Grants Commission, said—

Since 1933 the population of the North-West, excepting Marble Bar, has decreased by 300. It totals 4,636 for 360,000 square miles, an average of one white, half-caste or Asiatic for 77.6 square miles, and approximately 75 per cent. of the population is in coastal towns. Instead of being an asset, our far-flung northern areas are a liability.

That is not a record of which we may be proud, because it has been amply proved that population is required there, if only for security reasons. As I mentioned when speaking on the proposals advanced some time ago by Dr. Evatt, I believe a new State should be created consisting of the northern portions of Western Australia, together with the Northern Territory. It is impossible for this State with its small population to develop the North as it should be, and the Commonwealth should undertake the task. It would not make a great deal of difference to the southern part of Western Australia, because undoubtedly we would reap the advantage of the development of the North in an expansion of our trade and commerce. Of course, the members of the Commonwealth Grants Commission might contend that all loan moneys should carry full interest and sinking fund amortisation charges. But in Western Australia that would be impossible. Quoting again from the evidence tendered by Mr. Dumas to the Grants Commission, he said—

That task is impossible for our population. Our loan expenditure on water supplies re-

turned a higher rate of interest than it did in South Australia or Victoria.

That is an interesting point that members should bear in mind. Mr. Dumas also told the Grants Commission that the renewal of the Goldfields Water Supply Scheme pipelines cost the State £850,000 over a period of ten years, and that the Commonwealth Government had taken from the State £1,800,000 in two years in the form of a gold tax. As Mr. Dumas pointed out, there would have been no gold to tax had it not been for the expenditure undertaken by the State to renew the Goldfields water supply pipe-line. There is a good deal in that argument. As with the railways, so with many of our other public works, such as our harbours; they were built to cater for a larger population. When the war is over, new industries will have to be created, old industries expanded, and our population increased so as to lessen the burden of taxation.

If possible, we should induce the investment of private savings in those industries rather than that their establishment should be undertaken by the Government. Not many years ago I attended a dinner at Mt. Gambier in South Australia. At that function, a Labour Minister—I think he was a member of the Hill Government—referred to the fact that a number of Government timber mills had been established in the pine forests of that State. He remarked on the clamour for the provision of additional mills, but he said that in his opinion it would be much more advantageous to the State if private enterprise were to undertake the work rather than the Government. He pointed out that when a Government borrowed money and lost it, the interest payments continued and had to be borne by the community generally. On the other hand, if private funds were invested in an industry and were lost, the general community was not affected.

The mention of Government investment in industry reminds me that I am still not satisfied with the Government's participation in the alunite industry, in respect of which a large vote is provided on the Estimates. I am not satisfied with the present position—minus Commonwealth assistance. It was suggested that we were not good Western Australians, seeing that we criticised the Government's proposals, but I remind the Minister for Labour that word

spinning is not an adequate substitute for sound business principles. We have been told that potash will be procured at a cost of £15 per ton, but that commodity was landed at any port in Australia prior to the war at an average cost over a five-year period of £9 per ton. I do not know whether the price of £15 for the potash that is to be sold as a result of this venture is the price at which it will be landed at Brisbane or Sydney, or whether the freight to those ports will be added to the local price. It does not seem to me to be a sound venture without a guarantee from the Commonwealth Government. That Government has sound appreciation of business principles. It is erecting power alcohol plants all over the Commonwealth, and the resultant fuel is to be mixed with motor spirit.

The proposition itself is not an economical one, but it has been made so from the point of view of a business undertaking, because the Commonwealth Government has induced the State Governments to bring down legislation compelling every user of petrol after the war to blend with it some of the products of those power alcohol plants. We are not told at what price that distilled alcohol will be marketed, but whatever the price is we shall have to use it. The Commonwealth Government is thus fully seized of the necessity for adopting sound business principles. It does not matter to what extent the estimates are exceeded in the cost of production of this power alcohol; people will have to use a certain quantity of it with their petrol. The safety of the proposition is thus secured to the Commonwealth from a business point of view. Before the alunite proposition is definitely gone on with, from the business point of view it should be secured after the war by Commonwealth guarantee. I admit that potash is one of the commodities which cannot be brought into the country during the war.

There is another matter I have mentioned before in this House. I know it is one which is of interest to the member for Guildford-Midland. I refer to the introduction of the co-operative principle. People talk about capital, but I point out that where a great amount of capital lies in Australia is amongst the many people who have comparatively small incomes. We may be told that there is not money available for this or that enterprise. Let us for a moment

turn to what has been brought about by the co-operative system in Great Britain by numbers of persons on comparatively low wages. Those people discovered a system which today, as a result of successful enterprise, commands a capital of several hundreds of millions sterling. There was a period in Western Australia when the local wheat pool could not secure accommodation either from the Associated Banks or the Commonwealth Bank. Finally it had to go to the big co-operative undertaking to which I have referred in Great Britain, and for many years it dealt successfully with that banking institution.

Hon. W. D. Johnson: The pool obtained £3,500,000 from that source on one occasion.

Mr. PATRICK: That huge concern had its foundation in the efforts of a few working men who came together a number of years ago at Rosevale in England. I see no reason why labour in Australia should not itself undertake the responsibility for conducting certain industries. If it could find the means to finance those industries and could start several of them, that would develop in the minds of the people concerned a greater amount of responsibility and should lead to greater peace in industry. It has been proved in other spheres that the Australian is a man possessed of great initiative, probably more initiative than is found in any other person in the world. Surely labour should have sufficient initiative to carry on businesses of this kind with success! I know that socialisation is one of the policies of the Labour movement in Australia, but it is not advanced at the moment very seriously.

By means of co-operative enterprises the men concerned would be trained in that plank of their platform and would be better able later on to put it into effect. If they could not successfully carry on business on their own initiative there would not be much hope for them to carry on successfully with socialistic enterprises. Evidence given before the Grants Commission shows that in addition to railways a big expenditure of loan money is required at the East Perth power house, where a new unit is said to be needed. In 1938 the Minister concerned stated that a new plant was being installed and that the capacity of the station would be doubled. Now we are told that another £1,500,000 will be re-

quired to replace that which is out-of-date. The station has been making good profits for a number of years, and I would like to know whether any provision has been made out of them for depreciation.

It is the custom in many countries for undertakings to make big provision for replacements. That policy is often sneered at, and the statement has been made that that is one of the means whereby they may conceal profits. To my mind that is a policy of proved wisdom. Some years ago I was in Kalgoorlie and went over the plant of the Lake View and Star mine. I saw thousands of pounds worth of machinery there in perfect working order, but it had all been scrapped in favour of more up-to-date machinery which would give better results. That sort of thing is going on all through industry. It is a wise policy to make provision out of profits for the replacement of old machinery by more up-to-date plant. The question is whether our State utilities, such as the East Perth power house, are out of profits making provision for the replacement of old plant. It seems to me a huge amount, £1,500,000, to spend on a new plant when the present plant was installed only four years ago. It is doubtful whether the undertaking will be able to meet interest and sinking fund on the capital involved.

One of our great difficulties in the future will be to deal with the present drifting population due to war policy. Western Australia, according to the evidence given before the Grants Commission, is losing to the Eastern States an average of 5,244 persons every year, and has been losing that population since the beginning of 1939. These are for the most part highly skilled men whom we cannot afford to lose. I know that many of them have been trained in our free University, and would have proved a great asset to the State. As they have now gone to the Eastern States, where larger industrial concerns have been established, it is doubtful whether they will ever return. I remember seeing a statement that was made many years ago concerning the great wave of immigration that was going from the British Isles to the United States. At that time the United States considered that every one of those people was worth to the country several hundreds of pounds. The whole of their upbringing had taken place in another

country, so that what America received was a number of skilled men ready to take their place in assisting in the building up of the United States. To a smaller extent we have done that in Western Australia for the Eastern States. We have trained men till they are skilled in their work, and today we are losing them to the Eastern States. I wish also to deal with post-war reconstruction and the austerity campaign. A motion of considerable interest was carried at a public meeting at Hindmarsh, the industrial suburban electorate of the Minister for Munitions, Mr. Makin. The motion was as follows:—

That the only practical method of establishing an austerity campaign is by a compulsory deduction from all sources of income of an amount commensurate with deductions made from the pay of the Fighting Forces, as deferred pay.

The Commonwealth Government has hitherto resisted this commonsense proposal, and in order to effect savings has restricted the volume and range of goods on which people can spend money. The Prime Minister at the Premiers' Conference in August of this year went so far as to say that—

Until Australia came down to a stark subsistence level the duty of the Government would be to devote to war purposes in ever increasing amount the remaining civil resources of the nation.

On the one hand we are asked to keep up our old-time standards, and on the other hand we are told by the Prime Minister that we have to get down to a stark subsistence level. Actually, it is impossible for the civil population under the present restrictions to spend the money it receives. Why not create a nest-egg while the post-war planning is taking shape? There is no better way in which that money can be saved than by putting it into Commonwealth loans or Commonwealth bonds, so that after the war and post-war reconstruction has taken place, there will be a nice nest-egg to go on with. There should be some scheme for compulsorily taking that money away from the civil population. After the war many difficult problems will have to be faced. We have not only the Atlantic Charter but the lease-lend arrangement. The Chairman of the Tariff Board, Mr. Conaghy, has commented as follows:—

The elimination of all forms of discriminatory treatment in international commerce was stipulated in the final lease-lend settlement on post-war intentions signed by the United States

and Britain in February. If the United States binds itself with Britain to abolish all forms of discriminatory treatment in commerce, neither would be able to bargain with Australia.

This may be a very serious thing from the point of view of some of our industries. The position today is different from what it was following the 1914-18 war, when similar ideals advanced by President Wilson were repudiated by the Republican Party. That attitude was largely responsible for the world chaos in trade that followed. Probably there would have been no war today if America had joined the League of Nations. Now we have changing views advanced by the Isolationist Republican Party. The following motion was unanimously carried this year by that party—

After the war the responsibility of the nation will not be circumscribed within the territorial limits of the United States. That our nation has an obligation to assist in bringing about understanding, comity and co-operation among the nations of the world.

I agree with the Premier that if we are given fair treatment after the war there are great possibilities for development in Western Australia. I believe with the American authorities that there is immense scope for production for years to come, and that such production will be requisite to help in rebuilding the shattered world. I do not agree with those people who say that the surplus of certain produce we have in Australia is going to prove a burden or a disaster to our people; rather do I think it will prove to be a valuable asset. Every grain of wheat and every bit of surplus produce we have will be required after the war to help to feed at least the people of shattered Europe. I trust that in the new world agriculture will take its proper place as the most essential thing of all. Men must eat in order to sustain life; and must eat well if they are to work well. There should be an abundance of food for all. If the new order means anything it must banish unemployment. It is ridiculous in this country with its vast areas and small population, and a reproach to our statesmen, that we should ever have had an unemployment problem. We want, in fact, that much ridiculed slogan, "Work for All"—

Mr. North: It is really good sense.

Mr. PATRICK: To which I would add—"Who are willing to work." I believe in the

dictum of a great Scotch philosopher who said—

Be he ever so benighted or forgetful of his high calling, there is hope for the man who actually and earnestly works. In idleness alone there is perpetual despair.

**MR. NORTH** (Claremont): These Loan Estimates are quite in order at this juncture, and do not need any comments of an adverse nature. Many millions of pounds are being spent in Western Australia that are outside the scope of the Government, as a result of the war effort. That expenditure should more than meet the needs of those who are not at present being absorbed in various war activities. The point I rose to speak about was the very important declaration of the British Government last week with respect to the post-war policy. The British Government declared, through the Deputy Prime Minister, that after this war there was no intention of going back to scarcity economics. The Government intended to pursue a policy of abundance and would consult with the United Nations how to bring that policy about. Those words may mean very little to a great many people; but to those who have fought for many years for economic reform, they mean everything.

They are the words we have been trying to get from authoritative persons for many years; and it has been thrown in the teeth of those who have fought for these reforms that they are cranks and are trying to interfere with the monetary system. But the words used by the Deputy Prime Minister of England did not touch on financial reform, as such. They merely advocated a change of front in regard to the economic purposes of our industrial life, and surely they are worth recording. I had intended to bring a motion before this Chamber urging the Federal Prime Minister to associate his Government with those words, but the time remaining is so short that I did not desire to delay the House. My idea was that we in Australia should determine to adopt this so-called policy of abundance after the war. What is the essential point involved? It is not mere verbiage: it is not a matter of trying to create some imaginary world or Utopia. It is merely a matter of using what is here. The Deputy Leader of the Opposition told us about the Western Australian wheat that we cannot sell, and he said he hoped that because of

the war we would be able to supply the market. What a ridiculous situation! It must be gratifying for us to realise that at last the great financial and business authorities can announce a policy of abundance, without any hedging or camouflage. It is a wonderful change! We should strive in every way to emphasise what its importance will be after the war.

Recently I asked a question in this Chamber with regard to tea and coffee. We are short of both those commodities now, owing to the war. We know perfectly well that during the world slump, tea-growers were discouraged from growing tea and that acres went out of production. We know that throughout those years the Government of Brazil was throwing coffee into the sea. Under this policy of abundance which Britain will adopt after the war, it will be possible to supply not only Australia but also Europe with essential commodities. In Germany and elsewhere on the Continent people have for years been drinking ersatz or substitute coffee; under the policy of abundance they will get the real article, instead of its being thrown into the sea. Let me remind the Committee of a story that was told in this Chamber some ten years ago. It may be forgotten here, but it was highly appreciated at Claremont. The story was that when the coffee was dumped into the sea, the beachcombers waited for the tide to turn and gathered up the coffee, which was then beautifully salted and was sold at twice its former price. The authorities, therefore, had to find another way of disposing of the coffee, so they went to a New York bank and raised a huge sum on loan at interest. With this they built a small line of railway to some marshes, where the coffee was carefully distributed, after having been tainted with kerosene. So it was burnt and thus disposed of once and for all.

There is reason why the British Deputy Prime Minister said that we would continue no longer with a scarcity economy. In spite of all your illuminating addresses on this subject, Mr. Chairman, although you usually deal with the subject from a point that causes much friction—the financial side, which I am carefully skirting—I wish to make one point. To my knowledge, not even the member for Guildford-Midland has heard it. During the financial depression of 1930-33 a very important work was published. The authors had investigated the

true position of the world at that time. It is laughable to think, were it not for this devastating war, that during that period there was a series of what are known as cartels or trusts, which controlled vital commodities and kept them scarce. There was a cartel controlling steel, another controlling sugar—in fact there were cartels controlling everything needed in the world, except one commodity, and that is gold. There certainly never was an embargo placed on gold.

The object of the cartels was to keep in short supply the commodities which they controlled. They were indifferent to all other spheres except their own; they controlled their own commodities and made sure that the prices of them were right. It was that control which eventually brought on us this present devastating war. No one person can be blamed; members of every political party, including the Labour, Country and National Parties, as well as Independents, have fought for this theory of abundance as against the theory of scarcity. The Leader of the National Party is one of the ringleaders, in that he believes in Henry George's theory, as enunciated in "Progress and Poverty." The former Leader of the National Party (the member for Nedlands) proved himself a revolutionary, because he made a statement to his party four or five years ago to the effect that unless some remedy was found for unemployment due to mechanical brains and mechanical physique, and for the lack of purchasing power, we would have a red revolution. Those were the words of the member for Nedlands.

The Committee is fully justified in giving consideration to this momentous pronouncement of the Deputy Prime Minister of Britain. I am astounded that there was not a leading article in our principal newspaper dealing with the change, because it is a change. Those who formerly fought and even today are fighting for a scarcity economy are utterly wrong. To bring forcibly before the Committee my views on this question of scarcity of commodities, I would say that when I returned to this State after the 1914-18 war, I sat at a table with certain trustees. We were discussing the question of B.A.W.R.A. Hundreds of bales of wool had to be disposed of and the trustees did not seem to know what to do about the matter. A suggestion was seriously made that the wool should be dumped in the sea outside Fre-

mantle in order to keep up prices. That is the same principle that was applied to other commodities. I trust that the Estimates we are now about to pass, while they completely fill the needs of today, will be the forerunner of a different series of budgets after the war.

**MR. McDONALD** (West Perth): The questions raised by these Estimates and the following Loan Bill are of wide importance and justify a discussion at some length by members of the Committee. In view of the limitation on our time at present, however, I do not propose to enter upon any wide examination of the position today. One of the reasons why this question of Loan expenditure—which is involved in our general financial policy—is so important today is that we are living in a very changing world, and we are about to face still further changes of a kind not predictable. We may be compelled to make many drastic modifications in our views on finance in order to meet conditions as they will obtain in years to come. In this State in particular we have to meet a number of changes which may bear vitally upon the financial stability of the State, and the stability of our various industries.

I shall not traverse the ground which was touched upon by the Deputy Leader of the Opposition, who pointed out that our greatest investment from Loan funds, namely, our railways, may find themselves after the war reduced to the position of carrying a very small tonnage compared with that which they now carry; and possibly that percentage will consist of goods the freight on which is not of a payable nature. In addition, members will have read, with interest, I am sure, the relative remarks made by the Auditor General in the review at the end of his last report. He there deals particularly with the precarious position of our goldmining industry, and he shows how the decline in the production of our gold is reflected in diminishing revenue in our goldfields water supply and in various other governmental instrumentalities, all of which bear upon the financial stability of the State. Again, there is the uncertain output which confronts our primary industries and the markets which they might enjoy after the war. To take a wider view, there is as well the very uncertain outlook that lies before our secondary industries. There is also the fact

that under the Atlantic Charter we might be involved in free trade and in allowing access on equal terms as regards raw materials to other less favoured nations. Not only may such restrictions put a limit on our various industries, but also on any new ventures.

I was interested to notice in the Auditor General's report that a valuation had been made for the purpose of war damage insurance of the assets of the State of a kind which could be covered by that type of insurance. The valuation was £30,000,000. We are not told what assets were covered by that sum, but apparently buildings and installations, such as harbour installations, railways, and possibly railway lines, were included. I am not aware whether we can find in our records anything in the nature of an ordinary balance sheet, such as is compiled in a private business concern, setting out the estimated assets and liabilities. But against our indebtedness of £97,000,000 we find £30,000,000 represented by assets of a kind that would be covered by war insurance. I would also add that the remarks of the Attorney General in connection with our financial position appear to require immediate consideration. They deal with a system under which our trading concerns would show adequate depreciation. Under the State Trading Concerns Act we have a very artificial system of keeping accounts, by which any profit is brought into Consolidated Revenue. The system does not show any true record in progressive accounts of the trading concerns. The result is that a trading concern may show in its progressive figures losses which are not a true expression of its position over a period of years. If we are to meet the future with any real knowledge of the financial situation of our State, and of the progress, or lack of it, that we are making in connection with the equilibrium of our expenditure and revenue, then we need, as soon as possible, to put our accounts on a more businesslike footing.

I want to add one word more in relation to a question I asked the Minister for Mines. Unless something is done, I will be in serious trouble. Under the Estimates we have made provision for civil defence expenditure. I would like the Minister and the Government to take into account the urgency of amending the existing National Security Regulations made by the Premier, dealing with the requisitioning of premises by municipalities

and road boards for civil defence purposes. Under the public authorities' powers, State order No. S.O. 1, any municipality or road board may requisition and occupy any premises for the purposes of civil defence, including air-raid warden posts and first-aid posts. By the same regulation it is provided that no claim or action by the owner or occupier of that land or building shall lie or be maintainable against a municipality or road board, or any workman, servant, factor or agent of such council or road board in respect of anything which the council or road board may do or cause to be done in or about such land or building in the exercise of any powers conferred by this clause. Not many premises have been requisitioned by the Perth City Council. I am not in a position to speak about the requisitions of premises that may have been made by other municipalities or road boards.

I am, however, concerned about a garage in my constituency that was requisitioned by the Perth City Council and occupied as an air-raid warden's post. The owner of the garage is the widow of a man who volunteered in the R.A.A.F. and was killed on active service. She is a young woman with two small children. This garage carries a liability of mortgage interest and rates and taxes amounting in all to £100 a year. The West Ward civil defence has occupied this building for the last six months, during which time this young woman has received no remuneration at all. The place is worth £4 a week. She gets no money from the premises, but is left with a burden of £2 a week, or £100 a year, by way of mortgage interest and rates and taxes. Under this regulation she has no right of action against anybody. The Perth City Council, which I have approached, states that it is not obliged to pay and is not prepared to enter on a precedent making itself liable for any premises that may be requisitioned.

To me it is a scandalous thing that the property of a war widow can be taken and used for public purposes without any payment being made to her, or without any right of recourse by her for compensation, even of an amount sufficient to enable her to pay the interest and rates and taxes. Should some remedy be taken now, there will still have been six months during which she has received nothing, and I do not know how she is going to get that returned to her. It



means that rent amounting to £100 has, in the last six months, been taken out of her pocket in the public interest. I do not know what is going to be done to make it retrospective, but I am concerned about the future, and I mention this case as an example. The same thing will apply to other cases where premises are requisitioned. I have referred to this instance because it is such a glaring one, and one in which I feel a personal responsibility to see that justice and everything else is done in order that this woman may get proper treatment.

There are one of two things to be done: Either the State Government can bring pressure to bear on the Commonwealth Government to accept the responsibility, and that is where the liability should rest, or alternatively, the Premier should not allow this order to remain in its present form for another week. He should amend it, as he can do, and provide that if local authorities requisition premises, they must pay a reasonable rent for them. Between the various conflicting opinions on the question as to who is to pay for these premises, these people, and this widow in particular, are left to carry the burden of rates and taxes and interest, without compensation. I know the Minister is sympathetic; I have spoken to him and he has written to the Federal authorities, but a period of six months has elapsed. We cannot allow this matter to drift on longer. If the Federal authorities will do nothing, I suggest to the Minister that he ask the Premier, immediately on his return, to make it an obligation on the local authorities to pay a fair rent for such premises, and let the question of future liability between the Perth City Council, the State Government and the Commonwealth Government, be determined in due course. But while the question is being argued as to which of these shall pay the rent, do not let this unfortunate woman provide premises free of cost in the public interest. She has had to go out to work in order to get funds to pay the rates and taxes. I commend this matter to the Minister for his urgent consideration.

**HON. N. KEENAN** (Nedlands): It is not necessary for me to make observations of a general character on these Loan Estimates in view of the comprehensive speech made by the member for Greenough, in which he dealt with all the wide issues that arise in connection with a vote such as we

are now discussing. I also took cognisance of the informative speech of the member for Claremont. His speech was educational but in some respects I found difficulty in following the whole of the matter. For instance, we are applying the doctrine of destruction today in Australia, and doing it with the approval of a considerable proportion of the population. Our apples and pears are destroyed, and deliberately so, just as though they were coffee, but in a more effective manner, in order to create a market for the purpose of rewarding the efforts of the orchardist. I have no doubt that this is a false policy, and hopelessly so, because the result has been that the orchardist has not received what he expected to receive. Indeed, one approached the High Court to recover judgment by direction of an order made by that court of what he was deprived by the exercise of the powers of the Apple and Pear Board. It was shown in that case that he was the loser of a considerable sum of money.

We all know that the public has not been served by this destruction of pears and apples. On the contrary, it is now a luxury to enjoy these fruits. Children who, especially at this time of the year, have been in the past accustomed to an ample supply of both apples and pears, have today to a large extent to do without them. I would like, whole-heartedly, to believe in the policy of abundance, but, unfortunately, abundance does not grow on bushes. It is the result of work and until we have some policy which is consonant with the production of abundance by work, abundance will not exist. If tomorrow peace came, as we all so much desire—although I hope we are determined to fight the struggle to the end—and there were some idealistic scheme to divide up the total wealth of the world, remaining out of the destruction caused by this war, among all the people of the world, we know that it would not last for one day; at any rate not for two days. So it is abundance created by work that we must look to for the happiness of the future world. We must couple with that the hope and determination to spread the fruits of that abundance more equitably, and not allow it to fall into the hands of a few. But that is a subject too big, too wide and important to be dealt with on these Estimates. The Estimates presented to us show an estimated loan expenditure for this

year in round figures of £300,000 in excess of the amount spent last year. I have no hesitation in saying that there is no justification for any loan expenditure at the present moment, unless it is intended and required for, not merely urgent works, but those so urgent that they cannot be put off for a single day, and that for two reasons.

*Sitting suspended from 1.0 to 2.15 p.m.*

Hon. N. KEENAN: I was pointing out that the only justification that exists nowadays for the expenditure of loan money is for works which are not only necessary but also urgently necessary, works that cannot be put off without great danger to the State. I was about to give reasons why that proposition should be accepted. The first reason is that it is absolutely necessary to keep all the works possible and all the moneys involved in carrying them out until the day arrives when the soldiers of Australia return to their homes, that is, those who are lucky enough to escape the dangers of war and who want work provided for them. That is a most important reason. It will be necessary then not merely to find work but also to have the loan moneys available to carry out the work. So we must maintain a position in which the loan money, as far as possible, will be accumulated and consequently the work should be left to be performed in those days.

There is a further reason for not undertaking such works at present and it is that sufficient labour is not available for carrying out public works. Indeed, if labour were forthcoming, I doubt whether there would be anything like sufficient material available to carry out the works. On making an examination of the present proposed expenditure under these Loan Estimates I could see that the only necessary and urgent works, if we set aside certain items with which I now propose to deal, are those covered by railway expenditure, with which I shall deal at greater length in a few moments. One item I propose to put aside as unavoidable is departmental salaries £40,000, and I say that is unavoidable because I presume we have a staff, although there is no justification for the maintenance of any more than a skeleton staff in these days. Even that skeleton staff apparently costs a considerable sum, and so we find £40,000 of loan moneys—not revenue

expenditure—allocated for departmental salaries.

Then there is an amount of £66,000 for Fremantle Harbour Works, which doubtless may be said to be necessary, because we must maintain the harbour in a condition to give service to all the shipping using it. Here is a most extraordinary position in regard to the harbour at Fremantle! During last financial year that harbour returned a profit of £193,000 and the money was used, first to pay interest on loan moneys expended on it and the balance—a considerable sum which I have not had time to ascertain, but many tens of thousands of pounds—has gone into Consolidated Revenue. Yet the minute works become necessary at the harbour, instead of using the surplus revenue for the purpose, a new loan is invoked. This is not merely a matter of the present moment; it has been going on for the last 40 years and every Government is responsible for that policy. It is an utterly wrong and vicious policy. Instead of using the profits made to carry out necessary additions or repairs to the harbour, the money is paid into Consolidated Revenue and money is borrowed to carry on necessary work there.

Hon. W. D. Johnson: Probably £100,000 a year goes into general revenue in that way.

*[Mr. Withers took the Chair]*

Hon. N. KEENAN: Yes, and here we are proposing to borrow £66,000 for necessary work at the harbour. There is a small sum, ridiculously small, I am afraid, considering the importance of the matter and that is for loans to settlers, which is a very much reduced sum compared with the money made available in past years. Then there is part of a sum set aside for hospitals, £76,000. I say "part" only because, if any portion of that amount is intended to be used towards the cost of the new Perth Hospital its expenditure is certainly unjustifiable. So far as I know, there is not the smallest prospect of that hospital being opened during the war, because the necessary material to equip it cannot be obtained. This item is well within the category of work which could be postponed till a future date. There is an item of £74,064 for repayment to the Treasury in respect of the West Australian Meat Export Works, together with a liability of £4,000

which no doubt will be incurred in the present year. There is also an amount of £24,611 repayment to the Treasury for advances made for air-raid precautions, and a further sum of £25,000 is estimated for the same purpose in the current year.

I suppose those items are unavoidable. The meat works item is unavoidable because of the contract made between the Premier and the company that owned the works. The money was advanced by the Treasury and of course must be repaid. Parliament, although it had no option in the matter, confirmed the agreement, not that it would have refused to do so had it been brought before us in the first instance. As it happened, however, our confirmation of the agreement was only a mere formality. The money had been paid, and we were asked to authorise repayment.

Hon. W. D. Johnson: The right of the majority!

Hon. N. KEENAN: Then there is an amount of £361,000 for railways and tramways expenditure. There now remain only works which in my opinion are not presently urgent, or works which should be postponed for the purpose of having the largest possible accumulation of work ready for the days of reconstruction. But if there is one crying need at the moment for expenditure of loan moneys, it is to deal with the present position of locomotives and rollingstock in this State. That position is truly deplorable, so far as my information goes—lamentable in the highest degree. Engines are sent in for repair with an express request that they be made available in a day or two because they cannot be done without, and they are sent out repaired as efficiently as may be permitted by the short time granted.

Hon. W. D. Johnson: Kerosened.

Hon. N. KEENAN: My description of it is that the work is so hurried that there is no proper repair not only to locomotives but also to the rollingstock, which likewise is in grave disrepair. One has only to travel on the railways to realise that. At the present moment the engines are so bad that it takes two to do work that formerly could be done with safety by one. I should like to review briefly the history of events that have led up to this position. In 1930-33 there was a very serious depression, and the Government then in power had not a penny-piece available for the

purpose of maintaining locomotives and rollingstock, or indeed the railway lines themselves. So everything had to be allowed to go by the board which could possibly be allowed to go by the board. It was a matter of dire necessity. Those times passed, and an era of prosperity, or quasi-prosperity, supervened, and another Government was in power and claimed that it had spent in restoring the locomotives to a proper state of repair, and in restoring the rollingstock to a proper state of repair and the railway lines to a proper state of repair, a very large sum of money which was then, by a scheme proposed by the Government, spread out over a number of years as members of this House will recollect. Each year was debited with a certain proportion of that expenditure.

It was supposed that we had passed away definitely from the era when our locomotives were on the point of breaking down, if not broken down, and the rollingstock was in grave disrepair. But that was a mere delusion. This is proved by the fact that it is not now this state of affairs has arisen for the first time. It existed before the war began, this state of rushing locomotives in to get some hurried kind of repairs and then being rushed out again for service before they were ready for it, and dealing similarly with the rollingstock, and maintaining the lines just sufficiently to avoid immediate danger to the user; and that existed before the war. Of course it was intensified in a large measure by the war, and now we have reached the point when we have to face the position. Unless there is something done, there will be colossal wrecks on our railways. Therefore no-one would oppose a vote meant to be used for the purpose of avoiding this disaster, even under existing circumstances.

I may point out that this position is aggravated by the fact that our works at Midland Junction are now called upon to turn out locomotives and rollingstock not merely for use in this State but for use over the narrow-gauge lines running to the Northern Territory, to Darwin; in other words, to be used for defence purposes. Moreover, numerous locomotives have been sent from this State in good repair, or presumed good repair, and rollingstock also in good repair, for use on those lines. I would like to know, and I venture to say everyone would like to know, under what arrangement that has been done. Is there any arrangement under

which some proper compensation is paid to this State, or is the arrangement on the lend-lease scheme, which means that you do not know whether you lend or lease but do know you will get nothing for it? That is about the position today, so far as I understand. We do not know whether we have lent that rollingstock as our contribution to the war effort, and certainly do not know that we have leased it, because the first element of a lease is the amount of reward, and I have not heard any mention of any reward.

This occasion of voting supplies entitles all members of the Chamber who feel called upon to do so—and the member for West Perth very properly so felt called upon to do—to mention any grievance in connection with many railway workers. Numbers of employees engaged at the Midland Junction workshops have reached an age that entitles them to retire. They gave notice of their retirement, and they were participants in the superannuation scheme, and therefore were entitled, on their retirement, to receive the amount of money provided for in the scheme. In the case of those men I have heard of, the amount has been £2 a week. But they were manpowered. That is an elastic expression which has got into our language in the curious way words do get in, as for instance the word “boycott,” invented in Ireland. But this word “manpowered” would appear to have come from America.

The real effect is that you become a chattel, and are allocated to a certain duty as a chattel, and to a certain place where you do that duty; and if you don't do it you are liable to severe penalties. That is what “manpowered” means. Your separate existence ceases to exist. You cannot choose what to do. You are appropriated. This can be justified by the exceptional crisis which we are passing through, but the individuals I have mentioned were manpowered and obliged to remain on working—and this although they were soon due to retire and were prepared to rely on their superannuation for their maintenance from a certain date. The result of this is that these men are working. I presume they enjoy nominally a salary of £5 per week, but are really working for £3 a week, because the £2 they would have enjoyed as superannuation is of course not paid to them. So they are in a position and carrying out exactly the same work as formerly and being obliged to accept

the same wage as formerly, and not receiving a single penny of the superannuation money to which they are entitled by law.

Hon. W. D. JOHNSON: And to which they contributed.

Hon. N. KEENAN: In part!

Hon. W. D. JOHNSON: Well, mostly!

Hon. N. KEENAN: I should like to know what justification is offered for pursuing that course, because it is obvious that had these men got their superannuation and retired, and then been manpowered on the assumption that the country required their services, as it does indeed require the services of all of us in some capacity or other, and they had been employed in some capacity or other, they would have received the full pay of that employment in addition to the superannuation of which they would already have been in receipt. Why that position should have been departed from completely and radically and these men compelled to remain in the works, compelled to carry out the same work as formerly and especially receiving only that small salary, slightly more than half of what they formerly received, is a matter which I think requires explanation. I do not propose at present to study it, nor do I propose to say anything about railway freights and fares increased by 12½ per cent., for two reasons: Firstly, that a motion on the notice paper has come from another place, and that I shall be glad when the opportunity arises to take the motion up and then give reasons why we should deny it. Furthermore, when the Railway Estimates are reached I propose to ask the Minister concerned to make some explanation of the extraordinary evasion of which we can understand not one word.

The Minister for Railways: No evasion there at all!

Hon. N. KEENAN: In my opinion, extraordinary evasion.

The Minister for Railways: In my opinion, there is no evasion.

Hon. N. KEENAN: In my opinion there was an unpardonable evasion of the matter submitted to the Minister in the form of questions. However, I will not deal with that at the present moment. There is one further matter I want to touch on—and I am curtailing my observations as much as possible—and that is the fact that there is no sum on the Loan Estimates for the cost of increased school accommodation. If

there is one matter that deserves immediate expenditure it is that.

The Minister for Lands: Vote 135 takes in that. It is all included in the one Vote and always has been.

Hon. N. KEENAN: On what page?

The Minister for Lands: On page 5 of the Loan Estimates under the heading Public Buildings. It is always under that Vote.

Hon. N. KEENAN: It may be.

The Minister for Lands: It is!

Hon. N. KEENAN: The sum of £27,000 is provided under that heading. I would like to know how much of that is allocated to education. If the whole were used on school buildings it would not be too much. The position is that owing to the war a large number of people have come to Perth. The wives of men who have volunteered for the A.I.F., as well as the wives of men compulsorily called up under the defence scheme, have come to live in Perth. They have left the country and brought their children with them. It is obvious that the schools in Perth are incapable of providing accommodation for the present number of children attending them. It is an absolute disgrace to see every verandah occupied. That is not so objectionable in summer-time but in winter-time it is a trial we have no right to call on the children to suffer.

If the whole of this £27,000 were used to increase school accommodation it would not be too much, and I would gladly welcome such expenditure. I hope the Minister will tell us how much of that amount it is intended shall be allocated for the erection of additional accommodation at the schools. I wish only to repeat that there is no justification for loan expenditure in the days through which we are passing except in regard to works that cannot be postponed. Not that other works are not necessary—there are numbers of necessary works; not even that other works are not urgent—there are numbers of urgent works requiring to be put in hand; but there are works incapable of being postponed without inflicting grievous harm on the State. Only by that means will we have sufficient works available to absorb returned soldiers, and we have an absolutely sacred duty to be prepared for that event.

MR. PERKINS (York): On these Loan Estimates I want to make some reference to the library facilities in our State. Anyone who has seen the Munn-Pitt report on the

library facilities in Western Australia will agree that there is room for a great deal of criticism. I understand that those two men were sent out by the Carnegie Trust of America, and they made an examination of library facilities throughout the world. In their report they state that the library facilities existing in Australia generally and in Western Australia in particular were amongst the poorest they had examined. I am afraid that since that report was made there has been very little improvement in the position. There are some movements in Australia seeking to improve the library facilities available. I refer more particularly to a movement that started in Tasmania, and I propose to read a cutting from our local Press which deals fairly concisely with that particular question under the heading of "Free Library Movement." It states—

Plans for the extension of the free library movement on a State-wide basis have been prepared by the council of the Tasmanian free library movement. This plan comes closely on the successful operation of a similar scheme in New South Wales, and a move in Victoria for the appointment of an expert committee to prepare a plan for free library improvement. Details of the Tasmanian scheme have been circulated throughout Australia, the council declaring: "The matter is one of national rather than State or parochial importance and if parallel efforts for improvements can be fostered in each of the States the library movement should be greatly strengthened." Some years ago there was a brief display of interest in the development of a free library system in Western Australia, but despite the strong criticism of the Munn-Pitt report of Australian library services and the strong need the report expressed for free libraries, no organisation has yet been formed here.

The Tasmanian scheme has been prepared on the basis that any person, resident or non-resident, may use the library for reference purposes without charge and that any resident or ratepayer may, subject to any prescribed reservations, borrow books without charge. The council organising the scheme suggests that the free library movement may not be inaugurated unless it has the financial support of local authorities representing at least 60 per cent. of the population of the State. Any local authority may subsequently join in the scheme on such terms as the Libraries Board, to be established, may determine. It is proposed to divide the State into regions, each with its own regional library. Within each region there shall be local libraries to serve the needs of towns or suburban areas and depots for scattered districts. An individual service shall be available for persons living in isolated localities.

The costs of the scheme, the council suggests, shall be met by contributions to the Libraries Board from local authorities, equivalent to the amount raised by a rate of 2d. in

the £1 on annual values, together with a State Government subsidy. The State Libraries Board, representative of government and municipal interests, will control general matters of library policy and finance. The secretary and executive officer of the board will be the chief State librarian. The administration of the library will be in the hands of a Library Council, which will be responsible to the State Libraries Board. It will consist of the chief State librarian as chairman, the regional librarians and one member nominated by each regional library advisory committee.

Already the Tasmanian Free Library movement has installed libraries in military camps in that State and these libraries are growing rapidly and proving popular.

That shows what has been done in Tasmania, and what they trying to do. A similar scheme would be very suitable indeed for Western Australia. There have been some small local experiments. As a matter of fact, in Bruce Rock we have a small free lending library, established on the basis of support by the local governing authority, which subscribed a major part of the money from its ordinary revenue. Local governing bodies are empowered under the local Government Act, amongst other things, to make funds available for library facilities. The balance of the money for the Bruce Rock venture has been found by the general public of that district. The library is only on a small scale. A little over £100 has been spent, and there is a fairly good selection of books available, although the enterprise is on a much more restricted scale than is necessary for it to be successful.

It is an entirely free public lending library. Any person who desires to borrow a book has to deposit 6s. to cover the possible non-return of it. If the book is not brought back within a month the borrower is subject to a fine. When the book is returned the 6s. is refunded. There is no changing fee, but when a person is leaving the district he can secure the refund of his deposit. In practice, most people leave the 6s. with the library committee indefinitely and the money is availed of in financing the scheme. What I have outlined indicates the public appreciation of library facilities when made available. In this case seldom are fewer than 140 books off the shelves at any one time. If such facilities are available they will be utilised by the public, and my object in mentioning the matter is to impress upon the Government the need to foster such a move. Without support from the State it will be impossible for local authorities to

establish the work on a satisfactory basis. Our experience tends to prove that there is a real need for a central co-ordinating body to purchase books and keep them in circulation.

Books after being on the shelves in one centre for a considerable time could be transferred to some other place where, in all probability, they would be put to better use. In that direction a central co-ordinating body would be most effective, and its work could include the purchasing of books. Finance is necessary for such a scheme, and it would be too much to expect local authorities to provide all the money, hence the need for the Government to take an interest in the matter. The work of taking care of the books presents some difficulty, but in my district the road board officials act as librarians. The library is located in the outer portion of the road board office, where it is possible for the staff to look after it without much addition to their ordinary routine of work. The officials have shown themselves public-spirited in their interest in the success of the library. We count ourselves fortunate in having such facilities available even if they are on a limited scale. I hope the scheme will be extended to centres throughout Western Australia, and I commend the project to the Government and the public generally.

**MR. MARSHALL** (Murchison): I shall not deal with the expenditure side which has been discussed by members who have presented a close survey of what is intended. I propose to traverse the observations of the Acting Treasurer and other members regarding this form of financing the nation or a State within a nation. Personally I feel particularly grieved when I hear the Treasurer or Acting Treasurer refer to the "money market," as though money was a commodity and so was on the market in competition for the right to its use. Of course such can never be. It is a fallacious idea that has been inculcated in the minds of the people in order to mislead them and to direct their attention away from the real functions of money, and to try to make it appear that the banks, when they lend, actually do lend money. That applies only when the individual lends; it is said that he actually lends money. Such, of course, is not the truth either. Thus it is somewhat tragic when we constantly hear from the Treasurer refer-

ences to the money market. If the intrinsic value of our money were ascertained it would be found to be practically worthless. It has no value whatever as a commodity. I assume that it would not cost the fraction of a penny to manufacture a £1, £5 or £100 note.

The Minister for Lands: Once the dies were made.

Mr. MARSHALL: That is so. If it were put on the market as a commodity, what would it fetch? Again, would not we have the right to compete for its manufacture like all other producers who are in competition in the market with their produce? Money can never be a commodity. It cannot function as a commodity—outside the fallacious idea that has been promulgated through the Press and over the air that it is a commodity and has to be bought or borrowed. So the member for Nedlands, the member for West Perth, the Premier and every other member of this Parliament can continue wrangling amongst themselves and complaining about the state of the railway rollingstock, the deplorable condition of our public buildings and assets generally, and so on. I have been a member of this House for 21 years and that sort of thing has gone on without a break all that time. Each member has tried to indicate that his party is much the better and could do so much better than the party in power. Yet when the political pendulum swung and the parties changed over, the position from the standpoint of government became worse. The change took place, but nothing better was accomplished. All this is because members will not realise that money or banking is nothing more or less than a matter of accountancy, a matter of entries in a ledger. For years I have been endeavouring to get members to understand that, but it all seems to be futile. In the circumstances I have no real reason to complain about what is going on in the Commonwealth arena today, because the present Labour Government is merely carrying on the policy of its predecessors in power in the Commonwealth Parliament.

Orthodox principles are being followed as they are in other parts of the British Dominions, the United States of America and, in fact, in all English-speaking countries. What gives me cause for grave concern and makes me regard with hesitancy the sincerity of those occupying the Treas-

ury Bench in the Commonwealth Parliament is the argument that is used in support of what the Commonwealth Government is doing. That argument is no different in its significance from those advanced by those suffering from over-indulgence in orthodoxy. If Mr. Curtin or Mr. Chifley would speak out—I can talk more authoritatively about Mr. Curtin, the Prime Minister, than I can of Mr. Chifley as the Commonwealth Treasurer—that he was desirous of doing something of material benefit for the people, but for some reason he could not give effect to his intention, then I would not be so fearful of the future as I am at present. I know that Mr. Curtin is well conversant with what troubles us most as a nation.

No one has spoken more eloquently or written more brilliantly on the subject than Mr. Curtin. I have some of his writings with me and they do justice to Mr. Curtin and the subject he deals with. Not only do I possess much of Mr. Curtin's writings and records of many of his utterances that have been circulated in printed form, but I am aware of much else that he has both uttered and written. All these clearly indicate that Mr. Curtin has no doubt whatever as to what money is, who creates it and who controls it. Mr. Curtin is thoroughly conversant with all those aspects. In 1939 he wrote an article in "The Locomotive Journal," which was published in New South Wales. Under the heading of "National Credit" he said—

Everything in war must be paid for, not by reducing wage standards but by the use of the national credit. Because of a Labour Government in the Federal Parliament there is a Commonwealth Bank. It was created as a means for releasing national credit. But because Labour lost office, the national bank has been transformed by our opponents into a mere puppet of the private banks. As a requisite to national defence, the Commonwealth Bank must have restored to it its original charter. When we are in power we shall proceed to redeem the national bank from its slavery.

I emphasise the next sentence in Mr. Curtin's article, which read—

The cost of war can be met without piling up huge debts and without interest payments sucking our national life-blood.

Mr. Needham: They are not in power as we are.

Mr. MARSHALL: That is true.

Mrs. Cardell-Oliver: Is that our Mr. Curtin to whom you are referring?

Mr. MARSHALL: Yes. The article concluded—

The Commonwealth Bank must, with a Labour Government, work out a freer and fuller life for our people.

Now to reply to the interjection by the member for Subiaco! I said before that if Mr Curtin would state the reasons why he could not give effect to what he desired, I would be with him, but what is the excuse advanced by Mr Curtin today? In every instance it does not differ from those advanced by Mr. Fadden or Mr. Menzies. The excuse is—inflation. Taking up the slack, preventing competition in labour and material required by the Commonwealth Government for war purposes, and all other orthodox excuses are repeated much as they were advanced years ago by Mr. Menzies, Mr. Fadden and Mr. Casey.

Mrs. Cardell-Oliver: Was Mr. Curtin a hypocrite then or is he one now?

Mr. MARSHALL: I do not know that he is a hypocrite at all. Mr. Curtin might be able to explain this away if he was here now. We can, however, go further than this. I intend to quote from another pamphlet. Mr. Curtin wrote an article in regard to the £55,000,000 interest bill. It is headed "Australia's Economic Crisis." He complained about the £55,000,000 interest bill. I assume that since he became Prime Minister he has increased the interest bill by at least £20,000,000 annually. Never did Mr. Curtin, or any of our Labour leaders, make any reference whatever to the interest bill when advocating war loans. If we exclude the £100,000,000 loan which is now being floated, Mr. Curtin floated two loans, £70,000,000 being conversion money and £30,000,000 comprising new money. If we take that £30,000,000, plus the next loan of £35,000,000, or if we exclude the first loan altogether and take the two Liberty Loans, as they were called, of £35,000,000 each, we find that every penny of that money was for annual interest payments.

Not one word was said during the flotation of those loans about the interest bill. Mr. Curtin said, "We dare not fail." Does that not imply that if the people did not subscribe to those loans, we were likely to lose the war? Is it not implied that the people must give in order to win the war? Mr. Curtin knows it would not matter a tinker's curse if not one penny were sub-

scribed to these loans. It is possible to catch these men unawares, and when they are caught we get the truth and the correct line upon these subjects. Only recently Mr. Chifley was challenged in regard to his policy of raising money by loans. The implication was that he was somersaulting on the principles he had enunciated for many years. This is what he said in reply to a letter—

I can assure you that your interpretation of the Government's policy is not in accordance with facts. Briefly, the Government holds the view that there is no problem of war finance, as such. The only problem is so to organise the manpower and productive resources of the Commonwealth that they will be of the maximum value to the country at this time.

I agree with the sentence "Briefly, the Government holds the view that there is no problem of war finance, as such." I repeat, Mr. Curtin said "We dare not fail." I am sick and tired of that sort of thing. Let me tell members what Mr. Curtin said with regard to the £55,000,000 annual interest bill. He was then just a member of the House of Representatives. He has an interesting, attractive and appealing way of presenting a case. I put it to the Committee that there is no more attractive speaker or more attractive writer upon any subject than is Mr. John Curtin. I pay him that tribute, and respect him as being fully-knowledged upon this subject. This is what he said on the outside cover of the pamphlet—

How the Australian banks have ravaged the nation—Why industry is in chaos—Why wages are attacked—Why budgets do not balance—How property in bonds grows in value while property in farms, in factories and in labour loses value—Why our markets are depressed—Why unemployment reaches mass magnitude.

Anyone who is conversant with Mr. Curtin as a speaker or a writer would be able to pick this matter out from a thousand other articles as coming from the pen of Mr. Curtin. The extract is as follows:—

The burden of our production imposed by this tremendous levy is not capable of realisation in mere figures. It fastens itself upon every public and private transaction, adds to the cost of its performance, passes on by unseen increment to the price of every commodity, and has become an outstanding factor in the embarrassment of the nation.

That is what Mr. Curtin said on page 7 of the pamphlet when dealing with the borrowings that occurred during the last war and the interest imposed on the people, and the taxation that was necessary to pay the in-



terest bill on those borrowings. Mr. Curtin went on to say—

It was on this paper basis—not gold or bullion—that the world financed four years of expenditure time and again multiplied in excess of any previous similar period in history. Out of this "Plan of Credits" emerged rising interest rates, the re-incubation of debt upon debt, and the weighing down of the industry of posterity with a fixed annual levy greater than mankind has ever known.

Not now; but it was so then. On page 13 Mr. Curtin goes on to say—

Hence the widening gap ever since between capacity to produce and capacity to consume. This phenomenon was visible prior to 1914; it has become accentuated since. The burden of interest sits heavily on the cost of production; it diminishes the consuming ability of mankind in respect to more and better houses; more and better furniture, and, for millions, adequate and proper food. Thus, armies of would-be producers are not employed, coincidentally with the spectacle of millions going short of necessary, let alone desirable commodities. The poverty of the world is not due to lack of materials or lack of men; it is due to the inadequacy of the means of exchange.

Mr. Curtin knows well that the wealth of a nation is comprised in its capacity to produce goods and services and that the matter of exchange is merely one of accountancy. I have a copy of another speech made by Mr. Curtin. Every line of it is most attractive and beautiful to read. He goes along in the same strain, but I do not intend to quote any more of his remarks on this subject, although I could do so most effectively. I desire now to quote from another pamphlet, the title of which is "The Money Power Versus Democracy." The author is Mr. E. D. Butler of Melbourne. He is a writer and lecturer on monetary reform. They are not his writings or opinions I am about to quote, but extracts that have been taken from other authorities.

Mr. Patrick: Is he the man who used to be in Western Australia?

Mr. MARSHALL: No, he is a Melbourne writer. He quotes a number of authorities and that has saved me a good deal of research work. I used to check all these books constantly from the Year Book, but I found they were so accurate that I need not doubt them. On page 8 of this particular book I find an extract from a statement made by no less an authority on the money market than Reginald McKenna. Would any member of this Committee claim that he was a greater authority on this subject than is McKenna? If there be such an one, I should

like to hear him explain away the statement I am about to read.

Mr. North: He shows that banking has not passed.

Mr. MARSHALL: Nearly all the old economists are beginning to change their views. Winston Churchill admits that banking is merely a matter of accountancy, and that money serves the same purpose as a railway ticket serves for a journey. Because the theory of the gold basis has been upset altogether the views of some of the most confirmed experts are undergoing a change. This is what McKenna has to say in regard to the money market—

The Bank of England, and no other power in heaven above or earth beneath, is the ultimate arbiter of what our money supply shall be.

He ought to know! As the Bank of England directs the policy of Australian banking, we know who creates our money supply. Let us have no more of this rubbish about money markets. If the banks refuse to create the necessary credit, we can get no money, as occurred during the years 1930 to 1933. We are largely controlled in money matters by such people as Otto Neimeyer and foreign bankers. When they refuse to use the nation's credit and expand it, that sets up what is known as the money market. It is they who control the money of the nation today. I know it is of little use trying to convince members, but some of them may care to read "Hansard," and it is therefore as well that I should quote certain authorities upon this subject. These are not my opinions, but opinions I have formed after studying the views of orthodox men on this question. I suppose no one will challenge the "Encyclopaedia Britannica" on the subject of banking. That publication had this to say—

Banks Create Credit: It is a mistake to suppose that bank credit is created to any important extent by the payment of money into the banks. A loan made by a bank is a clear addition to the amount of money in the community.

I have read that for the edification of the member for Swan, but as he has fallen asleep the reading will be in vain. His usual remarks by way of interjection is "You cannot get something out of nothing." Another writer, H. D. McLeod, in "The Theory and Practice of Banking," says—

The essential and distinctive feature of banks and banking is to create and issue credit payable on demand, and this credit is intended to

be put into circulation and serve all the purposes of money.

A bank is therefore not an office for the borrowing of money but is a manufacturer of credit. What plainer language is required than that? It is used by Mr. McLeod, a British economist, banker and writer. I shall make one quotation from R. G. Hawtrey. He attacked the banking system many years ago and fought it right up to the time of his death. Vincent Vickers was another such man, but he started later than did Hawtrey. Hawtrey had this to say—

When a bank lends, it creates money out of nothing.

That is what I have been trying to tell members for years past; when a person borrows money, the bank creates the money by putting figures in a ledger. That stands as a credit issue; it is entirely new money and is in addition to all other money then in circulation. Finally, I quote Keynes on this subject, because he is an active man in England at the moment, being one of the directors of the Bank of England. He was the man who drew up the compulsory savings scheme. He has this to say—

There can be no doubt that all deposits are created by the banks.

I could go on and quote Withers and other writers who are authorities on this subject, but it seems to me not to be of much avail to do so. We will find that next session there will be no change in procedure. Members will rise and rail about the condition of the rollingstock on our railways, about our State public assets and our public utilities. In other words, members will play about with the shadow in ignorance of the substance.

Our Sinking Fund, so the Treasurer said, had provided such a lucrative investment that this year he was able to pay more into its credit than he had borrowed for the year. What a wonderful thing that is! I shall glance at the Year Book in order to get over the subject quickly. The total credit to our Sinking Fund is £6,000,000. We have borrowed £100,000,000. That shows how we are getting on with the Sinking Fund! There is another reason, too, and it is just as well we should understand it. The taxpayers of Western Australia are called upon to shoulder Commonwealth as well as State obligations. The Commonwealth Government is borrowing extensively now and spending the loan moneys in war-like operations, thus saving the Treasurer

the necessity to borrow. It is misleading to say that we are on the return track so far as the State finances are concerned and that we are going speedily to pay off our liabilities. That is only a temporary phase. It will remain only so long as the Commonwealth Government expends huge sums of money in this State. When that ceases, the State will be compelled to borrow extensively again, or suffer the experiences we passed through in the years 1930 to 1933.

I desire to quote one or two authorities on banking, in order that the quotations may be on record, should anyone be interested enough to check them. It is all-important to me; it is also most important to the Government. Here we have a Bill authorising the borrowing of what belongs to the nation. We will accept the money as a debt against the nation, and then we will impudently put our hands into the pockets of the people and extract taxation from them to service something that belongs to the nation, something that should never have been let go by the nation. I quote from the "London Times" of the 24th and the 25th March. It has this to say in regard to credit issues—

Credits issued by the banks as loans are really national credit owing their value to the capacity of the country to provide goods and services.

How often have I made that statement in this Chamber! The report continues—

Bookkeeping technique to facilitate the production of goods and services plays much the same part in economic life as a railway ticket plays in transportation.

Mr. Churchill must have been reading the "London Times." Another authority who I am sure will be acceptable to everybody is Mr. Eccles, Chairman of the Central Reserve Bank of America. He has been frank and open recently in his comments on the banking systems of the world. I suggest to the Committee that Mr. Eccles is today the most powerful man in the world. He could close down in 24 hours every industry in America, because he is the Chairman of the Central Reserve Bank and controls practically the whole banking system of America, as well as the banking system of England and of the British Dominions. He has this to say upon the subject—

The Banks can create and destroy money: bank credit is money. It is the money we do most of our business with, not with that currency which we usually think of as money.

Mr. Doney: Is there any likelihood of Mr. Eccles exercising the power you mention?

Mr. MARSHALL: Not until the people of America make him do so. I cannot see cemetery worms advocating cremation. Can the hon. member?

Mr. Doney: No. Quite right!

Mr. MARSHALL: There is another American writer named Denney, who published a book entitled "America Conquers Britain," immediately after the last world war. He has this to say in regard to the power of the Central Reserve Bank of America—

All nations must tremble before our Federal reserve board. High money rates imposed by it in 1929 brought suffering to millions of foreign workers. That blow hit Britain hardest of all.

That is true. Sir Josiah Stamp, another British economist, who lost his life in the present war, had this to say—

Never in the history of the world has so much power been vested in a small body of men as the federal reserve board of U.S.A. These men have the welfare of the world in their hands.

I put it to members: What is the use of our dealing with measures of this kind? We should try to adopt more scientific and modern methods of financing the State, debt free. The Royal Commission on banking made clear the fact that, owing to the powers possessed by the Commonwealth Bank over the note issue, that Bank should control the credit of the nation. It can make available money to any State or individual, free of interest. Therefore, why do we worry about measures like this? We are constantly creating a terrific burden of debt. We are constantly putting our hands into the pockets of the people and telling them we must have their money to win the war. It is lies! If this war is lost because people will not contribute liberally enough to loans, then every man in the Federal arena should be put on a gallows and hanged. I hate the hypocrisy that is evident almost on every occasion when those men speak. In my opinion, there is an ulterior motive behind it all. I am positive the banks have readily stepped out of the picture.

So far as the public are concerned, it would seem that private banks are prevented from subscribing to war loans. They would joyfully accept that responsibility, however, because if there is one section of the community chockful of rat-cunning it

is the bankers. They appreciate that a move is on foot to reform our banking system. All speakers of recent dates have stressed the point that money is required to win the war. The outstanding feature in all such utterances today is that a greater number of people should subscribe. More and still more subscribers are wanted. Unthinking people would imagine that the more subscribers there are to the war loans, the larger will be the amount raised; but there could be fewer subscribers and more money raised. The banks know full well that while a universal effort is now being made to revise the banking system, at all events in the British dominions it would be good policy to decoy the people to subscribe to war loans. As soon as an effort is made to attack the banks seriously, they will point to poor old grandmother, with her £10 war savings certificate and to poor old uncle with his £5 bond.

Banks will not admit that they create money and lend it at interest, neither will they admit that the credit they lend belongs to the nation. They will point to the people I have mentioned and will try to prevent reform. It is remarkable that when a person gets a lick of usury, he begins to like it. It will not be difficult to convince such persons that a change would be injurious to them. People who subscribe to loans will be paid in full, I hope. An individual lending money in this way is altogether different from a bank or an underwriter, who creates credit in order to subscribe to a loan. That is a different matter altogether. There is another aspect also. The more people can be prevailed upon to subscribe to these loans and the more readily they can be induced to accept severe taxation, the lower will be their standard of existence. They cannot have it both ways. I am under the impression that the great idea is to fashion the minds of the people for a poverty state, by getting them accustomed to high and still higher taxation. Every shilling that is taken from them by way of taxation lowers their standard of living; every subscription they make to a loan also lowers their standard of living. So that in the course of a year or two people become accustomed to these things and accept them as the order of the day.

Mr. North: What is the idea in trying to make us poorer?

The CHAIRMAN: Order!

Mr. MARSHALL: The idea is to keep the standards low. Members must not be under the impression that when this war concludes we shall be finished with borrowing. If members want to see what will happen, they should look at what took place after the last war. Taxation will not be reduced after the war, either. They want plenty to pay the interest bill, and that is what the banks are watching. They are not worried much about anything else. So long as they can see that the people will willingly carry this burden, they are satisfied. I take strong exception to this principle, because I know of hundreds of people who have not enjoyed a full wardrobe or a full meal, nor proper housing conditions, since 1929. It has taken a war to give them employment; another blood-bath to give an income! No sooner do they get it than the Government of the day immediately starts to take it away from them. They are given no chance to replenish their wardrobes or larders.

Scores and scores of people who have contracted to buy homes will lose their equities because they cannot maintain the instalments. It is grossly unfair to treat the people in such an inhuman way. If these men were sincere and wished to prevent competition—which is not a truthful statement, because it can be prevented by law—they would say, "We will take all you have over and above what is a fair thing for you to live on, having regard to the present restrictions, and take it in the same way as we do from those who have surplus money, and pay interest on it."

That would give the people some encouragement. But no, they take it all! On account of my family responsibilities I have not been able to invest in these loans in the same way as have the more successful people. They are paid interest on what they put in. But the Government comes along and says, "I cannot help you, Marshall; give me £3 a week," and so my standard goes down, and I have to keep struggling all through life. I want to provide for my old age so as to have a little comfort, and just when I am preparing to do it and my family has been reared I find that the position brought about by the orthodox system of finance has deprived me of that privilege.

So I take strong exception to this form of financing the country. The sooner members awaken to the position, the better. I will

have something to say to the member for Wagin in a day or two, and I will not spare the spring onion crowd, though dancing around in the shadows up in the Milky Way, with their heads in the clouds and their feet in the gutter. Members are not tackling the problem as it should be tackled, but are playing with the shadows on the glittering platform of publicity, pretending to the farmer that he can be given some relief by a motion such as the member for Wagin moved. Although I will support it, it is ridiculous, and to have come from the leaders of public life verges on being disgraceful. That is my attitude on the Loan Estimates. Members can go through them and they cannot fault the Ministers who have compiled them or been responsible for their compilation. Every penny at their disposal has been wisely spent on only the most urgent works. But, as the member for Nedlands pointed out, this has been going on for years.

Year in year out we have stood here and complained about the state of the rolling-stock and the traction power of our railway system. But with what result? Nil! For years the Opposition has moved motions and constantly spoken on the Estimates of the rehabilitation of the farmer. With what result? He is further in debt today than ever. He is more of a serf today than ever, and is now joined with the pastoralist, who has become a shepherd because of the rotten monetary system which is enslaving the world and bringing nothing but poverty, degradation, immorality and war to all nations. It is time the Committee took a more serious view of this matter of banking, and borrowing what belongs to the nation. Members should do more to educate the public as to what are their responsibilities. Until we do that, the member for Subiaco will be running around advocating the issue of free milk: the Country Party will still be seeking the rehabilitation of the farmer, and my party—well, God help the industrialist! We are no better off today than when I started twenty years ago. Our standards are gradually and surely going down, and all political parties have assisted in that direction. As Professor Soddy said, the position has been conspired in and condoned by all political parties. None has the courage to stand out and fight. I appeal to this Committee to get down to the basis of our troubles. Before I conclude, I

want to quote from Reginald McKenna. It would be difficult to find anything better than what he has to say. In addressing a meeting of directors of the Midland Bank, McKenna, without, I think, having any idea that publicity would be given to his remarks, in substance said this—

Banks do create and destroy money at will, and those who create or control the money of a nation hold in the hollow of their hands the destiny of that country.

That is true. What is the good of talking about the state of our assets and the deplorable standard of living which our people suffer when we will not tackle the problem at the base—money? I do not intend to oppose the Estimates, but members should awaken to their responsibilities. I do not excuse the public for allowing matters to drift to the present state. It should make politicians produce results. It is hypocritical in the extreme to be standing here, and getting publicity by saying that the assets of a nation are depreciating to a terrible extent when we know that it is unavoidable because of a rotten monetary system.

**THE MINISTER FOR LANDS AND ACTING TREASURER:** I feel almost chastened in that I, together with many others suffer from an over-indulgence in orthodoxy. I have always listened with great interest to the member for Murchison, but I find considerable difficulty in grasping his point of view.

**Mr. Marshall:** You have not read the Labour Party's platform.

**The MINISTER FOR LANDS:** Yes, I have, but I have not read as much on the subject as has the hon. member, and even had I done so I perhaps would not have been able to understand it as he does. I wish to make a brief reference to one or two comments made by the member for Nedlands, and I desire to congratulate our new member—the member for York—on his maiden speech. The theme he selected was quite unusual for such a speech, both from the point of view of party lines and the Estimates, but it had a laudable objective and one that, through the years, I hope he will make progress in. The member for Nedlands raised one or two points, particularly in regard to the Fremantle Harbour Trust. He contended that works that cannot be postponed are the only ones that should be proceeded with under any circumstances.

**Hon. N. Keenan:** No, under these circumstances.

**The MINISTER FOR LANDS:** Under any of the circumstances today, and therefore under these circumstances. If he scrutinised the items on which he did not comment, he would find them to be just as worthy as those he singled out. Some of them may be found to embrace within their scope more justification than some he mentioned. For example, under Item 38 there is an organisation associated directly with war work. It is doing an immense amount of war work, and the expenditure on that item is necessary to make possible the storage of goods not merely for overseas, but for internal use of the Military Forces. Items 20 and 21 represent moneys to be expended in the extension of absolute necessities to cope with possible military situations. The hon. member made mention of the rolling-stock. We know that the position is difficult and that the strain put upon it by military use is extreme and unavoidable. With him I share the hope that when the last shot is fired in this present combat—and before if possible—money will be available not merely to recondition but to supplement the existing services and rolling-stock.

The hon. member complained of the payment into Consolidated Revenue of certain sums from the Fremantle Harbour Trust revenue, and of the allocation of loan moneys for that instrumentality during the same year. Although the hon. gentleman criticised that practice I suggest that no Government in the management of Government finance or Government instrumentalities would find any other practice possible or feasible. There is no set amount that could possibly be anticipated for expenditure or such a concern. It fluctuates tremendously, and unless we adopted the existing practice the financing of these concerns would be impracticable. If the hon. member will further study the Financial Statement he will find that there has been a marked decline in the earnings of the Fremantle Harbour Trust. During the three years of the life of the Government of which he was last a member, the surplus reached £104,000 after paying interest and sinking fund, but during the last three years the average has been nearer to £30,000. By dealing with the earnings of Government undertakings and instrumentalities in this way, there is an evening-up pro-

cess which makes it possible to secure more evenness in the taxation requirements of the State.

When capital works are undertaken year after year there is always the need for Loan funds to be brought in to maintain stability irrespective of the demands on Loan funds. If the hon. member studies the tables in the Financial Statement submitted when the Budget was introduced, he will find that on the revenue side there has been a marked decline, as also in connection with loan suspense expenditure. In the years 1931-33 the earnings, after paying interest and sinking fund, reached £104,000, and in one year £169,000 was spent from loan on works at the Fremantle Harbour, whereas last year we got down to £60,000.

Hon. W. D. Johnson: Do you get interest and sinking fund on that capital expenditure?

The MINISTER FOR LANDS: Yes. After interest and sinking fund had been paid, in some years we have had little more than £15,000 left. In these days the earnings of the harbour are very much reduced and, unless loan funds were brought in, it would be difficult to provide expenditure for such important matters as one construction under the Minister for Works during recent months, about which members probably know. I do not wish to delay the Committee, but I did desire to offer these comments in direct contrast to the statements of the member for Nedlands.

Vote put and passed.

*Votes—Railways and Tramways, etc., £361,000; Harbours and Rivers, £82,500; Water Supply and Sewerage, £157,500; Development of Goldfields and Mineral Resources, £139,887; Development of Agriculture, £19,500; Roads and Bridges, Public Buildings, etc., £116,000; Sundries, £112,675—agreed to.*

This concluded the Loan Estimates for the year.

Resolutions reported and the report adopted.

### ASSENT TO BILLS.

Messages from the Lieut.-Governor received and read notifying assent to the following Bills:—

- 1, Goldfields Water Supply Act Amendment.
- 2, Congregational Church (Lands) Amendment.

- 3, Bush Fires Act Amendment.
- 4, Administration Act Amendment.
- 5, Road Closure.
- 6, Reserves.
- 7, West Australian Meat Export Works.
- 8, Death Duties (Taxing) Act Amendment.
- 9, Legislative Council (Postponement of Election).
- 10, Legislative Assembly Duration and General Election Postponement.

### BILLS (6)—RETURNED.

- 1, Income and Entertainments Tax (War Time Suspension).  
With amendments.
- 2, Industries Assistance Act Continuance.
- 3, Financial Emergency Act Amendment.
- 4, Mortgagees' Rights Restriction Act Amendment.
- 5, Health Act Amendment (No. 2).
- 6, Road Districts Act Amendment (No. 2).  
Without amendment.

### BILL—LOAN, £310,000.

#### Message.

Message from the Lieut.-Governor received and read recommending appropriation for the purposes of the Bill.

#### Second Reading.

**THE MINISTER FOR LANDS AND ACTING TREASURER** [3.55] in moving the second reading said: We have discussed the expenditure of loan moneys and this Bill is to provide for the raising of the money. The Bill sets out the specific sum required this year for the purposes mentioned in the Loan Estimates. Such authority is given by the passing of the Loan Act and the cash proceeds of loans so raised for the General Loan Fund. In the case of works where capital expenditure is going on continuously, such as railways, harbours, water supplies and other special works, it is necessary year by year to obtain additional authority from the House. This Bill authorises the raising of a sum of £310,000, and is to provide for new works or services to which the money has been apportioned by the Loan Estimates. We have a considerable sum of unexpended loan money from the year 1941-42. A little

more than half the money raised and made available during the last financial year was unused. This Bill merely provides for new projects and the amount is £310,000 instead of the total that we anticipate spending. This amount represents the lowest raised by a Loan Bill in any one year, I believe, since the beginning of responsible Government. It is a very small sum and its smallness is consequent upon the different circumstances obtaining now as compared with any other period of our history.

Last year our loan proceeds amounted to £757,655. After the expenditure on loan works approved, there remained £593,033 to the credit of General Loan Fund. Since the transfer of the State Savings Bank to the Commonwealth in 1931, we have obtained loans under the agreement amounting to £3,065,000. During the financial year 1941-1942 there were three public flotations by the Commonwealth. The first was the November, 1941, cash and conversion loan of £100,000,000, which was fully subscribed. In this operation £30,000,000 was required for war purposes and any subscriptions over that amount were to be applied to the redemption of unconverted holdings. The other flotations in February and June of 1942, each of £35,000,000, were for war purposes and in both instances were fully subscribed. Interest rates on all these loans were the same, namely,  $3\frac{1}{4}$  per cent. for 16 or 17 years with Government option of redemption after eight or nine years, and  $2\frac{1}{2}$  per cent. for shorter terms of four or five years. It seems that the market, if there is a market, is stabilised at approximately those rates. Regarding our cash requirements for the current year, it is probable that the amount available from the Savings Bank and from other local sources will again be sufficient, but if not, arrangements have been made whereby the Commonwealth Bank will finance the State by means of Treasury bills. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

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

Bill read a third time and transmitted to the Council.

## BILL—LICENSING ACT AMENDMENT (No. 2).

*Second Reading.*

Debate resumed from the 4th November.

**THE DEPUTY PREMIER AND MINISTER FOR WORKS [4.4]:** The Bill introduced by the member for Nedlands proposes to amend three sections of the Act. Before dealing with that aspect may I say that the Government decided that the hours of trading should be reduced by three hours per day. This applied only to the metropolitan area. It has been suggested that pressure was brought to bear by the Commonwealth Government, while the control of liquor is rightly a function of the State. The fact is that the position at the time was such that the decrease in the hours of trading was undoubtedly warranted. In public opinion, the position then was such, because of what was taking place, due mainly to returned soldiers, as could only be regarded as desperate. Nobody objected to the reduction by three hours in the metropolitan area, which was the area particularly affected. It is true that, at the time, application was made that the reduction should apply outside the 25-mile radius. However, no action was taken by the Government.

It has to be remembered that what was done, was done willingly by the Government, of its own volition. True, the Government took advantage of the National Security Regulations. I think we consulted the Leaders of the two parties sitting opposite. However, the Government takes full responsibility for what was done then. It is also to be remembered that control was assumed by the Commonwealth Government of production and distribution of intoxicating liquors. The Commonwealth Government has limited the production of those liquors, and also rationed their supply. So that no matter what attitude the State might take, those two things must hold good. We have not full control. When one declares that in this respect the State has a function, one must remember that control has been taken from the Parliament of the State. In my opinion, production and distribution of liquors should, as far as possible, be uniform throughout Australia. I am not dealing now with the question of hours. This Bill would apply only as there might be need, in the metropolitan area and within the 25-mile radius.

Hon. N. Keenan: This measure?

The DEPUTY PREMIER: Yes. If the hon. member says that throughout the State the Governor-in-Council should have certain powers—

Hon. N. Keenan: Yes, during the war.

The DEPUTY PREMIER: But under this measure the Governor-in-Council would have those powers even in peace-time. However, I will deal with that aspect later. In order to show the Government's attitude, and the respect we have for an opinion expressed by this House, I shall read correspondence that took place after a certain motion was carried here, subject to an amendment moved by the member for Toodyay. It has been asserted that the State Government does not take due notice of motions carried here. I stated at the time why the hours were limited, and justifiably so. In the metropolitan area there was very little objection to the limitation. Now I shall show what took place after the carrying of the motion in this House. Here is a letter from our Premier to the Prime Minister, dated the 10th November last—

I desire to advise that the following motion was carried in the Legislative Assembly on Wednesday, 4th November, 1942:—

That in the opinion of this House the Government should take immediate action to prohibit the sale of alcoholic liquor on licensed premises within 2½ miles of the General Post Office except during the hours between 11 a.m. and 7 p.m.; alcoholic liquor in bottles or other containers being sold or taken away from any licensed premises after 5 p.m., and further, that the penalty for sly-grog selling shall be imprisonment without the option of a fine.

The reason I am conveying the text of this motion to you is that, from my understanding of the position, the Commonwealth Government, at the last Premiers' Conference, was definite on the point that there should be no extension beyond existing closing hours. The States, while being ready to assist the Commonwealth in overcoming any abuses in the liquor trade which might appear to be deterrents to the war effort, did not desire that the Commonwealth should be forced to take action.

It will be remembered that Western Australia's representative pointed out the difficulties associated with 6 o'clock closing in this State, particularly if daylight saving were introduced.

During our summer season it means that drinking in hotels is to be prohibited from what actually is only late afternoon. It affects considerably the position of suburban and seaside residents.

The special nature of climatic conditions in Western Australia has always been recognised by the Government in that the closing hour for hotels has been 9 p.m. in the metropolitan and

agricultural districts, and 11 p.m. in the Goldfields and the North-West. When trading hours were restricted earlier this year, the metropolitan closing hour was altered from 9 p.m. to 6 p.m. but the later closing hours were retained elsewhere.

As long as daylight saving is in operation the Government is in full agreement with the motion passed by the Legislative Assembly and considers that to close hotels at 7 p.m. instead of 6 p.m. would be reasonable. In view, however, of your intimation to the recent Premiers' Conference that the Commonwealth Government would not agree to the extension of the closing hour beyond that now operating, the matter is submitted for your consideration.

While the State Government has the necessary authority, and desires to use it, to fix 7 o'clock as the closing hour in the metropolitan area during the operation of daylight saving, it would, of course, be pointless to take this action if the Commonwealth Government proposed to over-ride it.

I shall be glad if you will give this matter your consideration and advise me of your decision.

Yours faithfully,

J. C. WILLCOCK,  
Premier.

The reply from the Prime Minister was as follows:—

I desire to acknowledge receipt of your letter of 10th November, embodying the text of a motion carried in the Legislative Assembly on Wednesday, 4th November, 1942, concerning the closing hours of hotels.

As you are aware, the Conference of Commonwealth and State Ministers held in Melbourne in August last agreed that the closing hour of hotels in any State should not be extended beyond the present closing hour, and in the circumstances, the suggestion contained in the motion of the Legislative Assembly that hotels be closed at 7 p.m. instead of 6 p.m. during the daylight saving period would, if adopted, be a distinct breach of that agreement.

I trust, therefore, that your Government will not take action to extend the closing hour as suggested.

On receipt of that, as Deputy Premier at the time, I sent this lettergram to the Premier—

Re liquor trading hours subject motion recently passed Assembly Curtin replied saying, "Conference Commonwealth and State Ministers held Melbourne August last agreed that closing hour hotels in any State should not be extended beyond the present closing hour and in circumstances suggestion contained in motion Legislative Assembly hotels be closed at 7 p.m. instead of 6 p.m. during daylight saving period would if adopted be a distinct breach of that agreement. Trust therefore your Government will not take action extend the closing hour as suggested." Considered in view our submissions in your letter that 7 o'clock appropriate time during daylight



saving period and Cabinet decided today to suggest to you that matter be considered while all Premiers at Canberra.

In spite of the Prime Minister's reply, and in spite of the fact that an agreement had been reached—my colleague, the Minister for Lands, was at the conference and I understand it was a mutual agreement—I suggested that while the Premiers were meeting to discuss other business they should deal with this question, and I stated that we still considered that 7 p.m. was the appropriate closing hour for the metropolitan district during the daylight saving period. I do not know what the outcome of that will be. The Premier will probably have a reply to submit to us when he arrives tomorrow. I do not know whether this matter was discussed, but we asked that it should be, again pointing out that this Government considered that in the metropolitan area 7 p.m. would be the appropriate closing hour during daylight saving. So members will see that the Government had regard for the opinions expressed by this House.

We consider that the position has altered since we agreed that the closing hour should be 6 p.m., and we think that during daylight saving it should be extended to 7 p.m. but we are not prepared to oppose the Commonwealth Government on a matter such as this unless the Premiers of the States mutually agree that the closing hour should be extended. Unless that is done the Western Australian Government does not feel disposed to break away from the agreement. We have expressed our views clearly. We think that in the present circumstances 7 p.m. is a reasonable closing hour, but we are not prepared to make that an issue. If it can be mutually agreed on, and the Prime Minister can be satisfied, having regard to the special circumstances, well and good, but we are not disposed to alter the position, as a Government, against the wishes of the Prime Minister. That is our position. We have stated our case clearly.

The Prime Minister re-affirmed his view and we again suggested to him that the matter should be re-opened at the meeting of Premiers. I do not know the result. I am not aware whether it has been reconsidered by the Premiers. As to the Bill! When a measure is brought before Parliament the first thing that has to be done is to show that there is some necessity for it. This Bill proposes to amend Section 118 of the Licen-

sing Act. That section imposes a liability on the hotelkeeper to serve customers during certain hours. As the sponsor of the Bill pointed out, the hotels are closed during the hours prescribed in the existing law, and there is the danger of a prosecution under Section 118. I notice that there is a proviso in the section which states—

Provided that the burden of proof that there was reasonable cause for not complying with this section shall be upon the licensee.

It is quite true that the onus of proof rests on the licensee, but I suggest to the hon. member who introduced the Bill that it would be not a very reasonable excuse but a very valid and acceptable reason for the hotelkeeper to submit that under the National Security Regulations the hotels were closed between 6 p.m. and 9 p.m. Can members conceive that any court of law would hold a man liable because he did not serve customers between those hours? The very section the hon. member seeks to amend contains a proviso which I should say would provide ample protection for the licensee. So much for that point. The Bill also proposes to amend Sections 121 and 122. These also impose upon the licensee certain responsibilities.

The National Security Regulations give the Premier power to do certain things. It is the Premier himself who issued the regulation closing hotels at 6 p.m. and it will be remembered that, after consultation with the Commonwealth Government, further restrictions were issued in respect of eating houses and with regard to hours of trading and the conduct of hotels. I have not those particulars just at the moment, but I remember that under the regulations very drastic restrictions were imposed in respect of eating houses. Women were not allowed to go into the bar though they were allowed to drink in the lounge. There were restrictions with regard to women drinking in hotels and other matters. That was done by the Government of its own free will under the National Security Regulations, but those restrictions had general application only in the metropolitan area. The Bill proposes to transfer the power to the Governor-in-Council. The Premier at present has the authority and exercises it. If the Bill were agreed to, the Governor-in-Council would do so. I have no very great objection to the Bill, but I am doubtful whether, if it were passed, it could be put into operation. I do not

think it would be wise for the Governor-in-Council to be given this power. The Government would have to take the responsibility for such regulations as were issued. It would throw a great responsibility on the Government.

Hon. N. Keenan: Why not?

The DEPUTY PREMIER: Well, why? It would give rise to the very thing I want to avoid, and the thing I should avoid if I could. I would not encourage the keepers of licensed premises to apply to keep their hotels open until a certain hour. In these matters it is better to have a general rule and stick to it than to introduce regulations that will encourage people to ask for concessions here and concessions there. Only to that extent does the Bill conflict with the regulations under which hotels are now closed, and the other regulations that I mentioned which were issued by the Premier. The advice we have is that if there were any conflict between the State and Federal provisions, the latter would prevail. The Premier, as head of the Government, would be very concerned about this matter, and he is the one responsible for the regulations and for such inconvenience as they cause. Members know there was a good deal of complaint, but we stood our ground with respect to 6 o'clock closing and other matters. I have not had an opportunity to consult the Premier himself, but I am very doubtful whether he would be disposed—having done this as Premier in a general way in the metropolitan area—to encourage those within the unfavoured 25-mile radius to apply to him. I doubt very much whether what he has done under the regulations, as Premier, he would undo.

Under the Bill it would mean that the Governor sitting with two members could issue an order to an extent in conflict with what has already been done. I assure the House that the Government has no desire to deal sectionally with hotelkeepers and to receive applications from them to vary the hours fixed under National Security Regulations. It is true that a good deal of inconvenience exists, but that inconvenience applies not only to hotelkeepers and to the liquor trade but to all trades under the National Security Regulations. If we start tinkering with these matters and suggest people can avoid their obligations and receive concessions by this means and that means, it will be very embarrassing to the

Government. I do not know that it would help the trade very much. We should stick to the regulations. In a general way we are not inclined to oppose the Commonwealth Government in a matter of this description.

The Government would be disposed to alter the closing hour in the metropolitan area, would not be disposed, as proposed in the Bill, to take the power suggested to alter the hours for the sale of liquor in individual instances. We have no great objection to the Bill but I am doubtful whether it could be operated. I think it will be found that the Premier will stick to the National Security Regulations. There is trouble enough with them. Under this measure there would be further trouble and innumerable applications, and there would not be very much satisfaction. As for the point raised that the control of the liquor trade is a State matter, that would be true if these were normal times, but as I stated earlier the matter has been taken out of our hands because of the action of the Commonwealth Government, to which we cannot take exception, of limiting the quantity of liquor and rationing the supply to hotels. That having occurred, the real control of liquor is taken out of our hands. I find that has had a very serious effect on certain hotelkeepers. Whereas some have all they need, others, as mentioned by the member for Nelson the other day, are short of supplies. That is something we cannot obviate, and is due entirely to the limiting of supplies and to rationing.

If the application of the powers under that regulation were faulty, we could take the matter up with the Commonwealth Government. I understand that in some places certain hotels were over-supplied while others were under-supplied, but the Government could not deal with that position apart from making representations to the Commonwealth Government. I do not see any very great objection to the Bill but I do not recognise the need for it. I doubt whether if it became law it would be operative because the effect would be to ask the Premier, who is regulating the trade under powers conferred upon him by the National Security Regulations, to set them aside and act in accordance with the provisions laid down in the Bill. In those circumstances I can foresee quite a lot of trouble. There would be importuning on the part of those engaged in

the trade. I think the Premier would have decided objections to utilising the powers outlined in the Bill seeing that the Commonwealth regulations provide for uniformity of action.

Mr. Thorn: But it would give the Government an opportunity to stand up to its obligation.

The DEPUTY PREMIER: Is that so?

Mr. Thorn: The Government is in charge of the State licensing laws.

The DEPUTY PREMIER: Not entirely.

Mr. SPEAKER: Order!

The DEPUTY PREMIER: By mutual agreement we limited the hours of trading.

Mr. Thorn: That is quite so.

The DEPUTY PREMIER: We agreed that hotels should close at 6 p.m. The Government is not entirely free to extend the hours of trading to 7 p.m. in view of the letter we received from the Prime Minister. I certainly do not propose to make this an issue with the head of the Commonwealth Government.

Mr. Thorn: I quite understand that.

The DEPUTY PREMIER: The Government expressed its views and that called forth a letter couched in very decided terms from the Prime Minister. To act under the powers outlined in the Bill would bring us into conflict with the Commonwealth Government on a matter respecting which a mutual agreement had been arrived at with the other State Premiers and the Commonwealth Government.

Mr. Thorn: When you say that an agreement was arrived at with the Prime Minister, did that agreement apply throughout Australia?

The DEPUTY PREMIER: There is a difference in South Australia, New South Wales and Victoria in that I understand their existing laws provide for six o'clock closing.

Hon. N. Keenan: You refer to the State laws.

The DEPUTY PREMIER: Yes, and I know that to an extent we are prejudiced in Western Australia because our law provides for nine o'clock closing in the metropolitan area.

Mr. Thorn: What about Tasmania and Queensland?

The DEPUTY PREMIER: In Tasmania hotels may remain open till a considerably later hour but the fact remains that we agreed to the closing of hotels at 6 p.m., whereas Tasmania at that time did not agree to that

course. The agreement was that the then closing hours should not be extended. The agreement does not affect the position on the goldfields or in the country districts, but merely in the metropolitan area.

Mr. Thorn: Exactly, and that is why you should accept your responsibility.

The DEPUTY PREMIER: We made our position clear and we are not disposed to make this an issue with the Prime Minister. If we did, quite possibly the Commonwealth Government would then take drastic action and determine that the hours should not be extended.

Mr. Thorn: Well, why does not the Commonwealth Government do so?

Mr. SPEAKER: Order! I must ask the Minister to address the Chair and take no notice of interjections.

The DEPUTY PREMIER: I am anxious to explain what the Government has done and the reasons for its action. I have no particular objection to the Bill but I doubt whether it would be operative at the hands of the Premier. If I had the responsibility of administering the licensing laws, my difficulty would be to know whether I should abide by the regulations issued under the powers conferred upon me by the Commonwealth Government through the National Security Regulations, or break away and deal with individual applications, which is what it would amount to. This is not a matter that should be saddled on to the Government but rather should it be a departmental administrative concern.

HON. W. D. JOHNSON (Guildford-Midland): The debate has been illuminating and educational to me in the sense that I believe what has been said today will be usable in the not too far distant future. I say that for the reason that we now have it definitely on record that the Premiers of Australia, who met as Premiers only, have seen fit to ignore State Parliaments throughout Australia. They took upon themselves the authority to reach an agreement on a matter that had nothing whatever to do with the Commonwealth, but was purely a State function and a State responsibility.

Mr. Thorn: You are absolutely right.

Hon. W. D. JOHNSON: The fact remains that the agreement was sealed by the accredited representative of Western Australia. I know this procedure has not been limited to this one instance. I have spoken

in this House time after time pointing out that it was nonsense not to appreciate the fact that the Premiers' Conferences today represent an adjunct to Loan Council meetings, and that at those gatherings agreements are reached between the Premiers of the States on matters that have no definite connection with Loan Council obligations. At those meetings decisions have been made and agreements reached such as that to which reference has been made today. In this instance the agreement is sealed and as a result of the agreement with the Premiers, the Prime Minister has said, "Very well, it is agreed between us that you will not increase the hours of trading beyond those existing now." That is the position confronting us.

When this question was first raised in Parliament I took a very keen interest in it on behalf of my electors who have been suffering because of the enforcement of six o'clock closing. I desired to extend the hours of trading and sent a telegram to the Prime Minister, Mr. Curtin, pointing out the disabilities under which munition workers at the Midland Junction Workshops and annexe were labouring, and asked whether he could not agree to an extension of the hours of trading somewhat on the lines of the resolution to which reference has been made today in relation to the amendment moved by the member for Toodyay. The reply I received from Mr. Curtin closed me up. The Prime Minister in very definite terms said, "No, there is an honourable agreement and understanding between the Premiers of the respective States and the Commonwealth to fix the closing hours at those existing at the time of the agreement."

Hon. N. Keenan: When was that?

Hon. W. D. JOHNSON: That was after the Premier had exercised the authority vested in him by the National Security Regulations to fix the closing hour at six o'clock. The Premiers' Conference was held subsequent to the Premier fixing the closing time. We now reach the position that, if the Bill is agreed to, we will be definitely in conflict with the National Security Regulation seeing that already the State Premier has agreed not to extend the hours of trading beyond the hour that was operative at the time of the agreement. During war-time when an undertaking is given and any attempt is made to break away from that

agreement, we must remember that the Commonwealth is all-powerful and might promulgate a regulation under which the authority to fix hours would not be delegated to the Premier but would be assumed by the Commonwealth itself. In the circumstances, what is the use of agreeing to the Bill? To do so would merely involve argument between the Commonwealth and State Governments. Of course, if I were sitting in Opposition I would cultivate that sort of thing. It is part of the game. The Bill is quite a glorious means calculated to create discord and misunderstanding between the Labour Prime Minister of the Commonwealth and the Labour Premier of Western Australia.

Mr. Thorn: There is always a sensible way to go about things.

Hon. W. D. JOHNSON: There is nothing sensible about the Bill from that standpoint.

Mr. Thorn: Of course there is.

Hon. W. D. JOHNSON: The hon. member thinks it is a sensible attitude to adopt to give the Executive Council power to fix the hours of trading when he knows perfectly well that the Executive Council cannot do so. Is that sensible?

Mr. Thorn: Yes, when—

Hon. W. D. JOHNSON: Although the hon. member knows such a proposal could not be operative!

Mr. Thorn: We have a Constitution that is supposed to apply equally to all States.

Hon. W. D. JOHNSON: Does that help in respect of this particular point?

Mr. SPEAKER: Order! The hon. member will address the Chair.

Hon. W. D. JOHNSON: The Bill emphasises the authority of the State and the desire is to exercise that authority.

Mr. Thorn: That is the position.

Hon. W. D. JOHNSON: The Premier attended the conference in the Eastern States, and said on that occasion that Western Australia would waive its authority under the Constitution and would give the Commonwealth Government and other State Premiers an undertaking that the six o'clock closing which prevailed then would not be altered.

Hon. N. Keenan: Had he the necessary authority to give that undertaking?

Hon. W. D. JOHNSON: I do not say he had no authority at all. I was emphasising the fact that he exercised the authority he had, and that is exactly what one would expect him to do. The Premier went to

Canberra, with the Premiers of the other States, and they agreed to certain things. The Prime Minister clinched the agreement. Now, if we interfere with what was agreed to, he will say, "If you do that I will pass a regulation that will silence you."

Mr. Thorn: He differentiated between the States.

Hon. W. D. JOHNSON: No.

Mr. Thorn: He did.

Hon. W. D. JOHNSON: No; that is not fair.

Mr. SPEAKER: The hon. member will address the Chair, and not other members.

Hon. W. D. JOHNSON: The comment that the Prime Minister differentiated between the States is unfair. The States came to that agreement themselves. All the Prime Minister asked for was an undertaking by the Premiers that the existing closing hours, whatever they were—9 o'clock, 7 o'clock or 6 o'clock—would not be altered. The Premiers agreed to that. It was not the Prime Minister who differentiated; it was the Prime Minister who clinched the hours of closing hotels under an agreement arrived at by the Premiers of the States.

I am disappointed the Deputy Premier did not say definitely that the Bill must not be passed. As far as his Party is concerned, it must not be passed. If it is, then it will have to be implemented. The Opposition is saying that our rights under the Constitution must be enforced, even during war-time. Mr. Curtin says, "They are not to be enforced, and I will use the power of National Security Regulations to prevent their being enforced, if any attempt is made to do so."

The Deputy Premier: What I said was that the Bill would be inoperative.

Hon. W. D. JOHNSON: Then why burden the statute-book with it?

The Deputy Premier: It is inoperative, because it is the existing law.

Hon. W. D. JOHNSON: Of course it is. Then why, as I asked, burden our statute-book with something that is wrong? If the Bill is passed, we shall be in honour bound to recognise the decision of the House. If we put it into force, the Premier will be saying one thing and the Prime Minister another thing; but the Prime Minister has the big stick of the National Security Regulations, and must prevail. What the member for Toodyay wants is a first-class row.

Mr. Thorn: That is nonsense!

Hon. W. D. JOHNSON: I do not want a row. I am a man of peace. I want this House to do the commonsense thing. I realise that our Premier left the State with authority to agree to something. He came to an agreement with the Premiers of the other States and we cannot alter that agreement. Then why pass a law like this, when we know full well that it will create discord and misunderstanding between the Prime Minister and the Government? I hope the Bill will not pass.

MR. THORN (Toodyay): The attitude adopted today by the member for Guildford-Midland is remarkable. He says that if the Bill is passed there will be discord between the Prime Minister and the Government. If anybody has been the cause of discord between the present Government and the Opposition, the member for Guildford-Midland is that person. He is now trying to slate the Opposition.

Mr. SPEAKER: Order! I ask the member for Toodyay to address the Chair.

Mr. THORN: The member for Guildford-Midland is trying to slate the Opposition for causing discord. This Bill, introduced by the member for Nedlands, is a commonsense measure which will give the Government power to do what it always could do, but has not taken advantage of, and that is to control the liquor laws of this State. It is no use the Deputy Premier saying that we have agreed to this, that and the other with the Prime Minister, because the Commonwealth Constitution provides for equal treatment of all States, and this Western Australia is not getting in respect of the liquor trade. We are asking today for equal treatment. Why should the Prime Minister interfere with the liquor laws of Western Australia and say we must close our hotels at a certain time, while in Tasmania and Queensland hotels close at different hours? That is not the way to administer the liquor laws. The member for Nedlands is giving the Government an opportunity to adopt a commonsense policy in regard to our liquor laws. I have never interfered with the business of any other member's electorate; I do not believe in doing so, because I think they are all ably represented. But only this morning I was asked in Midland Junction this question: "What are you going to do about providing a drink for us chaps who knock off work at 1 o'clock at night?"

Hon. W. D. Johnson: I have that question put to me every day.

Mr. THORN: Then why does not the hon. member deal with it?

Hon. W. D. Johnson: I cannot, because of the agreement.

Mr. SPEAKER: Order!

Mr. THORN: Why not try to make provision for these men working until 8 o'clock at night to get a drink?

The Minister for Justice: That matter is receiving my attention.

Mr. THORN: The Minister gave us that answer some time ago. I am not criticising him; but I consider it is up to the member for the district to do what he can for those men. I shall do so myself. With the troop movements taking place today, we sometimes find there are thousands of troops within a certain area. They may arrive there at 3 o'clock in the afternoon. Suppose they arrive at Midland Junction, they consume all the beer allowed under the quota system and the present licensing regulations, and consequently none is left for the working man when he knocks off.

Hon. W. D. Johnson: The hour of closing would not alter that position.

Mr. THORN: It makes a lot of difference. I think this is an excellent opportunity to put our licensing laws on a proper basis. It is up to the State not to accept the advice of the Prime Minister in this respect. He cannot accuse Western Australia of not doing its utmost to assist in the war effort, and it is useless for him to say the licensing laws of this State interfere with the war effort. He had no right at all—whatever the Premiers agreed to—to decide at what hour our hotels should close.

Hon. W. D. Johnson: The Premier had delegated authority.

Mr. THORN: Never mind that. Let the Prime Minister stand up to his own job! If he considers it in the interests of the Commonwealth to close all hotels in Australia at 6 p.m., let him make an Australia-wide order, and not say that hotels in Western Australia shall close at 6 o'clock, while hotels in Tasmania shall close at 9 o'clock.

The Deputy Premier: I am not inviting him to do that.

Mr. THORN: I am not criticising the Deputy Premier, who explained the position fully and made himself quite clear.

Mr. J. H. Smith: Why should not he be criticised?

Mr. THORN: The Deputy Premier has explained his position fully. He has commonsense enough to decide what is good for the State. If the member for Nelson wants me to pull the Deputy Premier to pieces or criticise him, I do not know that I should do so at his request. He can do it for himself. It seems to me that we are playing about with our liquor laws. Why are hotels licensed? Hotels exist to provide a certain service. They do not exist to provide liquor for boozers, nor to supply a man who gets up early in the morning with a hang-over. Hotels are licensed to provide refreshment for people entitled to it.

Mr. North: At suitable times.

Mr. THORN: Yes. A few weeks ago I moved an amendment to a motion submitted by the member for Subiaco. I did not move the amendment on personal grounds.

Mr. SPEAKER: The hon. member is not in order in discussing what was done on some motion.

Mr. THORN: Very well, Sir. I will not proceed further with that matter. I tried at that time to inject some commonsense into the discussion.

Mr. Cross: Is it commonsense to close hotels at the present hour?

Mr. THORN: No.

Mr. J. H. Smith: Then why did not the member for Canning oppose the motion?

Mr. Cross: I did.

Mr. THORN: I am not interested personally in the liquor trade, but I desire that commonsense should be applied to this question. When the sun is over the yardarm, that is the most appropriate time in the day for a working man to have a drink, but the doors of the hotels are being shut at that time. The member for Nedlands now desires to force the Government to deal with this question, which personally I submit is not a matter for the Commonwealth. The Prime Minister appeals to us and on every occasion we assist him in every way possible. It is all right for the member for Guildford-Midland to come back from the Eastern States imbued with the good attributes of the Prime Minister, but, after all, the Prime Minister is only an individual. No doubt he is doing his best, but he does not know everything. This House is entitled to decide this issue itself. The Prime Minister says, "You cannot do this or that. The liquor question is not one that the Commonwealth should

deal with." I think the liquor question should be under State control; and we should deal with it rationally and reasonably. We should provide drinks for working men who knock off work at 8 o'clock at night. They should be permitted to enter a hotel at that hour and get a drink without breaking the law. I make that suggestion to the Government. I support the Bill.

**MR. J. H. SMITH** (Nelson): I support the Bill. For a long time I have wondered why the Commonwealth Parliament, through National Security Regulations, should interfere with the licensing laws of this State. The member for Nedlands has a greater knowledge of the licensing laws of this country than I have, and he has introduced this measure and said that the responsibility for the restrictions at present imposed should be the responsibility of the State Government. The member for Toodyay endeavoured to make an apology for the Deputy Premier.

**Mr. Thorn:** You cannot put that over me. I did not!

**Mr. J. H. SMITH:** The hon. member did.

**Mr. SPEAKER:** Order!

**Mr. J. H. SMITH:** I make no apology. The Government of this country will have to bear the onus for what it has done. Now the cat is out of the bag. The member for Guildford-Midland has returned.

**Mr. Thorn:** He has been converted.

**Mr. J. H. SMITH:** He has just returned from an Eastern States delegation and says that it is an honourable arrangement between our Government and the Commonwealth Government. I presume that as chairman of the Labour Party he speaks on its behalf.

**Mr. Cross:** No.

**Mr. SPEAKER:** Order! The member for Guildford-Midland is not mentioned at all in this Bill.

**Mr. J. H. SMITH:** That is the first time we have heard that the imposition of these restrictions is due to an arrangement between the Commonwealth and the State Government. We all know the views of the member for Guildford-Midland. He believes in unification. Therefore whatever the Commonwealth Government brings in by way of National Security Regulations must stand. He is chairman of the party.

**Mr. SPEAKER:** Order! The hon. member is getting well away from the Bill.

**Mr. J. H. SMITH:** I do not know that I am.

**Mr. SPEAKER:** I am ruling that way. I ask the hon. member to get back to it.

**Mr. J. H. SMITH:** The National Security Regulations deal with the hours of closing hotels in Western Australia. I am endeavouring to connect the two things. I am connecting the member for Guildford-Midland, as chairman of the Labour Party, when he says that, as it is an honourable agreement made between the Commonwealth Government and this one, the Commonwealth regulations must be obeyed. The Federal regulations say that our hotels must close at six, so what does our spineless Government do? Against the wishes of 90 per cent. of the people of this State it is closing the hotels at 6 p.m. No matter what arguments we put up, that closing hour applies in the metropolitan area because many months ago when transports came to this country, unseemly conduct took place in Perth. The Government defied the licensing laws. More power to the member for Nedlands who understands the laws of this country from A to Z for bringing down a Bill of this description! He says that we should carry a motion in this House to put the responsibility on the Government of this country to say what is to be done.

If the Government thinks that hotels should not close at 6 o'clock, but for the convenience of the public, at 11 p.m., then the State Government must assume that responsibility. Members must be responsible for what they do. We must not be stampeded. Our licensing laws are good ones and were not put on our statute-book without a great deal of discussion. I know that for a fact because I was here when they were passed in 1922. They have worked successfully for many years, in fact, until about 18 months ago. This Government which is supposed to have public opinion behind it, brought in silly and foolish regulations demanded by the Commonwealth. I ask members today to support the common-sense Bill before them. Despite what the member for Guildford-Midland says, we have put the onus on the Government. The hon. member, as chairman of the Labour Party, has I suppose a wonderful influence on members sitting on my left, and on this occasion he must definitely speak on their behalf. He says that the Government is bound to carry out that regulation.

But there must be a few dissentients on that side of the House, and I am satisfied that members on this side of the House who are broadminded and democratic in their views, and are not under the domination of any proletariat or communistic views, will exercise their right to vote on this measure as they think fit. It is all right for the Deputy Premier to say, "What can I do?" It would be all right for the Premier, if he were sitting in his place to say, "What can I do; I am dominated by Federal regulations? If the supreme powers say, 'We have to do a certain thing,' we must do it," and be almost crying. The Government is responsible to the people of this country. The licensing laws are our responsibility. If we tinker with them we give our powers away under other laws that we make.

In the past we have been proud of our licensing legislation. I have heard members say that the Licensing Act has not been carried out. That is not our fault. We are in this Chamber to make laws, and if they are not carried out it is the responsibility of the officials administering them. The member for Nedlands says, "I will test the sincerity of this Government." He has lived for a long time in the public life of this country. There is no member present today who would profess to have the same knowledge of our laws as that possessed by the hon. member. Do not think for a moment that he has introduced this Bill without going fully into all the details.

Members should not be led astray, and I am sure they will not be, by the remarks of the member for Guildford-Midland. He has said that the mandate comes from the National Security Regulations. Out of the 50 members in this Chamber 49 will disagree with him. It is Parliament's responsibility alone, despite Federal regulations, to say what it is going to do with its own Acts. If we are going to give this power away, why do we ask for a Federal convention? We have not many powers left to us today because of the many National Security Regulations, but surely we have complete powers in regard to our own Acts of Parliament. Are we not prepared to uphold what we have done in the past in connection with an Act that has never to my knowledge given dissatisfaction since it came into force in 1922? Why should we be prepared to sacrifice the rights given under the Licensing Act? If we do sacrifice our rights, then

the onus will be on the Government. If Ministers wish to relinquish their powers, let them take the responsibility. I ask members on this side of the House to give their support. I am aware that some members on the Government side agree with me.

Now let me speak a word in favour of the Government. I believe that Ministers are not opposed to the Bill. I believe they are bold and brave enough in spite of Commonwealth regulations, to take unto themselves the responsibility for doing what is necessary. I believe the Government will take the responsibility and that this Bill will be passed. I commend the member for Nedlands for introducing the measure. To frame it must have involved much thought and consideration of the whole position. I could continue to speak for an hour on the ramifications of the liquor question. I could tell members about the cursed rationing.

Mr. SPEAKER: I hope the hon. member will not tell us on this Bill.

Mr. J. H. SMITH: With your consent, Mr. Speaker, I could do so.

Mr. SPEAKER: There is nothing in this Bill about rationing liquor.

Mr. J. H. SMITH: I do not propose to deal with it, but I believe I could work round the question. I could explain what is happening in the liquor trade today. I know licensees who cannot pay their rent.

Mr. SPEAKER: Order! The hon. member must not deal with that subject now.

Mr. J. H. SMITH: I believe the chairman of the Parliamentary Labour Party may be blind to the significance of the unification proposals. Seemingly nothing wrong can be done under Commonwealth regulations. If I have wrongly blamed the Government, I apologise. Still, I do blame the Government for what has happened in the past. Ministers have been stampeded into doing all sorts of ridiculous things. They introduced 6 o'clock as the closing hour for hotels in the metropolitan area and suburbs, and by so doing have ruined many men. It was a ridiculous decision. The member for Nedlands is endeavouring to place the onus definitely on the Government. I do not pose as a prophet, but I have had a long experience of the trade. Members of my own party do not approach me on these matters. I am a sort of outcast amongst them.



Members: Not at all.

Mr. Sampson: That is the lot of many prophets.

Mr. J. H. SMITH: But the knowledge I possess is given freely to the House. I am no egotist, but probably I have knowledge equal to that of any of my fellow-men in this State. This Bill will place the onus on the Government, which has been very spineless. Ministers have sat here with their smirks and smiles not minding whether the closing hour is 6 o'clock or 7 o'clock. They do not care a tuppenny damn for the men working in munition factories and at other jobs coming off duty at 6 p.m. and wanting their pot of beer. What does it matter to them? They are sitting in seclusion at Parliament House. They and their supporters excuse themselves by telling the public, "We have no say in the matter; this is done under Commonwealth regulations."

Mr. SPEAKER: I draw the hon. member's attention to the fact that he is indulging in repetition.

Mr. J. H. SMITH: I bow to your ruling, Mr. Speaker. Under this Bill the onus will be placed on the Government. We shall be able to say to the Government, "This is your responsibility. You must carry out our laws or give some valid reason for not doing so." If the reason is valid, I shall abide by it and explain it to the people I represent. If valid reason is not given why the licensing laws are not being carried out, it will be my duty to tell the people I represent that a Bill was introduced into Parliament, but that the Government has fallen down on its job.

On motion by the Minister for Lands, debate adjourned.

### BILLS (3)—RETURNED.

1, Medical Act Amendment.

With amendments.

2, Fire Brigades.

3, National Emergency (Stocks of Goods).  
Without amendment.

### ANNUAL ESTIMATES, 1942-43.

*In Committee of Supply.*

Debate resumed from the previous day;  
Mr. Marshall in the Chair.

*Vote—Native Affairs, £42,200* (partly considered):

MR. W. HEGNEY (Pilbara) [5.26]: I desire to bring under the notice of the Min-

ister controlling native affairs the number of half-caste children at Port Hedland now. Some few months ago—early in March to be exact—the Port Hedland State school was closed on account of the position arising from the bombing of Broome, which is the port immediately north of Port Hedland. For some few months the half-caste children and the white children at Port Hedland were without a school of any kind. Representations were made on behalf of the parents by one of them to me, and I in turn submitted the matter to the Director of Education and suggested the re-opening of the school. The Director, in reply, intimated that owing to the unsettled conditions obtaining in the North it would be inadvisable to re-open the school, and he suggested that the children adopt the correspondence courses.

Naturally, one can understand how impracticable that suggestion would be in the case of the half-caste population. Then representations were made to the Roman Catholic Bishop of Geraldton, who in turn got in touch with the Education Department and was advised that nothing could be done in the way of opening a school. His letter to the department intimated, I understand, that the intention was to bring some nuns from Northampton to open a school in Port Hedland. He was advised that the children should carry on a correspondence course. At any rate, the nuns duly arrived at Port Hedland, opened a school, and in consultation with the parents a decision was reached that the parents, including half-caste parents, would make contributions of 2s. per week, representing a total of about £4 per week. I approached the Minister for Education, and he, in conjunction with the Director of Education, received my plea for some reasonable subsidy in view of the abnormal circumstances existing. After a time, however, I was advised that the Education Department could not see its way to grant any subsidy whatsoever.

After I had discussed the position further with the Minister for Education and had ascertained his views, I suggested that the question be submitted to Cabinet. Some six weeks ago I wrote to the Minister for Education urging that the matter be submitted accordingly, and briefly outlining the reasons why the abnormal circumstances at Port Hedland should be taken into account. I

have not yet received Cabinet's reply, but in view of the fact that the greater number of the children are half-castes I thought it advisable to bring the matter under the notice of the Minister for Native Affairs, in the hope that he, together with other Ministers who have visited the North-West, would, knowing the conditions existing there, induce Cabinet to depart from what may be called precedent. After all is said and done, precedent cannot be seriously taken into account in the case of Port Hedland, which is really in the battle area. At Port Hedland a position may arise tomorrow, or at any time, when the situation will be less suitable than it is even now; and it may be necessary to evacuate the teachers again.

If a State school teacher were sent to Port Hedland in the New Year, his or her salary would have to be paid for a whole year, and he or she would in any case be entitled to a transfer after two years. Thus there is the expense of travelling to and from Port Hedland to be taken into account. Therefore I urge the Minister for Native Affairs to do anything he possibly can towards granting some moderate subsidy to the school at Port Hedland. I wish to make it quite clear that children of any denomination whatsoever will receive the same attention at the school as those of the same religious belief as the teachers. No religion will be taught to any child whose parents do not wish it to be taught. In view of the unsettled conditions and of the fact that the nuns reached Port Hedland when there was little chance of the State school being re-opened, I appeal to the Minister for Native Affairs to take all the circumstances into consideration—the matter of isolation, distance from Perth, possibility of something happening at any time in the North—and urge that the case should receive the favourable consideration of Cabinet.

**MR. MANN** (Beverley): I desire to say a few words on native affairs. Beverley has large numbers of natives and half-castes.

The **CHAIRMAN**: Order! I remind the member for Nelson that when I call for order I want to get it. I do not want to be challenged by any member who is called to order. When a call for order is made, I want it responded to. If the member for Nelson gives further occasion for me to call him to order, I shall take action.

**Mr. MANN**: The question of native affairs has been tinkered with too long. Half-castes and native children become half-educated, and then go wild. They attend school for a time, and go bush again. Why does not the Government take the problem seriously? The birthrate among natives and half-castes is increasing enormously. We have now large numbers, both male and female, of the most useless type of human being conceivable. Unless the matter is taken in hand firmly, what will be the outcome of our half-caste population? It was reported from the conference of Commonwealth and State Governments in eastern Australia that measures would be taken to reach the root of the trouble. I hope that will be done. This State itself is pretty hopeless at the present time. The young male native or half-caste is neither use nor ornament, and will not work.

Why the Commonwealth Government ever paid child endowment to native women I do not know. The women do not have the money; the males get it from their wives and gamble with it. The money is being paid today to people who will not carry out their natural duties. A white man can be forced either to work or to starve, but the native is simply granted licence. Half-castes can be trained into excellent farm hands and shearers. At Beverley, Brookton and Quairading there is no native settlement. I have said here before, and I say now, that if these people are placed on a training farm and controlled there, they can be made into useful citizens. Why not have a native settlement out in the eastern part of the Great Southern district? Today the native is entitled to the same wages as the white farm hand, under the new scale. He is entitled to 3s. 3d. per hour for a day of eight hours. The native receives the same wages as the white. At Carrolup natives and half-castes have shown themselves to be excellent stack-builders. But there must be some definite control, not so much upon the elder as on the young people who are coming on. In many families there are nine, ten, twelve or fourteen children.

We are simply going to drift year by year. I have spoken before in this Chamber on this subject. In my opinion, we have an obligation to these unfortunate people; we must see that they are properly treated for the betterment of themselves and of the State, otherwise we shall not make any pro-

gress in this matter. Why send these half-castes and natives to school for two or three years? Of what use is the schooling to them afterwards? I would rather have an uneducated than an educated nigger. A native with some education develops into a bigger scoundrel than does the ordinary native. We can have all the missions we like for natives, but my view is this: I have come in contact with large numbers of these people ever since my childhood days in Beverley, when they were plentiful. They will adopt some religious idea, as the member for Pilbara remarked, so long as it suits their purpose. Let us get away from this stupid idea and tackle the question in a proper way.

If the Commonwealth Government does not assume control of all natives—the member for Pingelly interjected that it intended to do so—then we shall require more money from the Commonwealth to establish other native settlements in this State. The Minister would be quite justified in taking every child from native parents, half-castes more particularly. They should be put in a school, a compound or a settlement and trained in decent citizenship. Natives have two vices, gambling and drinking. The Minister will agree with me that a person can go to any native settlement on a Saturday or Sunday and find the natives gambling. In his vices, the native exceeds the white man. Yet the native is the greatest socialist in the world, because he will always share what he has with his fellow. That is their idea of life generally. I appeal to the Minister to provide other settlements where these unfortunate can be trained in the right way to make good citizens of themselves for the betterment of our State and of themselves.

**THE MINISTER FOR THE NORTH-WEST** (in reply): I am at a loss to understand some of the arguments put forward by country members in reference to the shifting of half-caste children, on which subject I shall have something to say. I desire, however, first to reply to the comments of the member for Williams-Narrogin, who seems to be the one member of the Country Party with some understanding of the psychology of the native. He has also taken the opportunity to discuss these various problems with the department in an endeavour to get the other person's point of view before he rises in this Chamber; unlike others who make

statements which, consciously or unconsciously, may not be correct, thus putting the department in a wrong light with the public. The hon. member asked for an explanation with reference to the school at Culbin. He did speak to me on that subject some 18 months ago, when he desired some alteration to be made at that school. The House was sitting at the time, but when it adjourned I took the opportunity to visit Culbin and investigate the position myself. I agree that some alteration should have been made then, without interfering with what I term the general policy of the department.

I consider that I, as Minister, have no right to expend taxpayers' money on small schools and hospitals in every little centre throughout Western Australia where there are a few half-castes or natives. In my opinion, the taxpayers' money is better expended in establishing a settlement in a particular area, such as the settlement we have at Carrolup. That settlement caters for a large portion of the Great Southern and South-Western districts. I hope another settlement will soon be established. My objection to the building of small hospitals and small schools in each district is that we cannot obtain proper co-operation, nor can we afford to staff those institutions properly. It would be more economical to establish a large hospital and a large school in one district in order to provide for a large area. For that reason, I laid down the policy that for the time being no school or hospital within a radius of 100 miles of Carrolup shall be built.

The member for Williams-Narrogin knows as well as I do that natives migrate. I believe the hon. member's statement that a large number of natives attended this small school. Unfortunately, when I arrived there the school was shut.

Mr. Doney: Did you arrive on a school day?

**THE MINISTER FOR THE NORTH-WEST**: Yes.

Mr. Doney: The reason the school was shut was because of the strike.

**THE MINISTER FOR THE NORTH-WEST**: I believed the hon. member, and that is why I took the trouble to make the inspection. The schoolteacher was away ill on the day I arrived. I was not surprised to find that the natives had left the district; apparently they had secured work in some

other part of the hon. member's electorate. The natives did not return; to my knowledge they have not yet returned. I quite appreciate that what the member for Williams-Narrogin told me was true. Probably the natives found out that the Minister for Native Affairs was visiting the district, and I might have appeared to them to be some big bogey. They probably said to themselves, "If the Minister comes here, we will be sent to Carrolup and we do not want to go there." I appreciate the assistance that I received from the member for Williams-Narrogin in this matter. He discusses various items with the Native Affairs Department and so gets a better conception of what the department is doing.

I desire to reply to the remarks of the member for Pingelly, not that I take exception to what he said or to the opinion he expressed about the Native Affairs Department and its administration. He quoted from the Royal Commission's report and said that nothing had happened during the eight years since the report was made. He repeated that statement on two occasions. The report in question was placed before the Government eight years ago, he said, and nothing had happened since. That statement is unfair and likely to mislead the public, so I intend to reply to the various items raised by the hon. member in order to show the public that something has happened. In fact, much has happened during the eight years since the report was made. In the first place, when that report was put before the Government, the annual expenditure of the department was £28,000 per annum. That has been increased to £51,000. That is something which has happened since the submission of the report. The public is entitled to know that, and the only way in which it can be apprised of the fact is by my replying to the member for Pingelly, so in a way I am indebted to him for having mentioned the subject. The first recommendation of the Royal Commissioner was—

Appointment of divisional protectors of permanent officials.

Since that report, a Deputy Commissioner for Native Affairs and a travelling inspector have been appointed, the staff has been increased by five clerks at head office to cope with the work, and a medical officer for the natives has been appointed. So quite a lot has been done towards fulfilling the Royal Commissioner's first recommendation. He

recommended that three divisional protectors be appointed.

Mr. Doney: In which of the several branches have the major increases in expenditure been made?

**THE MINISTER FOR THE NORTH-WEST:** Generally throughout Western Australia. The general increase in the Estimates was occasioned by the appointment of trained nurses in charge of native hospitals, a superintendent for the newly-established institution, the appointment of a doctor and the appointment of a travelling inspector. It is not possible to secure doctors for 10s. 6d. a dozen! We have to pay £1,000 a year. Likewise we cannot get good travelling inspectors unless we pay for them. So the first recommendation has been carried out. It has been more than carried out, because the Commissioner merely recommended the appointment of three divisional officers. We have done more by increasing the staff by five, and appointing a doctor, a travelling inspector and a deputy commissioner, who have done a good job. The second recommendation was—

Reduction in number of honorary protectors and abolition of police protectors.

That has not been adopted because it would create many difficulties and hamper the Department of Native Affairs in carrying out its functions. No Government would be justified in paying an officer to represent the department in places like Laverton, Leonora, and certain portions of the goldfields, the South-West and the Great Southern. I believe that a travelling inspector would be of great value to the department throughout the Great Southern and South-West and that those areas should have inspectors. That does not alter the fact that J, as Minister, would not agree to the recommendation, because of my own knowledge it would not be practicable. The police do quite a lot of work in an honorary capacity, and in nine cases out of ten do a good job. Like us, the police make mistakes sometimes, but not always. Recommendation No. 3 was—

Proclamation of an additional reserve north of Leopold Ranges to be a permanent reserve exclusively for aborigines.

That has been done, not only by the selection from the Crown of some areas but by the purchase of a particular settlement that already adjoined one of our reserves. Recommendation No. 3 was more than fully

carried out. The fourth recommendation was—

All existing reserves to be permanent reserves exclusively for aborigines.

That has been done. The fifth and sixth recommendations were—

5. Complete examination of northern and north-west natives for leprosy and venereal disease.

6. Compulsory examination and treatment of natives suffering from disease.

That has been carried out. There has been an annual inspection of natives by our Native Affairs doctor for the last four years. There has been a thorough overhaul from the North-West to the South, and spasmodic examinations have been made in the Great Southern areas in what we term the slack period. Great strides have been made in the collection and examination of natives throughout the North and North-West. It has cost a lot of money, but it has been done. Recommendations 7 and 8 were—

7. Selection of new site as a holding ground for lepers at Derby.

8. Establishment of leprosarium for Western Australian natives lepers at Sunday Island or similarly isolated area suitable to medical requirements.

The eighth recommendation has been carried out. A leprosarium costing £16,000 was erected in Derby and there are 200 patients in the reserve. It has been in operation for over three years. In view of the fact that we had a leprosarium in Derby we did not require a holding depot there. What the Commissioner meant was that we should have some means of holding lepers when they were detected in Wyndham and along the coast. A further compound has been built at Wyndham during the last few years. A suspect leper is examined by the doctor and if he is left till the truck arrives to take him away he is likely to go bush and spread the disease and infect others. A compound has been established in Wyndham for this purpose, and another at Munja Native Station, which is near the coast where natives have been discovered with various diseases. Recommendation 9 was—

Investigation of matters contained in recommendations numbered 7 and 8 by authority in tropical diseases.

That is what the doctor was appointed for and he has been doing the job for some time. Recommendation 10 was—

Accommodation for medical and surgical treatment of natives at all hospitals in districts where natives are located.

That has been carried out for a considerable number of years. Two new native hospitals have been established in the North-West since the recommendation of the Royal Commissioner. There is a very fine hospital in Wyndham and one at Broome, which had no hospital accommodation prior to the Royal Commissioner's investigations. The 11th recommendation was—

Establishment of medical clinic at Moola Bulla.

That has been done. Recommendation 12 was—

Further development at Moola Bulla to enable all natives to be employed, equipment to be provided for vocational training of half-castes.

Practical training has been given natives in stock work, making rope and hoppers, fencing, and in the usual avocations followed on stations. The natives are then placed in employment on other stations. The younger natives are trained in that work in order to supply labour for surrounding properties. We have a fitter, a mechanic and a blacksmith at Moola Bulla to train the younger boys. The girls are educated in domestic work. I do not know that we can do much more to carry out that recommendation than is already being done. The thirteenth recommendation was—

Inspection of Munja Native Station by the Government Tropical Adviser and agricultural development carried on as he might recommend. Necessary equipment to be provided.

It is a fact that in one year 30 odd tons of peanuts were produced there and in another year 20 odd tons. They grow practically all their own vegetables, water melons, pumpkins, beans, etc., although the Tropical Adviser has not visited the Station. Until finances are freer to carry out any experiments he may advise it would be foolish to send him there. Recommendation No. 14 is—

Organisation of employment of half-caste youths of Broome in the pearling industry.

That is a pretty tall order! To start with, it does not matter what the Department of Native Affairs thinks about the employment of half-castes in this way, it depends on the people controlling the industry. However, an inspector in the Broome area was making arrangements with various pearlers to employ a certain number of these half-castes when hostilities broke out. The industry today is at a standstill and for that reason

nothing further has been done. Recommendation No. 16 is as follows—

Ration depots to provide only for natives not employable. Those persons in charge to organise all available employment.

When introducing the Estimates I explained that that has been the policy of the department for over two years. To the best of my knowledge it is being carried out. The next is recommendation 17—

Establishment of ration depot at Karonie or other suitable place in order to remove natives from the Trans-Australian Railway.

The ration depot was established at Corunna, but it inevitably proved unsuccessful. No-one up to date has been able to control the activities and operations of the natives to such an extent that he could merely tell them that they must not go near the railway station, and have the request obeyed. It has never been done and I venture the opinion that it will never be done. The department, however, on its own initiative did establish a new place at Cunlee 30 or 40 miles inland, and while it has not been a huge success in keeping the natives away from the railway lines it has kept a number of the older and bedraggled ones away. I come now to recommendation 18—

Establishments of settlements in the southern districts for care, education and training of coloured children now in camps near Great Southern Railway towns.

The Department of Native Affairs did re-establish the Carrolup settlement and also a new placed called Cosmo Nawbery. It has also assisted Mr. Albany Bell who owns "Seven Hills" farm, by making available orphan native children to him. He has established a mission, undertaking the training of children and the teaching of domestic work to the girls, and farm work to the boys. I hope the scheme will be a credit both to Mr. Bell and those associated with him. I do not propose, in saying what Carrolup has done for the Great Southern, to do more than read a letter sent to the Commissioner of Native Affairs from the Bishop of Bunbury, the Rt. Revd. L. A. Knight. The letter is dated the 3rd December and is as follows—

Yesterday I enjoyed the privilege of visiting the Carrolup Native Settlement in the company of the Rev. T. P. R. Thorman, and I feel that I should like to write to you at once to say that I was very much impressed with what your department is doing for our aboriginals in that place—in fact I was delighted and charmed with what I saw, and if I may, I

should like to congratulate you personally on what you have already achieved and to send you my good wishes for the future.

The letter continues—

After a brief breakfast I visited the school in both departments and heard the upper grades sing a long hymn right through without recourse to a book or words. I then inspected their dictation and drawing books. The penmanship of the children, both boys and girls was nothing short of astonishing to me, and their innate knowledge of colour harmonies in their drawing exercises was a delight to the eye. In the junior grades I heard two children—a boy and a girl—give very delightfully a recitation. Their performance would have been creditable to two European children.

With the consent and co-operation of the matron (Mrs. Leeming) I inspected the dormitories, dining-room, kitchen, bakery, butchery, hospital, etc., and found everywhere complete cleanliness and order. "Constable" Frank Mippy made himself generally useful and helpful throughout. I was particularly pleased with the attitude of the staff, from the matron downwards, towards their charges and their work. In spite of their age Miss Dannett and Miss Burt seem to me to be doing splendid work in the school and to have a real love for the children.

After an enjoyable lunch at the principal's house—a lunch cooked entirely by two native girls trained by Mrs. Leeming—I had to return to Katanning without having seen over the farm. I shall look forward with anticipation of further pleasure to my next visit to Carrolup.

That recommendation will convince the public more than words as to what has been done, and that is why I have taken time to analyse the statements put forward by the member for Pingelly. The public is entitled to know what the department has done for our aboriginals. On all farms we find haystacks, pigs and sheep, and the younger natives at the educational centres are being trained in these activities so that at some future date they will be available for employment on the surrounding farms. Recommendation 19 is as follows—

Establishment of island settlement for delinquent natives.

That recommendation has not been fulfilled because, to my knowledge, there is no island available. The 20th recommendation is as follows—

Addition of area adjoining Moore River Native Settlement (if suitable land) to make settlement more self-supporting and more appropriate for the training of half-castes; otherwise the location to be changed.

That has already been carried out. The department purchased, 11 miles from the Moore River, a property on which it has over 400

acres under cultivation. It has grown vegetables of every description. A particularly good crop of potatoes was produced which more than supplied for the time being the needs of Moore River. The surplus was sent to the Carrolup settlement, and that meant more economical working from the point of view of the department. We come now to recommendation 21—

Establishment of special courts for trial of certain natives.

That is in operation and has been for the last two years. Recommendation 22—

Alteration of sites at Sunday Island, Mt. Margaret and Gnowangerup.

The department tried the experiment of shifting the native mission from Sunday Island to the mainland, but it was a failure. The natives refused to stay there. Mt. Margaret presents a difficult proposition and has not been interfered with. It is run by a religious organisation with which the Government does not wish to interfere. The principals do not desire to shift and it is not the Government's job to order them to do so. The Government purchased some land in the Gnowangerup area and provided water. There is not much more that the department can do because it is fairly close to Carrolup and has a mission alongside. I do not know that it is reasonable to expend more of the taxpayers' money on that area. In part the recommendations have been carried out. Recommendation 23 reads—

Additional area of ground for East Perth Home and extension of building.

This is practically impossible because we cannot buy any area of land adjoining the home referred to. Therefore this recommendation has not been carried out, although the department has been on the lookout for some other place in the vicinity of the city. Recommendation 24 was—

Financial assistance for increased accommodation at Home for quarter-caste children at Queen's Park.

This has been carried out. Arrangements have been made with Sister Kate, and I understand that the relationship between the department and Sister Kate is very close at the moment. I do not know that anything more need be said except that that recommendation has been carried out. Recommendation 26 reads—

Establishment of medical fund to be contributed to by employers as a condition of employment of natives.

Provision of this kind was made by the Act of 1939 and has been in operation ever since. The cost to the Government has been an additional £1,000 per annum. That is a complete reply to the statements that these recommendations were made eight years ago and that nothing has been done. If any member thinks that we have not done what I have said has been done, he may check up the matter for himself. The member for Mt. Magnet drew attention once more to the fact that some of the district hospitals are treating natives for a charge of 5s. per day. I do not desire to start an argument as to whether that is a fair payment or not, but I wish to give the matter from the department's point of view. The department pays £1,750 per annum into the hospital fund for general distribution for the treatment of indigent natives by our hospitals. On top of that the department pays for individual natives attending hospitals through the Natives' Medical Fund. It pays for any native injured or ill, provided he is covered by the fund. The member for Pilbara has drawn attention to a matter which I think is rather one for the Education Department, and I propose to refer it to the Minister for Education.

The member for Beverley has brought forward a proposition for having half-caste children educated at an institution such as Carrolup. I agree with the hon. member to this extent that we ought to have more of these institutions, but I would not agree with him that the children of natives at Beverley should be sent to Carrolup. Immediately the children of native races are transferred to an institution, the parents become discontented, leave their employment and go to the district where the children are. That proposal would be doomed to failure and would cause problems and troubles for the department as well as for the farming areas. After all, the farmers do get a large proportion of their casual labour from half-castes.

Mr. Mann: Not today. I assure you of that definitely indeed.

The MINISTER FOR THE NORTH-WEST: The figures prove to me that a considerable number of natives and half-castes are in employment today. The hon. member might have had a bad experience in the employment of natives. I know that the native does not care to undertake hard work for too long. I have had enough experience of

natives to know that they prefer to work for one farmer for a while, and then transfer their affections to another a week or a fortnight afterwards. I have done my utmost to prevent natives changing their employment on account of the difficulties arising from permits, medical fund payments and other things, and probably an advance of cash. These arrangements having been made, the natives leave their work and go to another employer.

There is need for another settlement somewhere north of Merredin to cater for the dry area. The member for Beverley appeared to be of the opinion that the Commonwealth Government would come to our rescue. I am inclined to believe that on this occasion the member for Pingelly is right. I do not think the Commonwealth will come to our assistance. I believe that it could and should subsidise the State Government for the work of protecting and uplifting the native races, because it is a Commonwealth responsibility.

Mr. Mann: I agree with you.

The MINISTER FOR THE NORTH-WEST: My reason for believing that the natives would not be better off under Commonwealth jurisdiction is that our organisation and our Act are far ahead of anything the Commonwealth has. We have a better Act and a better organisation than any existing in the whole of Australia for the control of natives. The natives are individualists and need separate treatment. We have some educated natives who need no looking after by the department, but the great majority definitely need the protection of the department. I have made these remarks because I do not want the public to be misled into believing that we have made no attempt to carry out the recommendations made eight years ago.

Vote put and passed.

*Votes—Harbour and Light and Jetties, £30,270; Fisheries, £7,580; North-West Generally, £300—agreed to.*

Public Utilities:

*Vote—Goldfields Water Supply Undertaking, £126,870:*

MR. PERKINS (York): I draw attention to an anomaly that exists in connection with the Water Supply Department agricultural extensions. Some extensions from the goldfields main were put in in the fairly early days and other extensions were put in later.

The capital cost of the extensions put in at the earlier stage was on a much better basis than those put in later, and I understand that that is the reason for the difference in rating. Now, on this earlier extension the rate was on a basis of 3d. per acre on the ratable land in the holding, with a water charge of 2s. 6d. per thousand gallons. On the other extension, put in later, when I understand the capital cost was higher, the rating was on the basis of 6d. per acre, with a discount for cash—which, however, does not really come into the picture at all—and the charge per thousand gallons was 4s. Before any excess water is charged—and excess water is the question I am getting at—a rebate is allowed on as many thousand gallons as there are four-shillings or halfcrowns in the total amount of rates paid.

For instance, if on the dearer extension a £50 rate is paid, there is a rebate of 250,000 gallons before any excess water is charged. Now, if the meter for that year read, say, 300,000 gallons, there would be an excess of 50,000 gallons. On the nearer extensions the charge for excess water is at the rate of 4s. per thousand gallons, and in the case of an excess consumption of 50,000 gallons that would amount to £10. On the earlier-reticulated areas upon the 3d. basis, the rebate would work out approximately at the same number of gallons, but the excess water rate charged on these areas would mean that 50,000 gallons excess would be charged at the rate of 2s. 6d. per thousand gallons, so that the excess water rate charge in that case would be £6 5s.—a difference of £3 15s. in favour of the lower-rating areas as against the more expensive areas.

Hon. W. D. Johnson: Is not the rate 4d., and not 3d.?

Mr. PERKINS: No. It is 3d., I understand. In the areas about 100 miles from Mundaring, the rate is 3d. per acre and 2s. 6d. per 1,000 gallons.

Hon. W. D. Johnson: I introduced the Bill.

The CHAIRMAN: Order! I am taking exception to the constant interjecting. When a call for order is made it must be obeyed. I have informed members of that. I want no further interjections upon making a call for order.

Mr. PERKINS: Whatever we may feel about the principle of differential rating generally, I do not think a case can be made out for the department as regards



differential rates for excess water. Presumably, when those charges at per acre and per thousand gallons were made, they were fixed on such a basis that the rate per acre covered the capital cost of the scheme. I maintain that when it comes to excess water, whatever the capital cost of the scheme may be should not enter into consideration. As a matter of fact, the position becomes almost farcical, because if that capital cost is met by the rate per acre on the land, then when it comes to excess water the department says, in effect, that if it passes the water through one set of pipes to a point 100 miles distant from Mundaring, it will charge for excess water at 2s. 6d. per thousand gallons, but that if those circumstances occur at another point the same distance from Mundaring, and through a set of mains belonging to the department, and although the capital cost of the other set of pipes is covered by the ordinary rate per acre, yet the department may charge the rate of 4s. per thousand gallons. Such a position seems to me extremely anomalous, and I would like the Minister controlling the department to inquire into the matter.

The position has not been so serious up to date, or probably the department would have heard more about it from some of the people on the 6d. per acre rate, had it not been that in most cases the rebate has covered the amount of water used. However, as members are aware, there has been a great change in the balance between cropping and stock in the more easterly agricultural areas. In view of the greatly reduced cropping and the large increase in the number of stock, sheep more especially, being carried, the position is now entirely altered, and perhaps even 100,000 gallons, or more, of excess water may be used on a 2,000 acre farm which previously had no excess. In my opinion the position will probably become more acute in view of the difference between cropping and stock in those areas. It is only fair, I submit, that the department should consider the placing of all excess water on the same rate per thousand gallons where no extra cost is involved in pumping the water. I do not say that if water has to be pumped a greater distance, there are not other factors involved. But, apart from that, it is only fair that the charge per thousand gallons for excess water should be on the one basis irrespective of the rate per acre.

Vote put and passed.

*Votes*—*Kalgoorlie Abattoirs*, £1,500; *Metropolitan Abattoirs and Sale Yards*, £38,338; *Metropolitan Water Supply, Sewerage, and Drainage Department*, £136,190; *Other Hydraulic Undertakings, Chargeable to Revenue*, £62,855—agreed to.

*Vote*—*Railways, Tramways, Ferries, and Electricity Supply*, £3,812,900:

### THE MINISTER FOR RAILWAYS

[6.13]: I shall be very brief in introducing my Estimates; and tomorrow in replying I can deal with the financial aspect. However, the estimated revenue for the four departments under my control—railways, tramways, ferries, and electricity supply—is £4,902,000, and the expenditure involved in earning that revenue is £3,842,900. Interest on capital invested will be for the year £1,159,300—leaving an estimated deficit, on the four undertakings, of £100,200. In dealing with railway receipts and disbursements I point out that in round figures the revenue is estimated at £4,000,000, and the expenditure at £3,157,000; leaving a balance of £843,000 to meet interest estimated for the year of £1,132,000, thus showing a loss from a Treasury standpoint of £189,000. The actual revenue for last year was £3,898,809, so that an increase of £101,000 was anticipated. Included in the 1942-43 figures is an amount of £100,000 all set for transfer to suspense account, and an amount of £102,600 from working expenses for transfer of rollingstock sold to the Commonwealth, for which a like amount has been received from the Commonwealth.

With regard to earnings, while uncertainty prevails as to the wheat traffic, which is dependent on shipping and where storage accommodation is arranged, the indications are that the available rollingstock will be fully utilised on this and general traffic. The haulage of wheat throughout the past year was fairly steady and, with a large carry-over of wheat in the country at the 30th June, 1942, it is assumed there will be little or no alteration in the current year. It is understood that the year's timber programme is fairly well defined and should equal that of 1941-42. As regards general goods, while there may be some diminution on account of the shrinkage of mining and ordinary civilian activities, this should be counter-balanced by increased defence activities. On the expenditure side, an outgoing of

£3,157,000 is estimated, against the actual figure of £2,998,484 last year. Last year's expenditure included 27 fortnightly periods of salaries and wages for the year, as against 26 this year, the extra period representing approximately £76,000.

Mr. Seward: What is the increase in expenditure?

The MINISTER FOR RAILWAYS: There is a big increase. Making due allowance for this item, it will be seen that expenditure is increased by £234,516. Of this increase, £102,660 is accounted for by the transfer to suspense account of moneys received from the Commonwealth Government for sales of rollingstock. Other items of expenditure peculiar to this year are—

	£
Basic wage increase from the 8th August, 1942 .. .. .	57,000
War damage insurance (as against £17,000 last year) .. .. .	34,000
Increased cost of coal .. .. .	40,000

Reductions of £17,000 in the Traffic Branch and £22,000 in the Mechanical Branch expenditure are forecast, while an increase of £74,000 is expected in the Civil Engineering Branch expenditure.

Maintenance of track, buildings, etc., has fallen in arrears during the past few years owing to the shortage of materials and manpower. The position must be improved if we are to continue to meet the heavy demands on the track. Last year, through shortage of sleepers, the number used was considerably below requirements, and consequently provision is made this year for an increase of approximately 50 per cent. of last year's consumption, while a higher issue price has also been allowed for.

The estimated results of the Tramways are—

	£
Revenue .. .. .	425,000
Expenditure .. .. .	330,000
Balance .. .. .	95,000
Interest .. .. .	47,000
Surplus .. .. .	48,000

The estimate provides for increased patronage of the tram and trolley-bus services as a result of existing conditions, and also on account of the new services inaugurated since the close of last year, namely, the South Perth bus service, the Wembley trol-

ley-bus extension and the Welshpool and Inglewood tramway extensions. Working expenses will, however, be higher on account of the extra services provided and as a result of basic wage increase and war damage insurance.

The estimates for the State ferries are—

	£
Revenue .. .. .	10,000
Expenditure .. .. .	8,400
Balance .. .. .	1,600
Interest .. .. .	300
Surplus .. .. .	1,300

The patronage accorded this undertaking has recently shown an improvement, which is expected to be maintained during the current year. The new boat which has been provided should tend to increase the popularity of the service.

The revenue and expenditure estimates of the Electricity Supply are—

	£
Revenue .. .. .	467,000
Expenditure .. .. .	347,500
Balance .. .. .	119,500
Interest .. .. .	80,000
Surplus .. .. .	39,500

An increase of approximately £4,000 over actual receipts of last year is budgeted for, while expenditure is expected to increase by £3,000, after making allowances for one pay-period less during the current year, and additional cost on account of basic wage increase, war damage insurance, increased cost of fuel, etc.

I have now given an explanation of these Estimates and the hour is late. I shall be pleased to reply tomorrow to the members' speeches on these Estimates, which I now commend to the Committee.

Progress reported.

*House adjourned at 6.32 p.m.*